

John Stuart Mill

Principles of Political Economy with Some of Their Applications to Social Philosophy *Abridged*

Edited, with Introduction, by
Stephen Nathanson

JOHN STUART MILL



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Economy

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EDITOR'S INTRODUCTION



In many cases, when classic works are republished, their intellectual or literary value is widely recognized. If the work's reappearance raises any question, it is a question addressed to readers: "why have you not yet read this book?" When a long neglected work is republished, however, its history of neglect raises the question: "why read this book?" If generations of serious readers have thought it could be safely ignored, perhaps there is no reason to attend to it now.

John Stuart Mill's *Principles of Political Economy* falls into this second category. It is a *former* classic. First published in 1848, it quickly became the bible of 19th century English economics. Seven editions appeared during Mill's lifetime, the last in 1871, and Mill both updated the book and made some substantial revisions to it. It continued to be reprinted after his death and was widely read for a long time.

Nonetheless, Mill's *Principles of Political Economy* is not widely read today and is generally ignored both by economists and philosophers. This neglect is understandable. The book is long (about a thousand pages), and many parts are either genuinely or apparently obsolete. One of Mill's aims in writing the book was to explain the state of economics at the time he wrote. As changes occurred within economics, much of what he had to say was superseded by later work. The theoretical parts ceased to be of interest to economists, and the many applications to current issues of Mill's time appeared less and less relevant as time passed.

The book has been neglected by philosophers for different reasons, having to do both with the book itself and with changing conceptions of the role of philosophy. Perhaps the primary reason for philosophical neglect is that *Principles of Political Economy* does not look like a philosophical work. Its title and organization reflect a focus on economic laws and phenomena. The first three of the five books that make up the volume are entitled: Production, Distribution, and Exchange. There is also a lot of empirical information about forms of

agriculture, worker cooperatives, international trade, problems in Ireland, colonization, and other apparently unphilosophical topics.

Nonetheless, much of the material in Mill's *Principles of Political Economy* is quite important, and its neglect has been a misfortune. Mill's insights on economic matters—including, for example, his emphasis on the historical, social, and cultural factors that determine the level of productivity in a society—have been ignored by later economists, sometimes with dire effects. These factors were overlooked, for example, by those who believed that market economies could easily be transported to former members of the Soviet Union after its collapse. While Mill emphasizes the many political, social, and cultural underpinnings of successful economies, later economic policy makers seem to have taken literally the equation of a market economy with a policy of “laissez-faire.” This has led to the notion that all one has to do in order to produce a successful economy is to leave things alone. Mill would not have made this mistake, and his views on this and many other matters are still relevant to economics and economic policy-making.

There are two reasons why the material in *Principles of Political Economy* is philosophically important. First, Mill is an important thinker whose other works are widely read and studied. Given that his stature among 19th century political philosophers is challenged only by that of Karl Marx, the interpretation of Mill's views is a matter of both interest and importance. Yet, the understanding of Mill has been diminished by a lack of attention to a book that is, in fact, his most substantial single work in what we might broadly call social ethics. The full title of the book—*Principles of Political Economy With Some of Their Applications to Social Philosophy*—makes clear that it forms a part of Mill's social and political philosophy. In fact, he could have called it *The Principles of Social Philosophy With Some of Their Applications to Political Economy*. In his autobiography, he made this point himself, saying that

it was not a book merely of abstract science, but also of application, and treated *Political Economy* not as a thing by itself, but as a fragment of a greater whole; a branch of Social Philosophy. . . .¹

One virtue of *Principles of Political Economy* is that it contains extended discussions of many important issues of economic and social policy. This is in contrast with Mill's most widely read moral and political works, *Utilitarianism* and *On Liberty*, both of which are

¹ John Stuart Mill, *Autobiography* (London: Oxford University Press, 1931), 200.

relatively short. It is hard to see how one could hope to understand Mill's moral and political thinking without reading his most extensive work on matters of economic and social policy, even if those discussions are interspersed among other matters that do not seem as relevant philosophically.

But *Principles of Political Economy* is much more than a gateway into the mind of a highly respected thinker. It is also a rich and serious discussion of many economic, social, and political problems that were pressing issues in Mill's time and that remain pressing issues in our own time. In Mill's time and in ours, people have been confronted with the twin problems of creating productive economies and of designing institutions to insure a just distribution of the fruits of economic productivity. In addition, debates then and now focus on the proper role of government and its relation to market institutions, on problems of poverty and deprivation and whether and how they can be solved or alleviated, and on what are the fairest, most efficient ways to administer taxes.

Many discussions of these issues, both in Mill's time and at present, are highly partisan, even propagandistic. As in Mill's day, many people today have strongly held views about these matters and often appeal to ideas about human nature and human societies as well as to various moral principles to justify their views. At the same time, people are often ignorant about facts, don't understand the social phenomena that they are dealing with, and are both unclear and inconsistent in the interpretation and application of the principles they use to justify the policies they support.

Mill approached the problems of his day with the belief that social progress could be made only if people understood the relevant facts and embraced correct and useful principles for evaluating institutions and policies. He himself was an extraordinarily careful, knowledgeable, and undogmatic thinker, and in *Principles of Political Economy*, he combines an attempt to explain how economic systems work with a search for the right principles to use in evaluating economic and social policies. There is much to be learned from his discussions of particular problems, principles, and policies, and from the methods that he uses for trying to understand social issues in a serious way.

In short, a major reason for reading Mill's *Principles of Political Economy* is that there is much that we can learn from it about issues that we still face. Even where we think Mill goes wrong, reading him can still deepen our understanding of important issues and help us to improve our thinking about them. With the widespread revival of

interest in applying philosophical ideas to practical realities, the time is ripe for Mill's *Principles of Political Economy* to receive the attention it deserves.

A Key Problem in Understanding Mill's Philosophy

Mill established his reputation as a thinker through the publication of his *Logic* in 1843 and *Principles of Political Economy* in 1848. It was not until later in life that he published the books for which he is most remembered, *On Liberty* (1859) and *Utilitarianism* (1863). These two works are among the most widely read and discussed works in moral and political philosophy.

Utilitarianism and *On Liberty* are both shorter and more narrowly focused than *Principles of Political Economy*. *Principles of Political Economy* is a survey of an entire field, while *Utilitarianism* and *On Liberty* are each devoted to defending a single principle that is supposed to provide guidance in making moral and political judgments. Although neither of these later books contains an elaborate or esoteric system, there is a good deal of controversy about their correct interpretation. One reason for this controversy is that the single principle of *Utilitarianism* does not appear to be consistent with the single principle of *On Liberty*. If they do not fit together, then Mill did not have a consistent overall philosophy of morality and politics. If we think he had a coherent, overall philosophy, we need to understand how these two works fit together as part of a larger whole.² Since *Principles of Political Economy* deals with related issues, it may help us to solve this problem.

The dominant influence on Mill's thinking was the utilitarian philosophy. Mill, who was born in 1806, grew up in an environment in which social reform and the utilitarian ethic of Jeremy Bentham were pervasive influences. James Mill, his father, was an important promoter of Bentham's ideas—or, one might say, Bentham's *idea*, since Bentham had one basic idea which he applied in great detail to many legal, political, and economic issues. This basic idea was that the goal of all moral, political, and individ-

² The inconsistency problem and competing interpretations of Mill are described in John Gray, *Mill on Liberty: A Defence* (London: Routledge & Kegan Paul, 1983), ch. 1; see also Gray's "John Stuart Mill: Traditional and Revisionist Interpretations," online at <http://www.econlib.org/library/Essays/LtrLbrty/gryMTR1.htm>. [8/19/03]

ual decision making should be the promotion of the greatest amount of happiness or well-being. All actions, laws, and policies are to be judged as right or wrong in accord with their tendency to produce good or bad results. Spurred by this idea, Bentham, James Mill, and others sought radical changes in the laws and practices of their day. Judging the status quo as a failure, they worked tirelessly to bring about improvement.

From a very young age, John Stuart Mill was educated by his father and groomed to carry on the utilitarian reform program after the deaths of Bentham and James Mill. The tale of this extraordinary education is most famously related in Mill's *Autobiography*. But a point worth noting is that Mill not only knew of these ideas, but he grew up with their promoters. Bentham was a longtime friend of the family and provided summer lodging for the Mill family. Other important figures—such as the economist David Ricardo and John Austin, author of *The Province of Jurisprudence Determined*—were also friends of the Mills. Even as a child, Mill was literally immersed in the program of political critique and reform that was the central focus of his father's life.

In his early twenties, Mill suffered a psychological breakdown which he vividly describes in his autobiography.³ As he tells it, a crucial part of his recovery came about through the discovery of romantic poetry. This led him to something of a rebellion, as he tried to free himself from what he saw as the excessive narrowness of vision that he found in his father's and in Bentham's utilitarian philosophy. This rebellion was further enhanced by his deep friendship with Harriet Taylor, a married woman with whom he fell in love in 1830 and eventually married after her husband's death in 1851. According to Mill, Harriet Taylor's views helped to broaden his own thinking and contributed further to his move away from the ideas of his youth. He credited her as the main source of many of his later ideas and insights and, in fact, referred to many of his works, including *Principles of Political Economy*, as their "joint production."⁴

³ For accounts of Mill's breakdown, see Mill's *Autobiography*, as well as Michael St. John Packe, *The Life of John Stuart Mill* (London: Secker and Warburg, 1954), 74–86; and Alan Ryan, *J. S. Mill* (London: Routledge and Kegan Paul, 1974), which also provides an interesting discussion of Mill's purposes in writing the *Autobiography*.

⁴ Mill uses this phrase in his description of Harriet Taylor's role in his writing. See his *Autobiography*, 204–14. For discussions of Mill's relationship with Harriet Taylor and her influence on his thinking, see F. Hayek, *John Stuart Mill and Harriet Taylor*

In spite of these significant changes in view, which Mill perhaps best elaborated in his essays on Bentham and Samuel Taylor Coleridge, he never entirely rejected either the utilitarian theory or the political reform program of Bentham and James Mill. He did revise their view that pleasure is the only good so as to make room for a distinction between higher and lower pleasures, and he revised their psychological view that people always seek their own good. In addition, he rejected some of their views about how social and political reform could best be achieved. But he remained committed to a version of the utilitarian philosophy, and he dedicated much of his life to promoting a wide range of social and political reforms that were meant to improve people's lives.

Indeed, all of his major writings were motivated by the desire to reform society and by the belief that the spread of knowledge was essential to meaningful reform. While he aimed for scientific rigor, he also wanted practical effects and as large an audience as possible. Describing his aims in the preface to the first edition of *Principles of Political Economy*, he tells us that while his "object is practical, and, as far as the nature of the subject admits, popular," he had "not attempted to purchase either of those advantages by the sacrifice of strict scientific reasoning."

Like his father and Bentham, Mill's motives were practical, even though his means were intellectual. The point was to bring about meaningful reforms in social and political practices, and like his father and Bentham, he always understood meaningful reform as changes that improved people's lives. In this sense, the utilitarian goal of achieving what Bentham called "the greatest happiness of the greatest number" remained at the core of Mill's practical and theoretical thinking.

After his breakdown, however, Mill was much influenced by a number of romantic thinkers, and one result of this was an increased appreciation of the importance of human individuality. In addition, he took seriously Alexis de Tocqueville's concern that the growth of democratic societies would create a powerful social ethos that was hostile to individuality. Mill came to believe that individual freedom needed to be protected both from governmental laws and from

(Chicago: University of Chicago Press, 1951); Michael St. John Packe, *The Life of John Stuart Mill*; and Jo Ellen Jacobs, *The Voice of Harriet Taylor Mill* (Bloomington, Ind.: Indiana University Press, 2002).

informal social pressures toward conformity. These concerns eventually led to his writing *On Liberty*, a work whose theoretical purpose was to determine “the nature and limits of the power which can be legitimately exercised by society over the individual” and whose practical purpose was to protect individual liberty from the illegitimate encroachments of society.⁵

On Liberty sets forth what Mill called “one very simple principle” to serve as a criterion for determining what forms of interference with individual liberty are legitimate.⁶ According to Mill, the simple principle is that the only legitimate reason for society to interfere with individual action is to prevent harm to others. Apart from acts that harm others, individuals are supposed to possess a sphere of complete autonomy. Even actions that are viewed as sinful or unwise must be permitted so long as they do not harm others. *On Liberty* is devoted to developing and defending this view. It is a powerful and inspiring work that contains some of Mill's most passionate writing.

But is the simple principle at the heart of *On Liberty* consistent with the simple utilitarian principle that he defends in *Utilitarianism*? A long line of thinkers have thought that the clear answer was “no.”⁷ Yet Mill certainly thought they fit together. Indeed, he claims in *On Liberty* that he regards utility as “the ultimate appeal on all ethical questions” and that the liberty principle is the best principle to promote “the permanent interests of man as a progressive being.”⁸

The problem is that Mill the individualist and Mill the utilitarian may seem like two different thinkers. After all, if the greatest good could be achieved by violating the liberty principle, then the utilitarian Mill would be committed to limiting individual freedom. At the same time, if individual freedom is never to be interfered with except when one person is going to harm another, then the utilitarian goal of maximizing well-being must give way before the demand to respect individual action. To take a specific, contemporary example: the Mill of *On Liberty* appears committed to allowing motorcyclists to ride without helmets, since only they themselves will be harmed if

⁵ *On Liberty* (Indianapolis: Hackett Publishing, 1978), 1.

⁶ *On Liberty*, 9.

⁷ One early critic who made this claim was James Fitzjames Stephens in *Liberty, Equality, Fraternity*, 1873.

⁸ *On Liberty*, 10.

they suffer serious damage in an accident. But the Mill of *Utilitarianism* appears committed to requiring motorcycle helmets, since wearing a helmet can greatly diminish the negative effects of an accident. Liberty appears to be promoted by allowing motorcyclists not to wear a helmet, while utility is promoted by requiring that helmets be worn.

On the face of it, the two principles that Mill so ardently championed in his lifetime do not appear to be consistent with one another. This raises two problems, one regarding our understanding of Mill and one regarding our own situation. The problem concerning Mill is this: if the inconsistency between his two principles seems so obvious, how could he have thought that they fit together as part of a coherent, overall view? If we cannot understand this, then at a certain level, we cannot understand his overall moral and political philosophy. If Mill's philosophy is inconsistent, however, it is nothing for the rest of us to gloat over. Like Mill, most of us probably have some sympathy both for the overall betterment of human life expressed by his utilitarianism and for the values of liberty and individuality that Mill defended with his liberty principle. If there is no way for Mill to make these values consistent with one another, there may be no way for the rest of us to do so either. His problem is our problem too.

Liberty and Utility in *Principles of Political Economy*

Conflicts between utility and liberty also arise regarding the economic and political issues that Mill discusses in *Principles of Political Economy*. It does not take a deep knowledge of the world to be aware of the fact that some people are extraordinarily wealthy while others are desperately poor. Likewise, while many people work very hard for very little, others work little—or not at all—for much. Moreover, these differences have a powerful impact on people's level of well-being. Wealthy people have enough excess money to be able to purchase expensive homes, yachts, jewelry, and other luxury items. They can use vast resources to satisfy their smallest whims. At the same time, poor people may not have enough money to buy food or clothing. They may not be able to afford medical care or decent housing. All of this diminishes their level of well-being.

An awareness of this situation leads to the thought that one could do more good by distributing some of the wealth now possessed by

well-off people to those who are desperately poor. If this wealth were redistributed, well-off people would still be at a high level of well-being, while poor people could have their situation improved a great deal. In such a case, a committed utilitarian would favor redistributionist policies. Of course, if there are other negative effects of redistribution that would diminish overall well-being, then the utilitarian would not support redistribution. But if the overall effects of redistribution lead to improvements in overall well-being, utilitarians would favor a policy of giving more resources to the needy, even if this requires using the coercive powers of government to accomplish this result. Given Mill's commitment to utilitarianism, he ought to be at least open to such proposals.

But what would Mill the defender of individual liberty say? After all, the wealthy person may not have performed any actions that harmed the poor. According to the Mill of *On Liberty*, if we cannot find any way in which the wealthy person has harmed the poor, then there is no legitimate ground for interfering with the freedom of the wealthy person, including the freedom to retain her wealth. Following this line of reasoning, the Mill of *On Liberty* would reject calls for redistribution and assistance to the poor. Of course, the liberty principle permits well-off people to engage in charity toward the poor, but that is different from the coerced assistance involved in tax-supported government programs.

We can see the conflict more sharply by citing Robert Nozick's *Anarchy, State, and Utopia*, a prominent libertarian work that opposes governmental efforts to assist the poor or guarantee economic resources to anyone. Nozick describes his book's overall position in language that echoes parts of Mill's *On Liberty*:

Our main conclusions about the state are that a minimal state, limited to the narrow functions of protection against force, theft, fraud, enforcement of contracts, and so on, is justified; that any more extensive state will violate person's rights not to be forced to do certain things, and is unjustified. . . . Two noteworthy implications are that the state may not use its coercive apparatus for the purpose of getting some citizens to aid others, or in order to prohibit activities to people for their own good or protection.⁹

Given Mill's commitment to the view that the state may coerce people only to prevent them from harming others and his explicit

⁹ *Anarchy, State, and Utopia* (New York: Basic Books, 1973), ix.

rejection of paternalism in *On Liberty*, it is quite natural to think that Mill would have agreed with Nozick's rejection of welfare state activities that go beyond harm prevention and seek to promote people's well-being.¹⁰

This conclusion is supported by Joel Feinberg's influential interpretation of Mill's views on the scope of the law. According to Feinberg, one of the principles that Mill rejects in *On Liberty* is the "welfare" or "benefit to others" principle.¹¹ Mill accepts coercion to prevent harm to others but not to force assistance to others. If this is correct, then Nozick's economic libertarianism would seem to follow from Mill's liberty principle. That is, if people freely exchange goods and money and do not use force or fraud in their transactions, then the results of those transactions should not be interfered with, even if some people end up badly in this system.

These interpretations of Mill, which draw exclusively on *On Liberty*, are related to an often repeated view about the development of liberalism. It is often claimed that the original liberals were dedicated to a free market economy, inviolable property rights, and minimal government, and that liberalism was corrupted in the 20th century when it was taken over by advocates of the welfare state. In *Capitalism and Freedom*, for example, Milton Friedman writes:

As it developed in the late eighteenth and early nineteenth centuries, the intellectual movement that went under the name liberalism emphasized freedom as the ultimate goal. It supported laissez faire . . . as a means of reducing the role of the state in economic affairs and thereby enlarging the role of the individual. . . . Beginning in the late nineteenth century, and especially after 1930 in the United States, the term liberalism came to be associated with a very different emphasis, particularly in economic policy. It came to be associated with a readiness to rely primarily on the state rather than on private voluntary arrangements to achieve objectives regarded as desirable. The catchwords became welfare and equality rather than freedom.¹²

¹⁰ I discuss Nozick's views as well as the general arguments for and against capitalism, socialism, and the welfare state in *Economic Justice* (Englewood Cliffs, N. J.: Prentice-Hall, 1998).

¹¹ Joel Feinberg, *Social Philosophy* (Englewood Cliffs, N. J.: Prentice-Hall, 1973), 25–34. See also, Feinberg's *Harm to Others* (New York: Oxford University Press, 1984), 11–12.

¹² Milton Friedman, *Capitalism and Freedom* (Chicago: University of Chicago Press, 1962), 5.

Yet Mill's *Principles of Political Economy* shows that by the mid-19th century, a preeminent liberal thinker believed that government intervention could often serve the cause of liberty and that the ultimate test of government action was its impact on human well-being. The motivations and concerns that Friedman attributes to 20th century liberals can all be found in Mill.

What we learn from *Principles of Political Economy* is that Mill's overall philosophy cannot be equated either with Nozick's libertarianism or with the restrictive view of legitimate state action that Feinberg and others attribute to Mill. Even if these interpretations make sense with respect to *On Liberty*, they take no account of what Mill wrote in his other works.

Readers who base their interpretation of Mill's philosophy on *On Liberty* alone will be surprised and puzzled by many of Mill's remarks in *Principles of Political Economy* and by his descriptions of his own views in the *Autobiography*. Here is a small sampling:

- In his preface to the second edition of *Principles of Political Economy*, Mill says that he had not intended his first edition criticisms to be understood as a "general condemnation" of socialism.
- In the *Autobiography*, he tells us that the views that he and Harriet Taylor came to hold "would class us decidedly under the general designation of Socialists."¹³
- In *Principles of Political Economy* [V, xi, 13], Mill concludes his discussion of government assistance to the poor by saying that (subject to some limitations) "I conceive it to be highly desirable that the certainty of subsistence should be held out by law to the destitute able-bodied, rather than that their relief should depend on voluntary charity."
- In *Principles of Political Economy* [V, ii, 13], he rather brusquely rejects the view that "governments ought to confine themselves to affording protection against force and fraud," lists a host of diverse activities that governments may legitimately engage in, and concludes with the sweeping utilitarian comment, "There is a multitude of cases in which governments, with general approbation, assume powers and execute functions

¹³ *Autobiography*, 196. On Mill and socialism, see also Pedro Schwartz, *The New Political Economy of J. S. Mill* (Durham, N. C.: Duke University Press, 1972), ch. 7; and Lionel Robbins, *The Theory of Economic Policy in English Classical Political Economy* (London: Macmillan, 1952), Lecture V.

for which no reason can be assigned except the simple one, that they conduce to general convenience.”

These remarks make it clear that Mill rejects what we now call the libertarian philosophy and that what Friedman and others see as later corruptions of liberalism can be found in the heart of 19th century English liberalism itself.¹⁴

These remarks also make clear, however, that the inconsistency problem that has troubled readers of *On Liberty* and *Utilitarianism* arises as well in Mill's discussion of economic matters in *Principles of Political Economy*. That is the bad news. The good news is that *Principles of Political Economy* is, by comparison with *On Liberty* and *Utilitarianism*, a massive text that contains Mill's thinking on a broad range of issues. Perhaps we can get a better sense of how he thinks about issues by seeing how he approaches many different but related subjects, especially when he deals with them both at length and in depth. Even if *Principles of Political Economy* contains no ready-made solution to all the problems of interpreting Mill, it is not too radical to suggest that if we ignore Mill's most extensive book on social and political matters, we will come away with a distorted conception of his overall philosophy.

Mill's Aims in *Principles of Political Economy*

In the original preface, Mill describes his goal of producing a successor to Adam Smith's *Wealth of Nations*. In Mill's view, Smith's work had become obsolete because considerable advances had occurred both in the study of economics and in the “philosophy of society.” Though Mill does not mention them specifically, the advances in economics that he probably had in mind were made by David Ricardo and Thomas Malthus. Mill's *Autobiography* tells us that in his early study of political economy with his father,

it was one of my father's main objects to make me apply to Smith's more superficial view of political economy, the superior lights of Ricardo, and detect what was fallacious in Smith's arguments, or erroneous in any of his conclusions.¹⁵

¹⁴ For the view that Mill departs from the laissez-faire perspective, see Ellen Frankel Paul, “J. S. Mill: The Utilitarian Influence in the Demise of *Laissez-Faire*,” *Journal of Libertarian Studies* (1978) Vol. 2, no. 2, 135–49. See also, Robbins, *The Theory of Economic Policy in English Classical Political Economy*, 49ff.

¹⁵ *Autobiography*, 24.

The advances in social philosophy that Mill probably had in mind include both the utilitarian views of Bentham and James Mill, the insights of romantics like Thomas Carlyle and Samuel Taylor Coleridge, and the socialist views of Claude-Henri de St. Simon.

In developing his own views in political economy, Mill followed the same pattern he followed in other areas of his thinking. He rebelled against the views he had been brought up to believe, but he did not reject them entirely. Instead, he tried to revise them in the light of a broader range of views than those which had been taken seriously by Bentham and his father.

The study of political economy was deeply rooted in Mill's own experience. Economic policy was a subject of great interest to his father, Bentham, and his father's friend David Ricardo. It was James Mill who urged Ricardo to write his influential book, *The Principles of Political Economy and Taxation*, and John Stuart Mill studied this work with his father when he was but 12 years old. Mill was also the first audience for James Mill's lectures on political economy. These lectures were the basis for James Mill's own book, *Elements of Political Economy*. By the time he was fourteen, John Stuart Mill had already engaged in a close study of both the classics and the cutting edge works in this area of study.

There were several features of these works which he ultimately found unacceptable. The political economy of this period was based on the idea that all people pursued their own interests. It also sought to discover the universal principles or laws that were thought to govern the economies of all societies, and these were basically the laws of selfishly motivated market exchanges. The political economists were also committed to the laissez-faire model and opposed government interference with the market and its results. In a famous passage, David Ricardo criticized the Poor Laws and urged their abolition. He opposed assistance to the poor on the grounds that the laws of economics showed that such assistance could do no good. In the closing pages of his chapter "On Wages," Ricardo wrote:

These, then, are the laws by which wages are regulated, and by which the happiness of far the greatest part of every community is governed. Like all other contracts, wages should be left to the fair and free competition of the market, and should never be controlled by the interference of the legislature.¹⁶

¹⁶ Ricardo, *The Principles of Political Economy and Taxation* (London: J. M. Dent, 1929), 61.

Unlike those advocates of laissez-faire who appealed to natural rights of property, Ricardo put forward a utilitarian argument against trying to alter the wages of the poor or providing them with unearned resources. Referring to the English Poor Laws, Ricardo wrote:

The clear and direct tendency of the poor laws . . . is not, as the legislature benevolently intended, to amend the condition of the poor, but to deteriorate the condition of both poor and rich. . . . If by law every human being wanting support could be sure to obtain it, and obtain it in such a degree as to make life tolerably comfortable, theory would lead us to expect that all other taxes together would be light compared with the single one of poor rates. The principle of gravitation is not more certain than the tendency of such laws to change wealth and power into misery and weakness . . . until at last all classes should be infected with the plague of universal poverty.¹⁷

Ricardo's views, based on a theory of wages, rents, and profits, were augmented by Malthus' arguments about population and food supply. Malthus claimed that increase in food supply could never keep up with increases in population, so that universal prosperity was an impossible dream.

Indeed, the lesson of political economy seemed to be that the kind of general improvement in human welfare that utilitarians sought could not be attained. In good times, the population would increase, but as it increased, the labor supply would grow, and wages would drop. The result would be less food for the children of workers and higher mortality rates. It looked as if human beings were condemned to cycles of death and destitution rather than "the greatest happiness of the greatest number."

Making the "Dismal Science" Less Dismal

Mill took over much of Ricardo's economic theories and is generally described as a follower of Ricardo by historians of economic theory. He also accepted Malthus' claims about the rate of growth in population versus the rate of growth in productivity. But he was unwilling to accept the resulting gloomy vision that led Thomas Carlyle to call economics the "dismal science." A part of Mill's goal in

¹⁷ *The Principles of Political Economy and Taxation*, 61–63.

Principles of Political Economy was to bring the understanding of economics more in line with the progressive hopes of the utilitarian reform movement.¹⁸

Mill was unable to accept the inevitability of widespread human destitution and injustice and was thus led to criticize practices that his predecessors thought could not be improved. There must be a way, he thought, to improve the lot of the mass of people. Speaking of himself and Harriet Taylor, he said that they

looked forward to a time when society will no longer be divided into the idle and the industrious; when the rule that they who do not work shall not eat, will be applied not to paupers only, but impartially to all; when the division of the produce of labour, instead of depending, as in so great a degree it now does, on the accident of birth, will be made by concert on an acknowledged principle of justice; and when it will no longer either be, or be thought to be, impossible for human beings to exert themselves strenuously in procuring benefits which are not to be exclusively their own, but to be shared with the society they belong to.¹⁹

In writing his *Principles of Political Economy*, then, Mill wanted to explain the advances in economics that Ricardo and others had made over the theories of Adam Smith. At the same time, he wanted to incorporate better principles of social philosophy so as to generate better policy recommendations than had been put forward by Malthus, Ricardo, and his father.

Amending the “Laws” of Economics

For Ricardo, the laws governing wages were as unalterable as the laws of gravitation. No proposals for dealing with poverty could succeed if they ran counter to the laws of economics. How then was economic reform possible?

In answering this question in *Principles of Political Economy*, Mill relied on the distinction between economic production and economic distribution. With respect to production, he accepted Ricardo's view

¹⁸ On Mill's rejection of the pessimistic vision associated with Ricardo and Malthus and shared by Mill's father, see Schumpeter, *History of Economic Analysis* (New York: Oxford University Press), 570–72. The pessimistic interpretation of Mill's predecessors is challenged in Lionel Robbins, *The Theory of Economic Policy in English Classical Political Economy*, Lecture III. Malthus revised his views in the second edition of his *Essay on Population* but remains best known for his original bleak predictions.

¹⁹ *Autobiography*, 196.

that the laws were fixed and unchangeable, but he denied that this was true of distribution. How the products of an economy are distributed is, he thought, a matter of human choice. Hence, to the extent that economic justice has to do with distribution, changes and reforms are possible because people can alter the “laws” of distribution of goods, even though they cannot change the laws governing the economics of production. Mill launches Book II of *Principles of Political Economy* with this distinction and the accompanying pronouncement of its implications.

The laws and conditions of the Production of wealth partake of the character of physical laws. There is nothing optional or arbitrary in them. . . . The opinions, or the wishes, which may exist on these different matters do not control the things themselves. . . . It is not so with the Distribution of wealth. That is a matter of human institution solely. The things once there, mankind, individually or collectively can do with them as they like. . . . The distribution of wealth, therefore, depends on the laws and customs of society. [II, I, 1]

Economic science discovers laws, but distribution is a matter for economic policy. Or, to put the point in older terms, political economy includes both the science of economics and the art of economic decision making. Ricardo had ventured into the art of decision making when he condemned the Poor Laws while thinking that he was still making scientific judgments.

Mill's view that production is determined by necessary laws while distribution is a matter of choice has been criticized. In fact, the claim that laws of production are fixed appears to conflict with some of his own views in *Principles of Political Economy*. In his own account of production, Mill emphasizes that cultural values, government policies, and social attitudes toward risk and profit all play a role in determining a society's levels of productivity. If these factors are, to some extent, under human control and if they help to determine levels of productivity, then the “laws” of productivity are also governed by human choice.

Even if Mill turns out to have been mistaken in distinguishing so sharply between the nature of production and the nature of distribution, making this distinction enabled him to free his own thinking about economics from a pessimistic determinism.

He achieved something similar with respect to Malthus' views on population growth. While granting that physical laws may determine the level of possible productivity of land, Mill denied that the same necessity applied to human population growth. Human beings have it in their control to increase or decrease the number of human

beings who are produced. Hence there is no necessity to the growth of population. Malthus' predictions were not strictly scientific claims. They were the result of his pessimism about human control and his unwillingness to consider methods of birth control as a way to avoid the dire results he predicted.

Mill did not share Malthus' pessimistic assumptions. He believed that with increased education, an improved standard of living, and equal rights for women, people would have fewer children. Moreover, he did not share Malthus' moral aversion to birth control. In fact, as a young man, Mill was arrested for distributing information about birth control methods.²⁰ In *Principles of Political Economy*, he made it clear, too, that he thought the creation of children was a matter of great social importance. He looked favorably on the customs and laws that various societies had adopted to delay marriage and limit the rate of population growth. He strongly condemned views that encouraged unrestrained procreation.²¹ Mill's strong concern with population growth is a recurrent theme through many parts of *Principles of Political Economy*. He saw it as essential to solving the problems of poverty. Even in *On Liberty*, Mill explicitly argued that procreation was not a matter that was beyond state interference.²²

As a result of these two amendments to the political economy he inherited from his predecessors, Mill was able to make economics compatible with the utilitarian reform program. If the social practices that determine the distribution of wealth are a matter of custom and decision, then they can be changed in the same ways that other practices can be changed—namely, by exposing their weaknesses and attempting to design distributive methods that are more conducive to general well-being. Second, if population growth is something that can be brought under human control, then humanity is not doomed to circumstances in which the number of mouths to feed exceeds the amount of food that can be produced.

Because Mill believed in both the desirability and the possibility of control over population, he was led to the view that economic growth was not necessarily desirable. If productivity could be increased to a point where the resources exist to support a comfortable life for

²⁰ On this incident, see Packe, *The Life of John Stuart Mill*, 56–59; and Pedro Schwartz, *The New Political Economy of J. S. Mill*, 26–30, 245–56.

²¹ For some of Mill's comments on population, see, for example, Book I, chapters x and xiii; Book II, ch. vii; and Book IV, ch. vi.

²² *On Liberty*, 104.

all, and if this is not dissipated by increasing population (which would lower the average possessions of all), then further growth in productivity would be unnecessary. As he wrote,

It is only in the backward countries of the world that increased production is still an important object: in the most advanced, what is economically needed is a better distribution, of which one indispensable means is a stricter restraint on population. [IV, vi, 2]

Unlike his predecessors, Mill saw “the stationary state” [i.e., a no growth economy] as a desirable result. His reasons for this are interesting, in part because they echo his distinction in *Utilitarianism* between higher and lower pleasures.

First, Mill sees the growth economy as associated with a kind of striving that he regards as undesirable. “I confess I am not charmed,” he writes,

with the ideal of life held out by those who think that the normal state of human beings is that of struggling to get on; that the trampling, crushing, elbowing, and treading on each other's heels which form the existing type of social life, are the most desirable lot of human kind. . . . It may be a necessary stage in the progress of civilization. . . . But it is not a kind of social perfection which philanthropists to come will feel any very eager desire to assist in realizing. [IV, vi, 2]

In addition, Mill is concerned that continuous increases in productivity will destroy the natural environment. Even if a larger and larger human population could be sustained by increased economic growth, this would not be the best result. In a passage that makes Mill a forerunner of both environmentalism and anti-consumerism, he writes:

Solitude . . . in the presence of natural beauty and grandeur, is the cradle of thoughts and aspirations which are not only good for the individual, but which society could ill do without. . . . If the earth must lose that great portion of its pleasantness which it owes to things that the unlimited increase of wealth and population would extirpate from it, for the mere purpose of enabling it to support a larger, but not a better or a happier population, I sincerely hope, for the sake of posterity, that they will be content with the stationary [state], long before necessity compels them to it. [IV, vi, 2]

These last remarks may strike us as more visionary than the views we usually associate with Mill, but they are an indication of the breadth of concerns that Mill brings to *Principles of Political Economy*. In fact, the book is motivated by a vision of the good for human beings and by the desire to realize that vision. Viewed in this way, we can see *Principles of Political Economy* as an outgrowth of

Mill's revised utilitarianism. Because his father, Ricardo, and Malthus had committed themselves to a view of the laws of human nature and the laws of economics that seemed to preclude the achievement of their own positive vision, Mill had to revise the field of political economy. He had to show that the laws of economics and of human nature were no bar to human progress. The utilitarian aspirations of the earlier generation of utilitarian reformers had to be defended from their own bleak expectations.

Principles of Political Economy, then, is an attempt to update the utilitarian program in the light of a better understanding of the laws of economics and in the light of a broader range of social values and social possibilities than was available to Mill's father and his allies.

In approaching the problems of achieving just and desirable conditions for most people, Mill was also more ready to revise some of the other common assumptions. He did not treat a laissez-faire economy and individual property rights as sacrosanct and in *Principles of Political Economy* proposed various changes in the laws of land ownership and inheritance. Mill agreed that the right to control over property was essential to economic well-being; without secure claims to property, there is no reason for people to be productive. At the same time, when the specific rules governing property rights are obstacles to social and economic improvement, they should be altered.

In discussing patterns of land ownership in England and Ireland at the time, Mill contrasted individually owned small farms with the so-called "cottier system," in which farmers rented land at rates that forced them into perpetual indebtedness. While individual ownership provided incentives for greater productivity, the cottier system provided no such incentive because greater productivity would not benefit the farmer in any way. It would diminish his debt but not free him from it and thus would leave him and his family impoverished. Likewise, systems of absentee ownership that discouraged investment were, in his view, counterproductive. Since the conditions and terms of ownership depended on the law, he saw this as a reason to change the law. As he wrote: "When landed property has placed itself upon this footing, it ceases to be defensible, and the time has come for making some new arrangement of the matter." [II, ii, 6] This is quite different from those who see property rights as natural rights which can never be limited or altered.²³

²³ Lionel Robbins argues that this utilitarian, nonabsolutist view of property rights goes back to Hume and was held by many of the classical English economists. See *The Theory of Economic Policy in English Classical Political Economy*, 49ff.

These proposals reflect both Mill's exposure to Claude-Henri de St. Simon, Charles Fourier, Robert Owen, and other critics of laissez-faire capitalism as well as his own willingness to carry through the utilitarian critique of laws and institutions more fully than his predecessors.²⁴

The Defense of Individuality in *Principles of Political Economy*

Mill's concern with individuality and liberty was not a late development that came after his writing of *Principles of Political Economy*. Even during this earlier period, he was deeply concerned about defending individual liberty. His main objection to St. Simon's form of socialism was that it concentrated too much power in the central authorities and left insufficient room for the liberty of individuals. What St. Simon saw as a perfect society, Mill saw as tyranny and loss of individual freedom.

In comparing the desirability of a socialist society with a reformed version of capitalism, Mill suggested that the ultimate criterion would be their impact on liberty. The decision between the two systems, he wrote, "will probably depend on one consideration, viz. which of the two systems is consistent with the greatest amount of human liberty and spontaneity" [II, i, 3].

Late in Book V, writing about the functions of government, Mill strongly defends individual liberty. Though his words predate his later, more famous defense of freedom in *On Liberty*, they are similar in spirit to his pronouncements in that work.

Whatever theory we adopt respecting the foundation of the social union, and under whatever political institutions we live, there is a circle around every individual human being which no government, be it that of one, of a few, or of the many, ought to be permitted to overstep: there is a part of the life of every person who has come to years of discretion, within which the individuality of that person ought to reign uncontrolled either by any other individual or by the public collectively. [V, xi, 2]

Here, again, then, we note Mill's deep concern with both the overall well-being of all people and the liberty of distinct individuals. Since he expresses both these concerns in the very same book, he

²⁴ Brief descriptions of these writers and selections from their works can be found in *Socialist Thought: A Documentary History*, edited by Albert Fried and Ronald Sanders (New York: Doubleday Anchor, 1964).

surely thought that both had a place in the overall vision of a good society that he was trying to promote.

Are the Two Visions Consistent?

Those who criticize Mill take it to be obvious that his views are inconsistent and that he had no coherent vision. I want to make three suggestions about the alleged inconsistency between Mill's commitment to utilitarianism and his commitment to individual liberty. While I do not expect to resolve this long-standing controversy, I do want to suggest that the alleged inconsistency in Mill's thinking is neither as obviously real nor as obviously fatal as many have thought.

First, in order to understand whether Mill had a coherent moral and political philosophy, we need to consider a wider array of his works so that we can understand how his basic values shaped the positions that he took on diverse matters. *Principles of Political Economy* is important from this perspective because of its breadth of subject matter and because it includes many subjects in which individual liberty may conflict with the achievement of overall economic well-being. Since many of these concerns are omitted from the discussion of *On Liberty*, reading that work in isolation can lead to misunderstandings of his overall view.

Second, it is a mistake to see the consistency problem as a purely theoretical problem. As I noted earlier, Mill is fundamentally a practical thinker. His philosophical writing was motivated by the desire to promote beneficial changes. (It is no accident that William James dedicated his book *Pragmatism* to Mill's memory.) For Mill, the tensions between liberty and utility are practical problems and not merely matters of theoretical interest. Describing his and Harriet Taylor's concerns in his *Autobiography*, he writes:

The social problem of the future we considered to be, how to unite the greatest individual liberty of action, with a common ownership in the raw material of the globe, and an equal participation of all in the benefits of combined labour.²⁵

While Mill and Taylor thought that some form of common ownership of natural resources and guaranteed access to resources were necessary to promote the highest levels of well-being, they also worried about how to achieve these goals in a way that would protect the

²⁵ *Autobiography*, 196.

“greatest individual liberty of action” for individuals. They did not presume to know exactly what means might be devised for solving this practical problem but saw this as a problem for people in the future to solve in light of changing circumstances.

What is interesting about this passage is that what others see as a logical inconsistency is seen by Mill and Taylor as a tension in “uniting” different things of great value. For this reason, Mill does not offer a theoretical solution to the problem but sees it as a practical problem to be solved by others. Of course, if there is a logical inconsistency between these goals, then the problem cannot be solved either theoretically or practically. But even if the two goals are logically compatible, they may still be difficult to unite in practice. Mill does not deny the tension that his critics claim he simply overlooked.

This brings me to my third point. The liberty principle and the principle of utility are not logically incompatible because they are not on the same footing. The principle of utility is the fundamental principle and states the fundamental goal of Mill’s ethical and political philosophy. The liberty principle is supposed to be derived from it and is meant to be subservient to it. It is what Mill calls a “secondary” or “subordinate” principle. As Mill tells us in *Utilitarianism*, “Whatever we adopt as the fundamental principle of morality, we require subordinate principles to apply it by. . . .”²⁶

Stressing its secondary status may seem to make the liberty principle unimportant, a mere rule of thumb. But that view overlooks the importance of secondary principles. Secondary principles are the rules that generally govern people’s behavior and that together form the common morality and political culture of a society. We need these secondary principles, but their importance does not take away from the priority of our fundamental principle. As he says,

The proposition that happiness is the end and aim of morality, does not mean that no road ought to be laid down to that goal, or that persons going thither should not be advised to take one direction rather than another.²⁷

Some secondary principles are so important that they may be stated in absolute terms, and Mill himself uses such strong language at times in *On Liberty*. Nonetheless, Mill’s view seems to have been that the quest for the best secondary principles is both an ongoing

²⁶ *Utilitarianism*, in John Troyer, ed., *The Classical Utilitarians: Bentham and Mill* (Indianapolis: Hackett Publishing, 2003), 114.

²⁷ *Utilitarianism*, 113–114.

and a difficult task. For these reasons, our commitment to secondary principles should be open to revision. As Mill says,

The corollaries from the principle of utility, like the precepts of every practical art, admit of indefinite improvement, and, in a progressive state of human mind, their improvement is perpetually going on.²⁸

A key task of moral and political reformers is to discover how to implement the principle of utility, i.e., how to work toward the goal of maximizing happiness and well-being. One part of this task is to devise and defend secondary principles that will advance this goal. Mill certainly thought that the principle of individual liberty was such a principle. Perhaps he was wrong about that, but there is certainly no inconsistency in his putting it forward as a candidate for this status.

The Functions of Government

One of the problems in the way Mill defended his views in *On Liberty* is that he gave the impression that he favored a very limited and restricted role for governmental institutions. This cannot have been his actual opinion, however.

Principles of Political Economy makes clear that Mill is actually a proponent of a relatively strong government, though he never loses sight of the evils that government can do. We can see this in his Book I discussion of economic productivity. A key requirement for economic productivity is personal security. People will not invest or produce if they are not confident that they will benefit from their work or their investments. They certainly will not be productive if the fruits of their labor or investment only serve to make them inviting targets of attack. Hence, people need a strong government to protect them from others who covet their goods, but they also need the assurance that this strong government will not use its power to threaten them or their possessions. There are tensions between liberty and authority, but that does not mean that authority is not necessary for liberty. A strong government that protects people and their property is a necessary condition of a productive economy. Without it, a successful market economy could not exist.²⁹

²⁸ *Utilitarianism*, 113.

²⁹ Robbins stresses that this view was shared by all of the English classical economists from Smith to Mill. See *The Theory of Economic Policy in English Classical Political Economy*, 55ff.

But there are other functions that government can and should carry out, and Mill lists many of them in Book V. Governments not only enforce contracts, they also set the terms of what is to count as a legitimate contract. Governments determine the terms of private property ownership and inheritance. There can be no enforcement of contracts without these activities. Governments, Mill tells us, also can and should pave and light the streets, set weights and measures, make surveys for accurate mapping, coin money, and build dikes to keep out the sea. These diverse examples are only a sampling of what governments should do. As Mill says, "Examples might be indefinitely multiplied without intruding on any disputed ground." [V, i, 2]

So, whatever Mill may say about the possible bad effects of government, he did not subscribe to the often stated slogan "That government is best which governs least." No utilitarian would ever subscribe to such a rigid rule. For Mill, governments could govern too little as well as too much. Even *On Liberty*, for all of its focus on individual liberty, is not an antigovernment document. It does not promote individual autonomy at the expense of all other values.

We can see the gap between Mill and recent libertarians by noting two things. First, unlike libertarian thinkers, Mill has no qualms about reasonable levels of taxation, even though he recognized that taxes are coercive. He would have rejected Robert Nozick's sweeping assertion that taxation is "morally on a par with forced labor."³⁰ Instead, he saw that taxes were a necessary means for any form of government. Given that more good could be done with taxation than without it, he devoted his thinking to questions about what forms of taxation are fairest and easiest to administer. This subject occupies five substantial chapters of Book V of *Principles of Political Economy*. Whatever rights to property people might have, Mill did not see them as obstacles to nonvoluntary taxation. He was particularly sympathetic to substantial taxes on inheritance, since inherited money is both unearned and tends to undermine equality of opportunity and fair competition. [See V, ii, 14.]

Second, and even more important, Mill's liberty principle does not apply in a uniform way to all actions. Mill defended the idea that there was a personal sphere of action over which each person was his or her own rightful sovereign. But some of what we do is not personal in this sense, and when actions fall outside of the personal sphere, the bar to state interference is much lower.

³⁰ Robert Nozick, *Anarchy, State and Utopia*, 169.

Mill believed that some actions are by their nature social and are, therefore, matters of social or political interest. Prominent in this category are economic transactions. When Mill asserted that a person should be able to engage in any action that does not harm other people, he had in mind actions that were personal and not inherently social. Economic transactions can be interfered with because they are necessarily part of a commercial system which the government has an important role in regulating. While it is often overlooked, Mill explicitly says this in *On Liberty*, stating that “trade is a social act . . . [which] affects the interest of other persons, and of society in general; and thus . . . comes within the jurisdiction of society. . . .”³¹

Rather than seeing the economic sphere as a part of the sphere of personal liberty, Mill strongly differentiates between the two. We can see this in his discussion of sexual behavior in Chapter V of *On Liberty*. Although Mill defends the right of individuals to engage in private acts of sex with consenting partners, he believes that the state can legitimately prohibit or regulate commercial sex. Prostitution is a commercial activity, not a purely private one, and since governments have an important role in the economy, prostitution may be governed even if private sexual activity may not be. The same is true of gambling. Friends may gamble among themselves for entertainment, but running a gambling casino is a commercial activity which falls within the purview of governmental control.³²

While there may be some difficulties in specifying what realm—private or social—an act falls into, there is surely something plausible about Mill’s contention that business activities are legitimate targets of control in a way in which one’s private behavior is not. The point is even clearer in *Principles of Political Economy*, since so much of it is explicitly devoted to government’s role in supporting and regulating economic activities and relations.

Any working out of the relations between Mill’s various views must take seriously this distinction between different realms of action. If this is kept in mind, readers will be less tempted to see Mill as an extreme libertarian and less tempted to exaggerate the problems of rendering his *On Liberty* views consistent with his utilitarian philosophy.

³¹ *On Liberty*, 94.

³² *On Liberty*, 98.

What to Expect in Mill's *Principles of Political Economy*

In this introduction, I have tried to place *Principles of Political Economy* into the context of Mill's overall intellectual project and to argue for its relevance both to the interpretation of Mill's philosophy and to the problems of our own age. But in creating this abridgement, I have tried to avoid distorting the work to make it reflect my own views or interests. In addition to including material that I think is of most interest and value, I have sought to preserve the overall aims and content of the book that Mill himself wrote.

It is not possible to provide an overall summary of *Principles of Political Economy* because it is an extremely wide-ranging book. It may be helpful, however, for readers to have an overview of the structure that Mill used to construct the book.

After the prefaces, Mill begins with a long introduction called "Preliminary Remarks." The "Preliminary Remarks" contains two sections: the first identifies wealth as the primary subject matter of political economy and tries to clarify what is meant by wealth; the second contains a relatively brief but substantial sketch of the history of economic development in various times and places. The interest in history and in social diversity separates Mill from Bentham and his father, who tended to take a more ahistorical, deductivist approach to the study of social and political matters. The brief history is one of many places where it is interesting to compare Mill's views with those developed by Marx about the nature and history of human societies.³³

The main body of the work is divided into five "books." They bear the following titles:

- I. Production
- II. Distribution
- III. Exchange
- IV. Influence of the Progress of Society on Production and Distribution
- V. On the Influence of Government

That is what we might call the official structure of the entire work. In fact, *Principles of Political Economy* is much richer and more

³³ For an extended comparison of Mill and Marx, see Graeme Duncan, *Marx and Mill* (Cambridge: Cambridge University Press, 1973).

loosely structured than these section titles suggest. It is more like a picaresque novel than a tightly plotted story in which a character confronts a single challenge. In a picaresque novel, the hero might visit five cities and have various adventures in each place. Similarly, in *Principles of Political Economy*, Mill visits five great topics, but his discussion takes him in many directions and down numerous byways. The sharp distinctions between production and distribution, between economic activity and government intervention, and between the science and the art of political economy are not observed in practice. Along the way there are treatises on the nature of property and property rights, discussions of the earnings of agricultural and industrial workers, analyses of plans to help the poor, comments on colonization, and many other things as well. The result is a somewhat sprawling work that contains a rich array of sometimes unexpected topics and opinions.

The issues I have highlighted in this introduction are only a part of the subject matter of Mill's book. *Principles of Political Economy* contains many other subjects that are worthy of commentary but which I cannot discuss here. My primary aim in this introduction has been to motivate other readers both to explore Mill's discussion of these subjects and to continue the discussion themselves.

Acknowledgments

My thanks are due to Linda Nathanson and to John Troyer for helpful suggestions that enabled me to improve this Introduction. Thanks also to Deborah Wilkes for her support of this project.

useful articles on all aspects of Mill's writings as well as an excellent bibliography. Among the relevant essays in this volume are Jonathan Riley, "Mill's Political Economy: Ricardian Science and Liberal Utilitarian art;" and C. L. Ten "Democracy, Socialism, and the Working Classes." Alan Ryan, *J. S. Mill* (London: Routledge and Kegan Paul, 1974) is a general work that contains a chapter on *Principles of Political Economy* as well as useful discussions of Mill's *Autobiography*, *On Liberty*, and *The Subjection of Women*.

2. Principles of Political Economy

Samuel Hollander, *The Economics of John Stuart Mill* (Toronto: University of Toronto Press, 1985) is an encyclopedic two volume study. An excellent, more focused discussion is Pedro Schwartz, *The New Political Economy of J. S. Mill* (Durham, N. C.: Duke University Press, 1972). Lionel Robbins, *The Theory of Economic Policy in English Classical Political Economy* (London: Macmillan, 1952), is a brief, readable survey of the thinking of Mill and his predecessors on many important economic and political issues. Joseph Schumpeter focuses on Mill in Chapter 5 of his massive *History of Economic Analysis* (New York: Oxford University Press, 1954). Schumpeter's book contains extensive, opinionated discussions of Mill as well as Mill's predecessors and successors.

3. Liberty, Utility, and the Consistency Problem

John Gray, *Mill on Liberty: A Defence* (Revised edition, London: Routledge and Kegan Paul, 1996) surveys the charges of inconsistency and tries to defend Mill from them. The same theme figures in the essays reprinted in *J. S. Mill's "On Liberty" in Focus*, edited by John Gray and G.W. Smith, (New York: Routledge, 1991).

4. Mill's Life

The standard biography is Michael St. John Packe, *The Life of John Stuart Mill* (London: Secker and Warburg, 1954). For a discussion of Mill's relationship to Harriet Taylor and selections from their correspondence, see F. A. Hayek, *John Stuart Mill and Harriet Taylor* (Chicago: University of Chicago Press, 1951). Jo Ellen Jacobs focuses on the life of Mill's friend and partner in *The Voice of Harriet Taylor Mill* (Bloomington, Ind.: Indiana University Press, 2002).

FURTHER READINGS



Mill's Works

1. Unabridged editions of *Principles of Political Economy*

Principles of Political Economy. Vols. II-III of *The Collected Works of John Stuart Mill*. General editor, John Robson. 33 Volumes. Toronto: University of Toronto Press, 1965.

Principles of Political Economy. Edited with an Introduction by W. J. Ashley. London: Longmans, Green, 1909. Reprint edition: New York: August Kelley, 1987.

The Ashley edition is posted on The Library of Economics and Liberty web site at <http://www.econlib.org>.

2. Other Writings on Moral and Political Philosophy

“Bentham” (1838)

“Coleridge” (1840)

A System of Logic (1843) [Book VI deals with the logic of the “moral sciences.”]

Essays on Some Unsettled Questions of Political Economy (1844)

On Liberty (1859)

Considerations on Representative Government (1860)

Utilitarianism (1863)

The Subjection of Women (1869)

Autobiography (1873)

Chapters on Socialism (1879)

Secondary Sources

1. General

John Skorupski, *The Cambridge Companion to Mill* (Cambridge and New York: Cambridge University Press, 1998), contains very

A NOTE ON THE TEXT



Mill's *Principles of Political Economy With Some of Their Applications to Social Philosophy* was first published in 1848. It was reissued with revisions in 1849, 1852, 1857, 1862, 1865, and 1871.

This abridgement is based on the 7th edition of Mill's work (1871), as edited by W.J. Ashley in 1909. In preparing the abridgement, I have worked from the electronic edition of Ashley's text that is posted on The Library of Economics and Liberty web site at <http://www.econlib.org>.

This abridgement is more inclusive than others, since it includes substantial selections from both Books I and II. I have included just two chapters from Book III. While other abridgements present Books IV and V in their entirety, I have abridged these books for greater readability.

Omissions within chapters are indicated by ellipses. Numbered sections within chapters are sometimes not sequential because of omissions. I have left the numbering in the text to permit easier linking of this text with the original. In some places, minor textual changes as well as revisions in punctuation and format have been made in the interest of greater readability.

Material in brackets has been either added by me or taken from Ashley. Almost all of Ashley's notations have been omitted.

Principles of Political Economy

*With Some of Their Applications
to Social Philosophy*



To
MRS. JOHN TAYLOR
As the most eminently qualified
Of all persons known to the author
Either to originate or to appreciate
Speculations on social improvement,
This attempt to explain and diffuse ideas
Many of which were first learned from herself,
Is
With the highest respect and regard
Dedicated.*

*This dedication was proposed by Mill but not published because of objections raised by John Taylor. It was included in some privately distributed copies of *Principles of Political Economy*.

Preface [1848]

The appearance of a treatise like the present, on a subject on which so many works of merit already exist, may be thought to require some explanation.

It might, perhaps, be sufficient to say that no existing treatise on Political Economy contains the latest improvements which have been made in the theory of the subject. Many new ideas, and new applications of ideas, have been elicited by the discussions of the last few years, especially those on Currency, on Foreign Trade, and on the important topics connected more or less intimately with Colonization: and there seems reason that the field of Political Economy should be re-surveyed in its whole extent, if only for the purpose of incorporating the results of these speculations, and bringing them into harmony with the principles previously laid down by the best thinkers on the subject.

To supply, however, these deficiencies in former treatises bearing a similar title, is not the sole, or even the principal object which the author has in view. The design of the book is different from that of any treatise on Political Economy which has been produced in England since the work of Adam Smith.

The most characteristic quality of that work, and the one in which it most differs from some others which have equalled or even surpassed it as mere expositions of the general principles of the subject, is that it invariably associates the principles with their applications. This, of itself, implies a much wider range of ideas and of topics than are included in Political Economy, considered as a branch of abstract speculation. For practical purposes, Political Economy is inseparably intertwined with many other branches of Social Philosophy. Except on matters of mere detail, there are perhaps no practical questions, even among those which approach nearest to the character of purely economical questions, which admit of being decided on economical premises alone. And it is because Adam Smith never loses sight of this truth; because, in his applications of Political Economy, he perpetually appeals to other and often far larger considerations than pure Political Economy affords; that he gives that well-grounded feeling of command over the principles of the subject for purposes of practice, owing to which the *Wealth of Nations*, alone among treatises on Political Economy, has not only been popular with general readers, but has impressed itself strongly on the minds of men of the world and of legislators.

It appears to the present writer that a work similar in its object and general conception to that of Adam Smith, but adapted to the more extended knowledge and improved ideas of the present age, is the kind of contribution which Political Economy at present requires. The *Wealth of Nations* is, in many parts, obsolete, and in all, imperfect. Political Economy, properly so called, has grown up almost from infancy since the time of Adam Smith; and the philosophy of society, from which practically that eminent thinker never separated his more peculiar theme, though still in a very early stage of its progress, has advanced many steps beyond the point at which he left it. No attempt, however, has yet been made to combine his practical mode of treating his subject with the increased knowledge since acquired of its theory, or to exhibit the economical phenomena of society in the relation in which they stand to the best social ideas of the present time, as he did, with such admirable success, in reference to the philosophy of his century.

Such is the idea which the writer of the present work has kept before him. To succeed even partially in realizing it, would be a sufficiently useful achievement, to induce him to incur willingly all the chances of failure. It is requisite, however, to add that although his object is practical and, as far as the nature of the subject admits, popular, he has not attempted to purchase either of those advantages by the sacrifice of strict scientific reasoning. Though he desires his treatise should be more than a mere exposition of the abstract doctrines of Political Economy, he is also desirous that such an exposition should be found in it.

*[Addition to the Preface in the
Second Edition, 1849]*

The additions and alterations in the present edition are generally of little moment; but the increased importance which the Socialist controversy has assumed since this work was written has made it desirable to enlarge the chapter which treats of it; the more so, as the objections therein stated to the specific schemes propounded by some Socialists have been erroneously understood as a general condemnation of all that is commonly included under that name. A full appreciation of Socialism, and of the questions which it raises, can only be advantageously attempted in a separate work.

Preface to the Third Edition [July, 1852]

The present edition has been revised throughout, and several chapters either materially added to or entirely re-cast. . . . The chapter on Property has been almost entirely re-written. I was far from intending that the statement which it contained of the objections to the best known Socialist schemes should be understood as a condemnation of Socialism, regarded as an ultimate result of human progress. The only objection to which any great importance will be found to be attached in the present edition is the unprepared state of mankind in general, and of the labouring classes in particular; their extreme unfitness at present for any order of things which would make any considerable demand on either their intellect or their virtue. It appears to me that the great end of social improvement should be to fit mankind by cultivation for a state of society combining the greatest personal freedom with that just distribution of the fruits of labour which the present laws of property do not profess to aim at. Whether, when this state of mental and moral cultivation shall be attained, individual property in some form (though a form very remote from the present) or community of ownership in the instruments of production and a regulated division of the produce will afford the circumstances most favourable to happiness, and best calculated to bring human nature to its greatest perfection, is a question which must be left, as it safely may, to the people of that time to decide. Those of the present are not competent to decide it.

The chapter on the "Futurity of the Labouring Classes" has been enriched with the results of the experience afforded, since this work was first published, by the co-operative associations in France. That important experience shows that the time is ripe for a larger and more rapid extension of association among labourers than could have been successfully attempted before the calumniated democratic movements in Europe, which, though for the present put down by the pressure of brute force, have scattered widely the seeds of future improvement. I have endeavoured to designate more clearly the tendency of the social transformation, of which these associations are the initial step; and at the same time to disconnect the co-operative cause from the exaggerated or altogether mistaken declamations against competition, so largely indulged in by its supporters. . . .

PRELIMINARY REMARKS



In every department of human affairs, Practice long precedes Science: systematic enquiry into the modes of action of the powers of nature is the tardy product of a long course of efforts to use those powers for practical ends. The conception, accordingly, of Political Economy as a branch of science is extremely modern; but the subject with which its enquiries are conversant has, in all ages, necessarily constituted one of the chief practical interests of mankind, and, in some, a most unduly engrossing one.

That subject is Wealth. Writers on Political Economy profess to teach, or to investigate, the nature of Wealth, and the laws of its production and distribution: including, directly or remotely, the operation of all the causes by which the condition of mankind, or of any society of human beings, in respect to this universal object of human desire, is made prosperous or the reverse. . . .

Everyone has a notion, sufficiently correct for common purposes, of what is meant by wealth. The enquiries which relate to it are in no danger of being confounded with those relating to any other of the great human interests. All know that it is one thing to be rich, another thing to be enlightened, brave, or humane; that the questions how a nation is made wealthy, and how it is made free, or virtuous, or eminent in literature, in the fine arts, in arms, or in polity, are totally distinct enquiries. Those things, indeed, are all indirectly connected, and react upon one another. A people has sometimes become free, because it had first grown wealthy; or wealthy, because it had first become free. The creed and laws of a people act powerfully upon their economical condition; and this again, by its influence on their mental development and social relations, reacts upon their creed and laws. But though the subjects are in very close contact, they are essentially different, and have never been supposed to be otherwise.

It is no part of the design of this treatise to aim at metaphysical nicety of definition, where the ideas suggested by a term are already as determinate as practical purposes require. But, little as it might be

expected that any mischievous confusion of ideas could take place on a subject so simple as the question of what is to be considered as wealth, it is matter of history that such confusion of ideas has existed—that theorists and practical politicians have been equally and, at one period, universally infected by it, and that for many generations it gave a thoroughly false direction to the policy of Europe. I refer to the set of doctrines designated, since the time of Adam Smith, by the appellation of the Mercantile System.

While this system prevailed, it was assumed, either expressly or tacitly, in the whole policy of nations, that wealth consisted solely of money; or of the precious metals, which, when not already in the state of money, are capable of being directly converted into it. According to the doctrines then prevalent, whatever tended to heap up money or bullion in a country added to its wealth. Whatever sent the precious metals out of a country impoverished it. If a country possessed no gold or silver mines, the only industry by which it could be enriched was foreign trade, being the only one which could bring in money. Any branch of trade which was supposed to send out more money than it brought in, however ample and valuable might be the returns in another shape, was looked upon as a losing trade. Exportation of goods was favoured and encouraged (even by means extremely onerous to the real resources of the country), because, the exported goods being stipulated to be paid for in money, it was hoped that the returns would actually be made in gold and silver. Importation of anything other than the precious metals was regarded as a loss to the nation of the whole price of the things imported; unless they were brought in to be re-exported at a profit, or unless, being the materials or instruments of some industry practiced in the country itself, they gave the power of producing exportable articles at smaller cost, and thereby effecting a larger exportation. The commerce of the world was looked upon as a struggle among nations, which could draw to itself the largest share of the gold and silver in existence; and in this competition no nation could gain anything, except by making others lose as much, or, at the least, preventing them from gaining it.

It often happens that the universal belief of one age of mankind—a belief from which no one *was*, nor, without an extraordinary effort of genius and courage, *could* at that time be free—becomes to a subsequent age so palpable an absurdity that the only difficulty then is to imagine how such a thing can ever have appeared credible. It has so happened with the doctrine that money is synonymous with wealth. The conceit seems too preposterous to be thought of as a serious

opinion. It looks like one of the crude fancies of childhood, instantly corrected by a word from any grown person. But let no one feel confident that he would have escaped the delusion if he had lived at the time when it prevailed. All the associations engendered by common life, and by the ordinary course of business, concurred in promoting it. . . .

While there were so many things to render the assumption which is the basis of the mercantile system plausible, there is also some small foundation in reason, though a very insufficient one, for the distinction which that system so emphatically draws between money and every other kind of valuable possession. We really, and justly, look upon a person as possessing the advantages of wealth, not in proportion to the useful and agreeable things of which he is in the actual enjoyment, but to his command over the general fund of things useful and agreeable; the power he possesses of providing for any exigency, or obtaining any object of desire. Now, money is, itself, that power, while all other things, in a civilized state, seem to confer it only by their capacity of being exchanged for money. To possess any other article of wealth is to possess that particular thing, and nothing else: if you wish for another thing instead of it, you have first to sell it, or to submit to the inconvenience and delay (if not the impossibility) of finding someone who has what you want, and is willing to barter it for what you have. But with money, you are at once able to buy whatever things are for sale; and one whose fortune is in money, or in things rapidly convertible into it, seems both to himself and others to possess not any one thing, but all the things which the money places it at his option to purchase. The greatest part of the utility of wealth, beyond a very moderate quantity, is not the indulgences it procures, but the reserved power, which its possessor holds in his hands, of attaining purposes generally; and this power no other kind of wealth confers so immediately or so certainly as money. It is the only form of wealth which is not merely applicable to some one use, but can be turned at once to any use. . . .

All these causes conspire to make both individuals and governments, in estimating their means, attach almost exclusive importance to money, either *in esse* or *in posse*, and look upon all other things (when viewed as part of their resources) scarcely otherwise than as the remote means of obtaining that which alone, when obtained, affords the indefinite, and at the same time instantaneous, command over objects of desire, which best answers to the idea of wealth.

An absurdity, however, does not cease to be an absurdity when we have discovered what were the appearances which made it plausible;

and the Mercantile Theory could not fail to be seen in its true character when men began, even in an imperfect manner, to explore into the foundations of things, and seek their premises from elementary facts, and not from the forms and phrases of common discourse. So soon as they asked themselves what is really meant by money—what it is in its essential characters, and the precise nature of the functions it performs—they reflected that money, like other things, is only a desirable possession on account of its uses; and that these, instead of being, as they delusively appear, indefinite, are of a strictly defined and limited description: namely, to facilitate the distribution of the produce of industry according to the convenience of those among whom it is shared. Further consideration showed that the uses of money are in no respect promoted by increasing the quantity which exists and circulates in a country, the service which it performs being as well rendered by a small as by a large aggregate amount. Two million quarters of corn will not feed so many persons as four million; but two million pounds sterling will carry on as much traffic, will buy and sell as many commodities, as four million, though at lower nominal prices. Money, as money, satisfies no want; its worth to anyone consists in its being a convenient shape in which to receive his incomings of all sorts, which incomings he afterwards, at the times which suit him best, converts into the forms in which they can be useful to him. Great as the difference would be between a country with money and a country altogether without it, it would be only one of convenience; a saving of time and trouble, like grinding by water power instead of by hand, or (to use Adam Smith's illustration) like the benefit derived from roads; and to mistake money for wealth is the same sort of error as to mistake the highway, which may be the easiest way of getting to your house or lands, for the house and lands themselves.

Money, being the instrument of an important public and private purpose, is rightly regarded as wealth; but everything else which serves any human purpose, and which nature does not afford gratuitously, is wealth also. To be wealthy is to have a large stock of useful articles, or the means of purchasing them. Everything forms, therefore, a part of wealth, which has a power of purchasing; for which anything useful or agreeable would be given in exchange. Things for which nothing could be obtained in exchange, however useful or necessary they may be, are not wealth in the sense in which the term is used in Political Economy. Air, for example, though the most absolute of necessaries, bears no price in the market, because it can be obtained gratuitously: to accumulate a stock of it would yield no profit or advantage to anyone; and the laws of its production and dis-

tribution are the subject of a very different study from Political Economy. But though air is not wealth, mankind are much richer by obtaining it gratis, since the time and labour which would otherwise be required for supplying the most pressing of all wants can be devoted to other purposes. It is possible to imagine circumstances in which air would be a part of wealth. If it became customary to sojourn long in places where the air does not naturally penetrate, as in diving-bells sunk in the sea, a supply of air artificially furnished would, like water conveyed into houses, bear a price; and if, from any revolution in nature, the atmosphere became too scanty for the consumption, or could be monopolized, air might acquire a very high marketable value. In such a case, the possession of it, beyond his own wants, would be, to its owner, wealth; and the general wealth of mankind might at first sight appear to be increased by what would be so great a calamity to them. The error would lie in not considering that however rich the possessor of air might become at the expense of the rest of the community, all persons else would be poorer by all that they were compelled to pay for what they had before obtained without payment.

This leads to an important distinction in the meaning of the word wealth, as applied to the possessions of an individual, and to those of a nation, or of mankind. In the wealth of mankind, nothing is included which does not of itself answer some purpose of utility or pleasure. To an individual, anything is wealth which, though useless in itself, enables him to claim from others a part of their stock of things useful or pleasant. . . .

[An] example of a possession which is wealth to the person holding it, but not wealth to the nation or mankind, is slaves. It is by a strange confusion of ideas that slave property (as it is termed) is counted, at so much per head, in an estimate of the wealth, or of the capital, of the country which tolerates the existence of such property. If a human being, considered as an object possessing productive powers, is part of the national wealth when his powers are owned by another man, he cannot be less a part of it when they are owned by himself. Whatever he is worth to his master is so much property abstracted from himself, and its abstraction cannot augment the possessions of the two together, or of the country to which they both belong. In propriety of classification, however, the people of a country are not to be counted in its wealth. They are that for the sake of which its wealth exists. . . .

Wealth, then, may be defined as all useful or agreeable things which possess exchangeable value; or, in other words, all useful or

agreeable things except those which can be obtained, in the quantity desired, without labour or sacrifice. . . .



These things having been premised respecting wealth, we shall next turn our attention to the extraordinary differences in respect to it, which exist between nation and nation, and between different ages of the world; differences both in the quantity of wealth, and in the kind of it; as well as in the manner in which the wealth existing in the community is shared among its members.

There is, perhaps, no people or community, now existing, which subsists entirely on the spontaneous produce of vegetation. But many tribes still live exclusively, or almost exclusively, on wild animals, the produce of hunting or fishing. Their clothing is skins; their habitations, huts rudely formed of logs or boughs of trees, and abandoned at an hour's notice. The food they use being little susceptible of storing up, they have no accumulation of it, and are often exposed to great privations. . . . This is the state of greatest poverty in which any entire community of human beings is known to exist; though there are much richer communities in which portions of the inhabitants are in a condition, as to subsistence and comfort, as little enviable as that of the savage.

The first great advance beyond this state consists in the domestication of the more useful animals, giving rise to the pastoral or nomad state, in which mankind do not live on the produce of hunting, but on milk and its products, and on the annual increase of flocks and herds. This condition is not only more desirable in itself, but more conducive to further progress, and a much more considerable amount of wealth is accumulated under it. . . . Large flocks and herds, therefore, are in time possessed by active and thrifty individuals through their own exertions, and by the heads of families and tribes through the exertions of those who are connected with them by allegiance. There thus arises, in the shepherd state, inequality of possessions; a thing which scarcely exists in the savage state, where no one has much more than absolute necessities, and, in case of deficiency, must share even those with his tribe. In the nomad state, some have an abundance of cattle, sufficient for the food of a multi-

tude, while others have not contrived to appropriate and retain any superfluity, or perhaps any cattle at all. But subsistence has ceased to be precarious, since the more successful have no other use which they can make of their surplus than to feed the less fortunate, while every increase in the number of persons connected with them is an increase both of security and of power; thus, they are enabled to divest themselves of all labour except that of government and superintendence, and acquire dependents to fight for them in war and to serve them in peace. One of the features of this state of society is that a part of the community, and in some degree even the whole of it, possesses leisure. Only a portion of time is required for procuring food, and the remainder is not engrossed by anxious thought for the morrow, or necessary repose from muscular activity. Such a life is highly favourable to the growth of new wants, and opens a possibility of their gratification. A desire arises for better clothing, utensils, and implements than the savage state contents itself with; and the surplus food renders it practicable to devote to these purposes the exertions of a part of the tribe. In all or most nomad communities, we find domestic manufactures of a coarse, and in some, of a fine kind. There is ample evidence that while those parts of the world which have been the cradle of modern civilization were still generally in the nomad state, considerable skill had been attained in spinning, weaving, and dyeing woollen garments in the preparation of leather, and in what appears a still more difficult invention, that of working in metals. Even speculative science took its first beginnings from the leisure characteristic of this stage of social progress. The earliest astronomical observations are attributed, by a tradition which has much appearance of truth, to the shepherds of Chaldea.

From this state of society to the agricultural, the transition is indeed not easy . . . [, and] the subsequent progress of mankind seems by no means to have been so rapid (certain rare combinations of circumstances excepted) as might perhaps have been anticipated. The quantity of human food which the earth is capable of returning even to the most wretched system of agriculture, so much exceeds what could be obtained in the purely pastoral state, that a great increase of population is invariably the result. But this additional food is only obtained by a great additional amount of labour; so that not only does an agricultural have much less leisure than a pastoral population, but, with the imperfect tools and unskilful processes which are for a long time employed (and which, over the greater part of the earth, have not even yet been abandoned), agriculturists do not, unless in unusually advantageous circumstances of climate and soil, produce

so great a surplus of food, beyond their necessary consumption, as to support any large class of labourers engaged in other departments of industry. The surplus, too, whether small or great, is usually torn from the producers, either by the government to which they are subject, or by individuals who, by superior force, or by availing themselves of religious or traditional feelings of subordination, have established themselves as lords of the soil.

The first of these modes of appropriation by the government is characteristic of the extensive monarchies which, from a time beyond historical record, have occupied the plains of Asia. The government, in those countries, though varying in its qualities according to the accidents of personal character, seldom leaves much to the cultivators beyond mere necessities, and often strips them so bare even of these that it finds itself obliged, after taking all they have, to lend part of it back to those from whom it has been taken, in order to provide them with seed, and enable them to support life until another harvest. Under the régime in question, though the bulk of the population are ill provided for, the government, by collecting small contributions from great numbers, is enabled, with any tolerable management, to make a show of riches quite out of proportion to the general condition of the society; and hence arises the inveterate impression, of which Europeans have only at a late period been disabused, concerning the great opulence of Oriental nations. . . .

The ruler of a society of this description, after providing largely for his own support, and that of all persons in whom he feels an interest, and after maintaining as many soldiers as he thinks needful for his security or his state, has a disposable residue, which he is glad to exchange for articles of luxury suitable to his disposition; as have, also, the class of persons who have been enriched by his favour, or by handling the public revenues. . . . Gold and jewels, therefore, constitute a large proportion of the wealth of these nations, and many a rich Asiatic carries nearly his whole fortune on his person, or on those of the women of his harem. No one except the monarch thinks of investing his wealth in a manner not susceptible of removal. . . . This state of society, however, is not destitute of a mercantile class, composed of two divisions: grain dealers and money dealers. The grain dealers do not usually buy grain from the producers, but from the agents of government. . . .

The money dealers lend to the unfortunate cultivators, when ruined by bad seasons or fiscal exactions, the means of supporting life and continuing their cultivation, and are repaid with enormous interest at the next harvest; or, on a larger scale, they lend to the government, or to

those to whom it has granted a portion of the revenue. . . . Thus, the commercial operations of both these classes of dealers take place principally upon that part of the produce of the country which forms the revenue of the government. From that revenue, their capital is periodically replaced with a profit, and that is also the source from which their original funds have almost always been derived. Such, in its general features, is the economical condition of most of the countries of Asia, as it has been from beyond the commencement of authentic history, and is still [1848], wherever not disturbed by foreign influences.

In the agricultural communities of ancient Europe whose early condition is best known to us, the course of things was different. These, at their origin, were mostly small town-communities, at the first plantation of which, in an unoccupied country, or in one from which the former inhabitants had been expelled, the land which was taken possession of was regularly divided, in equal or in graduated allotments, among the families composing the community. In some cases, instead of a town, there was a confederation of towns, occupied by people of the same reputed race, and who were supposed to have settled in the country about the same time. Each family produced its own food and the materials of its clothing, which were worked up within itself, usually by the women of the family, into the coarse fabrics with which the age was contented. Taxes there were none, as there were either no paid officers of government, or if there were, their payment had been provided for by a reserved portion of land, cultivated by slaves on account of the state; and the army consisted of the body of citizens. The whole produce of the soil, therefore, belonged, without deduction, to the family which cultivated it. So long as the process of events permitted this disposition of property to last, the state of society was, for the majority of the free cultivators, probably not an undesirable one; and under it, in some cases, the advance of mankind in intellectual culture was extraordinarily rapid and brilliant. This more especially happened where, along with advantageous circumstances of race and climate, and no doubt with many favourable accidents of which all trace is now lost, was combined the advantage of a position on the shores of a great inland sea, the other coasts of which were already occupied by settled communities. The knowledge which, in such a position, was acquired of foreign productions, and the easy access of foreign ideas and inventions, made the chain of routine, usually so strong in a rude people, hang loosely on these communities. To speak only of their industrial development, they early acquired a variety of wants and desires, which stimulated them to extract from their own soil the utmost which they

knew how to make it yield; and when their soil was sterile, or after they had reached the limit of its capacity, they often became traders, and bought up the productions of foreign countries, to sell them in other countries with a profit.

The duration, however, of this state of things was from the first precarious. These little communities lived in a state of almost perpetual war. For this, there were many causes. In the ruder and purely agricultural communities, a frequent cause was the mere pressure of their increasing population upon their limited land, aggravated as that pressure so often was by deficient harvests, in the rude state of their agriculture, and depending as they did for food upon a very small extent of country. On these occasions, the community often emigrated *en masse*, or sent forth a swarm of its youth to seek, sword in hand, for some less warlike people who could be expelled from their land, or detained to cultivate it as slaves for the benefit of their despoilers. What the less advanced tribes did from necessity, the more prosperous did from ambition and the military spirit; and after a time, the whole of these city-communities were either conquerors or conquered. . . . A small conquering community which does not incorporate its conquests always ends by being conquered. Universal dominion, therefore, at last rested with the people who practiced this art—with the Romans; who, whatever were their other devices, always either began or ended by taking a great part of the land to enrich their own leading citizens, and by adopting into the governing body the principal possessors of the remainder. It is unnecessary to dwell on the melancholy economical history of the Roman empire. When inequality of wealth once commences, in a community not constantly engaged in repairing by industry the injuries of fortune, its advances are gigantic: the great masses of wealth swallow up the smaller. The Roman empire ultimately became covered with the vast landed possessions of a comparatively few families, for whose luxury, and still more for whose ostentation, the most costly products were raised, while the cultivators of the soil were slaves, or small tenants in nearly servile condition. From this time, the wealth of the empire progressively declined. In the beginning, the public revenues, and the resources of rich individuals, sufficed at least to cover Italy with splendid edifices, public and private; but at length so dwindled under the enervating influences of misgovernment, that what remained was not even sufficient to keep those edifices from decay. The strength and riches of the civilized world became inadequate to make head against the nomad population which skirted its northern frontier; they overran the empire, and a different order of things succeeded.

In the new frame in which European society was now cast, the population of each country may be considered as composed, in unequal proportions, of two distinct nations or races, the conquerors and the conquered: the first the proprietors of the land, the latter the tillers of it. These tillers were allowed to occupy the land on conditions which, being the product of force, were always onerous, but seldom to the extent of absolute slavery. Already, in the later times of the Roman empire, predial slavery had extensively transformed itself into a kind of serfdom: the *coloni* of the Romans were rather villeins than actual slaves; and the incapacity and distaste of the barbarian conquerors for personally superintending industrial occupations left no alternative but to allow to the cultivators, as an incentive to exertion, some real interest in the soil. If, for example, they were compelled to labour three days in the week for their superior, the produce of the remaining days was their own. If they were required to supply the provisions of various sorts ordinarily needed for the consumption of the castle, and were often subject to requisitions in excess, yet after supplying these demands they were suffered to dispose at their will of whatever additional produce they could raise. Under this system during the Middle Ages, it was not impossible, no more than in modern Russia (where, up to the recent measure of emancipation, the same system still essentially prevailed), for serfs to acquire property; and in fact, their accumulations are the primitive source of the wealth of modern Europe.

In that age of violence and disorder, the first use made by a serf of any small provision which he had been able to accumulate, was to buy his freedom and withdraw himself to some town or fortified village, which had remained undestroyed from the time of the Roman dominion; or, without buying his freedom, to abscond thither. In that place of refuge, surrounded by others of his own class, he attempted to live, secured in some measure from the outrages and exactions of the warrior caste, by his own prowess and that of his fellows. These emancipated serfs mostly became artificers, and lived by exchanging the produce of their industry for the surplus food and material which the soil yielded to its feudal proprietors. This gave rise to a sort of European counterpart of the economical condition of Asiatic countries; except that, in lieu of a single monarch and a fluctuating body of favourites and employés, there was a numerous and, in a considerable degree, fixed class of great landholders; exhibiting far less splendour, because individually disposing of a much smaller surplus produce, and for a long time expending the chief part of it in maintaining the body of retainers whom the warlike habits of society, and the little protection afforded by

government, rendered indispensable to their safety. The greater stability, the fixity of personal position, which this state of society afforded, in comparison with the Asiatic polity to which it economically corresponded, was one main reason why it was also found more favourable to improvement. From this time, the economical advancement of society has not been further interrupted. Security of person and property grew slowly, but steadily; the arts of life made constant progress; plunder ceased to be the principal source of accumulation; and feudal Europe ripened into commercial and manufacturing Europe. . . .

The world now contains several extensive regions, provided with the various ingredients of wealth in a degree of abundance of which former ages had not even the idea. Without compulsory labour, an enormous mass of food is annually extracted from the soil, and maintains, besides the actual producers, an equal, sometimes a greater number of labourers, occupied in producing conveniences and luxuries of innumerable kinds, or in transporting them from place to place; also a multitude of persons employed in directing and superintending these various labours; and over and above all these, a class more numerous than in the most luxurious ancient societies, of persons whose occupations are of a kind not directly productive, and of persons who have no occupation at all. The food thus raised supports a far larger population than had ever existed (at least in the same regions) on an equal space of ground; and supports them with certainty, exempt from those periodically recurring famines so abundant in the early history of Europe, and in Oriental countries even now not unfrequent. . . .

But in all these particulars characteristic of the modern industrial communities, those communities differ widely from one another. Though abounding in wealth as compared with former ages, they do so in very different degrees. Even of the countries which are justly accounted the richest, some have made a more complete use of their productive resources, and have obtained, relatively to their territorial extent, a much larger produce, than others; nor do they differ only in amount of wealth, but also in the rapidity of its increase. The diversities in the distribution of wealth are still greater than in the production. There are great differences in the condition of the poorest class in different countries, and in the proportional numbers and opulence of the classes which are above the poorest. . . . Besides these differences in the economical phenomena presented by different parts of what is usually called the civilized world, all those earlier states, which we previously passed in review, have continued in some part or other of the world, down to our own time. Hunting communities still

exist in America, nomadic in Arabia and the steppes of Northern Asia; Oriental society is, in essentials, what it has always been; the great empire of Russia is, even now, in many respects, the scarcely modified image of feudal Europe. Every one of the great types of human society, down to that of the Esquimaux or Patagonians, is still extant.

These remarkable differences in the state of different portions of the human race, with regard to the production and distribution of wealth, must, like all other phenomena, depend on causes. And it is not a sufficient explanation to ascribe them exclusively to the degrees of knowledge possessed at different times and places, of the laws of nature and the physical arts of life. Many other causes co-operate; and that very progress and unequal distribution of physical knowledge are partly the effects, as well as partly the causes, of the state of the production and distribution of wealth.

In so far as the economical condition of nations turns upon the state of physical knowledge, it is a subject for the physical sciences and the arts founded on them. But insofar as the causes are moral or psychological, dependent on institutions and social relations, or on the principles of human nature, their investigation belongs not to physical, but to moral and social science, and is the object of what is called Political Economy. . . .

Unlike the laws of Production, those of Distribution are partly of human institution, since the manner in which wealth is distributed in any given society depends on the statutes or usages therein obtaining. But though governments or nations have the power of deciding what institutions shall exist, they cannot arbitrarily determine how those institutions shall work. The conditions on which the power they possess over the distribution of wealth is dependent, and the manner in which the distribution is effected by the various modes of conduct which society may think fit to adopt, are as much a subject for scientific enquiry as any of the physical laws of nature.

The laws of Production and Distribution, and some of the practical consequences deducible from them, are the subject of the following treatise.

Book I



PRODUCTION

Book I, Chapter I

Of the Requisites of Production

1. The requisites of production are two: labour and appropriate natural objects. Labour is either bodily or mental; or, to express the distinction more comprehensively, either muscular or nervous; and it is necessary to include in the idea, not solely the exertion itself, but feelings of a disagreeable kind, all bodily inconvenience or mental annoyance connected with the employment of one's thoughts or muscles, or both, in a particular occupation. Of the other requisite—appropriate natural objects—it is to be remarked that some objects exist or grow up spontaneously, of a kind suited to the supply of human wants. There are caves and hollow trees capable of affording shelter; fruit, roots, wild honey, and other natural products, on which human life can be supported; but even here, a considerable quantity of labour is generally required, not for the purpose of creating, but of finding and appropriating them. In all but these few and (except in the very commencement of human society) unimportant cases, the objects supplied by nature are only instrumental to human wants after having undergone some degree of transformation by human exertion. Even the wild animals of the forest and of the sea, from which the hunting and fishing tribes derive their sustenance—though the labour of which they are the subject is chiefly that required for appropriating them—must yet, before they are used as food, be killed, divided into fragments, and subjected in almost all cases to some culinary process, which are operations requiring a certain degree of human labour. . . .

Nature, however, does more than supply materials; she also supplies powers. The matter of the globe is not an inert recipient of

forms and properties impressed by human hands; it has active energies by which it co-operates with, and may even be used as a substitute for, labour. In the early ages, people converted their corn into flour by pounding it between two stones; they next hit on a contrivance which enabled them, by turning a handle, to make one of the stones revolve upon the other; and this process, a little improved, is still the common practice of the East. The muscular exertion, however, which it required, was very severe and exhausting, insomuch that it was often selected as a punishment for slaves who had offended their masters. When the time came at which the labour and sufferings of slaves were thought worth economizing, the greater part of this bodily exertion was rendered unnecessary by contriving that the upper stone should be made to revolve upon the lower, not by human strength, but by the force of the wind or of falling water. In this case, natural agents, the wind or the gravitation of the water, are made to do a portion of the work previously done by labour.

2. Cases like this, in which a certain amount of labour has been dispensed with, its work being devolved upon some natural agent, are apt to suggest an erroneous notion of the comparative functions of labour and natural powers; as if the co-operation of those powers with human industry were limited to the cases in which they are made to perform what would otherwise be done by labour; as if, in the case of things made (as the phrase is) by hand, nature only furnished passive materials. This is an illusion. The powers of nature are as actively operative in the one case as in the other. . . .

Labour, then, in the physical world, is always and solely employed in putting objects in motion; the properties of matter, the laws of nature, do the rest. The skill and ingenuity of human beings are chiefly exercised in discovering movements practicable by their powers, and capable of bringing about the effects which they desire. But, while movement is the only effect which man can immediately and directly produce by his muscles, it is not necessary that he should produce directly by them all the movements which he requires. The first and most obvious substitute is the muscular action of cattle: by degrees, the powers of inanimate nature are made to aid in this too, as by making the wind, or water, things already in motion, communicate a part of their motion to the wheels, which before that invention were made to revolve by muscular force. This service is extorted from the powers of wind and water by a set of actions consisting, like the former, in moving certain objects into certain positions in which they constitute what is termed a machine; but the muscular action necessary for this is not

constantly renewed, but performed once for all, and there is, on the whole, a great economy of labour.

3. Some writers have raised the question, whether nature gives more assistance to labour in one kind of industry or in another, and have said that in some occupations, labour does most; in others, nature most. In this, however, there seems much confusion of ideas. . . .

The form which this conceit usually assumes is that of supposing that nature lends more assistance to human endeavours in agriculture than in manufactures. This notion, held by the French Economistes, and from which Adam Smith was not free, arose from a misconception of the nature of rent. The rent of land being a price paid for a natural agency, and no such price being paid in manufactures, these writers imagined that since a price was paid, it was because there was a greater amount of service to be paid for; whereas a better consideration of the subject would have shown that the reason why the use of land bears a price is simply the limitation of its quantity, and that if air, heat, electricity, chemical agencies, and the other powers of nature employed by manufacturers were sparingly supplied, and could, like land, be engrossed and appropriated, a rent could be exacted for them also.

4. This leads to a distinction which we shall find to be of primary importance. Of natural powers, some are unlimited, others limited in quantity. By an unlimited quantity is of course not meant literally, but practically unlimited: a quantity beyond the use which can in any, or at least in present circumstances, be made of it. Land is, in some newly settled countries, practically unlimited in quantity: there is more than can be used by the existing population of the country, or by any accession likely to be made to it for generations to come. But even there, land favourably situated with regard to markets or means of carriage is generally limited in quantity: there is not so much of it as persons would gladly occupy and cultivate, or otherwise turn to use. In all old countries, land capable of cultivation, land at least of any tolerable fertility, must be ranked among agents limited in quantity. Water, for ordinary purposes, on the banks of rivers or lakes, may be regarded as of unlimited abundance; but if required for irrigation, it may, even there, be insufficient to supply all wants, while in places which depend for their consumption on cisterns or tanks, or on wells which are not copious or are liable to fail, water takes its place among things the quantity of which is most strictly limited. . . .

It will be seen hereafter how much of the economy of society depends on the limited quantity in which some of the most important natural agents exist, and more particularly, land. For the present,

I shall only remark that so long as the quantity of a natural agent is practically unlimited, it cannot, unless susceptible of artificial monopoly, bear any value in the market, since no one will give anything for what can be obtained gratis. But as soon as a limitation becomes practically operative, as soon as there is not so much of the thing to be had as would be appropriated and used if it could be obtained for asking, the ownership or use of the natural agent acquires an exchangeable value. . . .

Book I, Chapter II

Of Labour as an Agent of Production

1. The labour which terminates in the production of an article fitted for some human use is either employed directly about the thing, or in previous operations destined to facilitate, perhaps essential to the possibility of, the subsequent ones. In making bread, for example, the labour employed about the thing itself is that of the baker; but the labour of the miller, though employed directly in the production not of bread but of flour, is equally part of the aggregate sum of labour by which the bread is produced; as is also the labour of the sower and of the reaper. Some may think that all these persons ought to be considered as employing their labour directly about the thing; the corn, the flour, and the bread being one substance in three different states. Without disputing about this question of mere language, there is still the ploughman, who prepared the ground for the seed, and whose labour never came in contact with the substance in any of its states; and the plough-maker, whose share in the result was still more remote. All these persons ultimately derive the remuneration of their labour from the bread, or its price: the plough-maker as much as the rest; for since ploughs are of no use except for tilling the soil, no one would make or use ploughs for any other reason than because the increased returns, thereby obtained from the ground, afforded a source from which an adequate equivalent could be assigned for the labour of the plough-maker. If the produce is to be used or consumed in the form of bread, it is from the bread that this equivalent must come. The bread must suffice to remunerate all these labourers, and several others, such as the carpenters and bricklayers who erected the farm-buildings; the hedgers and ditchers who made the fences necessary for the protection of the crop; the miners and smelters who extracted or prepared the iron of which the plough and other instru-

ments were made. These, however, and the plough-maker, do not depend for their remuneration upon the bread made from the produce of a single harvest, but upon that made from the produce of all the harvests which are successively gathered until the plough, or the buildings and fences, are worn out. We must add yet another kind of labour, that of transporting the produce from the place of its production to the place of its destined use: the labour of carrying the corn to market and from market to the miller's, the flour from the miller's to the baker's, and the bread from the baker's to the place of its final consumption. This labour is sometimes very considerable: flour is [1848] transported to England from beyond the Atlantic, corn from the heart of Russia; and in addition to the labourers immediately employed, the waggons and sailors, there are also costly instruments, such as ships, in the construction of which much labour has been expended: that labour, however, not depending for its whole remuneration upon the bread, but for a part only; ships being usually, during the course of their existence, employed in the transport of many different kinds of commodities.

To estimate, therefore, the labour of which any given commodity is the result, is far from a simple operation. . . .

2. Another of the modes in which labour is indirectly or remotely instrumental to the production of a thing requires particular notice: namely, when it is employed in producing subsistence, to maintain the labourers while they are engaged in the production. This previous employment of labour is an indispensable condition to every productive operation, on any other than the very smallest scale. Except the labour of the hunter and fisher, there is scarcely any kind of labour to which the returns are immediate. Productive operations require to be continued a certain time before their fruits are obtained. Unless the labourer, before commencing his work, possesses a store of food, or can obtain access to the stores of someone else, in sufficient quantity to maintain him until the production is completed, he can undertake no labour but such as can be carried on at odd intervals, concurrently with the pursuit of his subsistence. . . .

The claim to remuneration founded on the possession of food available for the maintenance of labourers is . . . remuneration for abstinence, not for labour. If a person has a store of food, he has it in his power to consume it himself in idleness, or in feeding others to attend on him, or to fight for him, or to sing or dance for him. If, instead of these things, he gives it to productive labourers to support them during their work, he can and naturally will claim a remuneration from the produce. He will not be content with simple repayment;

if he receives merely that, he is only in the same situation as at first, and has derived no advantage from delaying to apply his savings to his own benefit or pleasure. He will look for some equivalent for this forbearance: he will expect his advance of food to come back to him with an increase, called, in the language of business, a profit; and the hope of this profit will generally have been a part of the inducement which made him accumulate a stock by economizing in his own consumption; or, at any rate, which made him forego the application of it, when accumulated, to his personal ease or satisfaction. . . .

3. . . . The remaining modes in which labour is indirectly instrumental to production may be arranged under five heads.

First: Labour employed in producing materials on which industry is to be afterwards employed. This is, in many cases, a labour of mere appropriation—*extractive* industry, as it has been aptly named by M. Dunoyer. The labour of the miner, for example, consists of operations for digging out of the earth substances convertible by industry into various articles fitted for human use. Extractive industry, however, is not confined to the extraction of materials. . . .

Under the head, production of materials, we must include the industry of the wood-cutter, when employed in cutting and preparing timber for building, or wood for the purposes of the carpenter's or any other art. . . . Under the same head are also comprised the labours of the agriculturist in growing flax, hemp, cotton, feeding silkworms, rising food for cattle, producing bark, dye-stuffs, some oleaginous plants, and many other things only useful because required in other departments of industry. So, too, the labour of the hunter, as far as his object is furs or feathers; of the shepherd and the cattle-breeder, in respect of wool, hides, horn, bristles, horse-hair, and the like. The things used as materials in some process or other of manufacture are of a most miscellaneous character, drawn from almost every quarter of the animal, vegetable, and mineral kingdoms. . . .

4. The second kind of indirect labour is that employed in making tools or implements for the assistance of labour. I use these terms in their most comprehensive sense, embracing all permanent instruments or helps to production, from a flint and steel for striking a light, to a steam-ship or the most complex apparatus of manufacturing machinery. . . .

5. Thirdly: Besides materials for industry to employ itself on, and implements to aid it, provision must be made to prevent its operations from being disturbed and its products injured, either by the destroying agencies of nature, or by the violence or rapacity of men. This gives rise to another mode in which labour not employed direct-

ly about the product itself, is instrumental to its production: namely, when employed for the *protection* of industry. Such is the object of all buildings for industrial purposes: all manufactories, warehouses, docks, granaries, barns, farm-buildings devoted to cattle, or to the operations of agricultural labour. . . . I have already mentioned the labour of the hedger and ditcher, of the builder of walls or dykes. To these must be added that of the soldier, the policeman, and the judge. These functionaries are not indeed employed exclusively in the protection of industry, nor does their payment constitute, to the individual producer, a part of the expenses of production. But they are paid from the taxes, which are derived from the produce of industry; and in any tolerably governed country, they render to its operations a service far more than equivalent to the cost. To society at large, they are therefore part of the expenses of production; and if the returns to production were not sufficient to maintain these labourers in addition to all the others required, production, at least in that form and manner, could not take place. Besides, if the protection which the government affords to the operations of industry were not afforded, the producers would be under a necessity of either withdrawing a large share of their time and labour from production, to employ it in defence, or of engaging armed men to defend them; all which labour, in that case, must be directly remunerated from the produce; and things which could not pay for this additional labour would not be produced. Under the present arrangements, the product pays its quota towards the same protection, and notwithstanding the waste and prodigality incident to government expenditure, obtains it of better quality at a much smaller cost.

6. Fourthly: There is a very great amount of labour employed, not in bringing the product into existence, but in rendering it, when in existence, accessible to those for whose use it is intended. Many important classes of labourers find their sole employment in some function of this kind. There is, first, the whole class of carriers, by land or water: muleteers, waggoners, bargemen, sailors, wharfmen, coalheavers, porters, railway establishments, and the like. Next, there are the constructors of all the implements of transport: ships, barges, carts, locomotives, &c., to which must be added roads, canals, and railways. . . .

Another numerous class of labourers employed in rendering the things produced accessible to their intended consumers, is the class of dealers and traders, or, as they may be termed, distributors. There would be a great waste of time and trouble, and an inconvenience often amounting to impracticability, if consumers could only obtain

the articles they want by treating directly with the producers. Both producers and consumers are too much scattered, and the latter often at too great a distance from the former. . . .

7. We have now completed the enumeration of the modes in which labour employed on external nature is subservient to production. But there is yet another mode of employing labour, which conduces equally, though still more remotely, to that end: this is labour of which the subject is human beings. Every human being has been brought up from infancy at the expense of much labour to some person or persons, and if this labour, or part of it, had not been bestowed, the child would never have attained the age and strength which enable him to become a labourer in his turn. To the community at large, the labour and expense of rearing its infant population form a part of the outlay which is a condition of production, and which is to be replaced with increase from the future produce of their labour. By the individuals, this labour and expense are usually incurred from other motives than to obtain such ultimate return and, for most purposes of political economy, need not be taken into account as expenses of production. But the technical or industrial education of the community; the labour employed in learning and in teaching the arts of production, in acquiring and communicating skill in those arts; this labour is really, and in general solely, undergone for the sake of the greater or more valuable produce thereby attained, and in order that a remuneration, equivalent or more than equivalent, may be reaped by the learner, besides an adequate remuneration for the labour of the teacher, when a teacher has been employed.

As the labour which confers productive powers, whether of hand or of head, may be looked upon as part of the labour by which society accomplishes its productive operations, or in other words, as part of what the produce costs to society, so too may the labour employed in keeping up productive powers; in preventing them from being destroyed or weakened by accident or disease. The labour of a physician or surgeon, when made use of by persons engaged in industry, must be regarded in the economy of society as a sacrifice incurred to preserve from perishing, by death or infirmity, that portion of the productive resources of society which is fixed in the lives and bodily or mental powers of its productive members. To the individuals, indeed, this forms but a part, sometimes an imperceptible part, of the motives that induce them to submit to medical treatment: it is not principally from economical motives that persons have a limb amputated, or endeavour to be cured of a fever, though when they do so, there is generally sufficient inducement for it even on that score alone. This

is, therefore, one of the cases of labour and outlay which, though conducive to production, yet not being incurred for that end, or for the sake of the returns arising from it, are out of the sphere of most of the general propositions which political economy has occasion to assert respecting productive labour; though, when society and not the individuals are considered, this labour and outlay must be regarded as part of the advance by which society effects its productive operations, and for which it is indemnified by the produce.

8. Another kind of labour, usually classed as mental, but conducting to the ultimate product as directly, though not so immediately, as manual labour itself, is the labour of the inventors of industrial processes. . . . In a national or universal point of view, the labour of the savant, or speculative thinker, is as much a part of production in the very narrowest sense as that of the inventor of a practical art; many such inventions having been the direct consequences of theoretic discoveries, and every extension of knowledge of the powers of nature being fruitful of applications to the purposes of outward life. The electro-magnetic telegraph was the wonderful and most unexpected consequence of the experiments of Oersted and the mathematical investigations of Ampère; and the modern art of navigation is an unforeseen emanation from the purely speculative and apparently merely curious enquiry, by the mathematicians of Alexandria, into the properties of three curves formed by the intersection of a plane surface and a cone. No limit can be set to the importance, even in a purely productive and material point of view, of mere thought. Inasmuch, however, as these material fruits, though the result, are seldom the direct purpose of the pursuits of savants, nor is their remuneration in general derived from the increased production which may be caused incidentally, and mostly after a long interval, by their discoveries; this ultimate influence does not, for most of the purposes of political economy, require to be taken into consideration; and speculative thinkers are generally classed as the producers only of books, or other useable or saleable articles, which directly emanate from them. But when (as in political economy one should always be prepared to do) we shift our point of view, and consider not individual acts and the motives by which they are determined, but national and universal results, intellectual speculation must be looked upon as a most influential part of the productive labour of society, and the portion of its resources employed in carrying on and in remunerating such labour, as a highly productive part of its expenditure. . . .

Book I, Chapter III

Of Unproductive Labour

1. Labour is indispensable to production, but has not always production for its effect. There is much labour, and of a high order of usefulness, of which production is not the object. Labour has accordingly been distinguished into Productive and Unproductive. There has been not a little controversy among political economists on the question of what kinds of labour should be reputed to be unproductive; and they have not always perceived that there was, in reality, no matter of fact in dispute between them.

Many writers have been unwilling to class any labour as productive unless its result is palpable in some material object, capable of being transferred from one person to another. There are others (among whom are Mr. McCulloch and M. Say) who, looking upon the word unproductive as a term of disparagement, remonstrate against imposing it upon any labour which is regarded as useful—which produces a benefit or a pleasure worth the cost. The labour of officers of government, of the army and navy, of physicians, lawyers, teachers, musicians, dancers, actors, domestic servants, &c., when they really accomplish what they are paid for, and are not more numerous than is required for its performance, ought not, say these writers, to be “stigmatized” as unproductive, an expression which they appear to regard as synonymous with wasteful or worthless. But this seems to be a misunderstanding of the matter in dispute. Production not being the sole end of human existence, the term unproductive does not necessarily imply any stigma, nor was ever intended to do so in the present case. The question is one of mere language and classification. . . .

[T]he question which now occupies us could not have been a question at all if the production of utility were enough to satisfy the notion which mankind have usually formed of productive labour. Production and productive are, of course, elliptical expressions, involving the idea of a something produced; but this something, in common apprehension, I conceive to be, not utility, but Wealth. Productive labour means labour productive of wealth. . . .

2. Now the utilities produced by labour are of three kinds. They are as follows:

First, utilities fixed and embodied in outward objects, by labour employed in investing external material things with properties which render them serviceable to human beings. This is the common case, and requires no illustration.

Secondly, utilities fixed and embodied in human beings; the labour being in this case employed in conferring on human beings qualities which render them serviceable to themselves and others. To this class belongs the labour of all concerned in education: not only schoolmasters, tutors, and professors, but governments, so far as they aim successfully at the improvement of the people; moralists, and clergymen, as far as productive of benefit; the labour of physicians, as far as instrumental in preserving life and physical or mental efficiency; of the teachers of bodily exercises, and of the various trades, sciences, and arts, together with the labour of the learners in acquiring them; and all labour bestowed by any persons, throughout life, in improving the knowledge or cultivating the bodily or mental faculties of themselves or others.

Thirdly and lastly, utilities not fixed or embodied in any object, but consisting in a mere service rendered; a pleasure given, an inconvenience or a pain averted, during a longer or a shorter time, but without leaving a permanent acquisition in the improved qualities of any person or thing; the labour being employed in producing an utility directly, not (as in the two former cases) in fitting some other thing to afford an utility. Such, for example, is the labour of the musical performer, the actor, the public declaimer or reciter, and the showman. . . . Such, again, is the labour of the army and navy; they, at the best, prevent a country from being conquered, or from being injured or insulted, which is a service, but in all other respects leave the country neither improved nor deteriorated. Such, too, is the labour of the legislator, the judge, the officer of justice, and all other agents of government, in their ordinary functions, apart from any influence they may exert on the improvement of the national mind. The service which they render is to maintain peace and security; these compose the utility which they produce. . . .

3. We have now to consider which of these three classes of labour should be accounted productive of wealth, since that is what the term productive, when used by itself, must be understood to import. Utilities of the third class, consisting in pleasures which only exist while being enjoyed, and services which only exist while being performed, cannot be spoken of as wealth, except by an acknowledged metaphor. It is essential to the idea of wealth to be susceptible of accumulation: things which cannot, after being produced, be kept for some time before being used are never, I think, regarded as wealth, since however much of them may be produced and enjoyed, the person benefited by them is no richer, is nowise improved in circumstances. But there is not so distinct and positive a violation of

usage in considering as wealth any product which is both useful and susceptible of accumulation. The skill, and the energy and perseverance, of the artisans of a country are reckoned part of its wealth no less than their tools and machinery. According to this definition, we should regard all labour as productive which is employed in creating permanent utilities, whether embodied in human beings, or in any other animate or inanimate objects. . . .

But in applying the term wealth to the industrial capacities of human beings, there seems always, in popular apprehension, to be a tacit reference to material products. The skill of an artisan is accounted wealth, only as being the means of acquiring wealth in a material sense; and any qualities not tending visibly to that object are scarcely so regarded at all. . . .

I shall, therefore, in this treatise, when speaking of wealth, understand by it only what is called material wealth, and by productive labour only those kinds of exertion which produce utilities embodied in material objects. But in limiting myself to this sense of the word, I mean to avail myself of the full extent of that restricted acceptance, and I shall not refuse the appellation productive to labour which yields no material product as its direct result, provided that an increase of material products is its ultimate consequence. Thus, labour expended in the acquisition of manufacturing skill, I class as productive, not in virtue of the skill itself, but of the manufactured products created by the skill, and to the creation of which the labour of learning the trade is essentially conducive. The labour of officers of government in affording the protection which, afforded in some manner or other, is indispensable to the prosperity of industry, must be classed as productive even of material wealth, because without it, material wealth, in anything like its present abundance, could not exist. Such labour may be said to be productive indirectly or mediately, in opposition to the labour of the ploughman and the cotton-spinner, which are productive immediately. They are all alike in this, that they leave the community richer in material products than they found it; they increase, or tend to increase, material wealth.

4. By Unproductive Labour, on the contrary, will be understood labour which does not terminate in the creation of material wealth; which, however largely or successfully practised, does not render the community, and the world at large, richer in material products, but poorer by all that is consumed by the labourers while so employed.

All labour is, in the language of political economy, unproductive, which ends in immediate enjoyment, without any increase of the accumulated stock of permanent means of enjoyment. And all

labour, according to our present definition, must be classed as unproductive, which terminates in a permanent benefit, however important, provided that an increase of material products forms no part of that benefit. The labour of saving a friend's life is not productive unless the friend is a productive labourer, and produces more than he consumes. To a religious person, the saving of a soul must appear a far more important service than the saving of a life; but he will not therefore call a missionary or a clergyman productive labourers, unless they teach, as the South Sea Missionaries have in some cases done, the arts of civilization in addition to the doctrines of their religion. It is, on the contrary, evident that the greater number of missionaries or clergymen a nation maintains, the less it has to expend on other things; while the more it expends judiciously in keeping agriculturists and manufacturers at work, the more it will have for every other purpose. By the former, it diminishes, *cæteris paribus*, its stock of material products; by the latter, it increases them.

Unproductive may be as useful as productive labour; it may be more useful, even in point of permanent advantage; or its use may consist only in pleasurable sensation, which, when gone, leaves no trace; or it may not afford even this, but may be absolute waste. . . .

5. The distinction of Productive and Unproductive is applicable to consumption as well as to labour. All the members of the community are not labourers, but all are consumers, and consume either unproductively or productively. Whoever contributes nothing directly or indirectly to production is an unproductive consumer. The only productive consumers are productive labourers, the labour of direction being of course included, as well as that of execution. But the consumption even of productive labourers is not all of it productive consumption. There is unproductive consumption by productive consumers. What they consume in keeping up or improving their health, strength, and capacities of work, or in rearing other productive labourers to succeed them, is productive consumption. But consumption on pleasures or luxuries, whether by the idle or by the industrious, since production is neither its object nor is in any way advanced by it, must be reckoned unproductive; with a reservation, perhaps, of a certain quantum of enjoyment which may be classed among necessaries, since anything short of it would not be consistent with the greatest efficiency of labour. That alone is productive consumption which goes to maintain and increase the productive powers of the community; either those residing in its soil, in its materials, in the number and efficiency of its instruments of production, or in its people. . . .

It would be a great error to regret the large proportion of the annual produce, which in an opulent country goes to supply unproductive consumption. It would be to lament that the community has so much to spare from its necessities, for its pleasures and for all higher uses. This portion of the produce is the fund from which all the wants of the community, other than that of mere living, are provided for; the measure of its means of enjoyment, and of its power of accomplishing all purposes not productive. That so great a surplus should be available for such purposes, and that it should be applied to them, can only be a subject of congratulation. The things to be regretted, and which are not incapable of being remedied, are the prodigious inequality with which this surplus is distributed, the little worth of the objects to which the greater part of it is devoted, and the large share which falls to the lot of persons who render no equivalent service in return.

Book I, Chapter IV

Of Capital

1. It has been seen in the preceding chapters that besides the primary and universal requisites of production, labour and natural agents, there is another requisite without which no productive operations, beyond the rude and scanty beginnings of primitive industry, are possible: namely, a stock, previously accumulated, of the products of former labour. This accumulated stock of the produce of labour is termed Capital. . . .

What capital does for production is to afford the shelter, protection, tools, and materials which the work requires, and to feed and otherwise maintain the labourers during the process. These are the services which present labour requires from past, and from the produce of past, labour. Whatever things are destined for this use—destined to supply productive labour with these various prerequisites—are Capital.

To familiarize ourselves with the conception, let us consider what is done with the capital invested in any of the branches of business which compose the productive industry of a country. A manufacturer, for example, has one part of his capital in the form of buildings, fitted and destined for carrying on his branch of manufacture. Another part he has in the form of machinery. A third consists, if he be a spinner, of raw cotton, flax, or wool; if a weaver, of flaxen,

woollen, silk, or cotton thread; and the like, according to the nature of the manufacture. Food and clothing for his operatives it is not the custom of the present age that he should directly provide; and few capitalists, except the producers of food or clothing, have any portion worth mentioning of their capital in that shape. Instead of this, each capitalist has money, which he pays to his workpeople, and so enables them to supply themselves; he has also finished goods in his warehouses, by the sale of which he obtains more money to employ in the same manner, as well as to replenish his stock of materials, to keep his buildings and machinery in repair, and to replace them when worn out. His money and finished goods, however, are not wholly capital, for he does not wholly devote them to these purposes: he employs a part of the one, and of the proceeds of the other, in supplying his personal consumption and that of his family, or in hiring grooms and valets, or in maintaining hunters and hounds, or in educating his children, or in paying taxes, or in charity. What then is his capital? Precisely that part of his possessions, whatever it be, which is to constitute his fund for carrying on fresh production. . . .

The distinction, then, between Capital and Not-capital, does not lie in the kind of commodities, but in the mind of the capitalist—in his will to employ them for one purpose rather than another; and all property, however ill adapted in itself for the use of labourers, is a part of capital, so soon as it, or the value to be received from it, is set apart for productive reinvestment. . . .

It will be observed that I have assumed that the labourers are always subsisted from capital, and this is obviously the fact, though the capital needs not necessarily be furnished by a person called a capitalist. When the labourer maintains himself by funds of his own, as when a peasant-farmer or proprietor lives on the produce of his land, or an artisan works on his own account, they are still supported by capital—that is, by funds provided in advance. The peasant does not subsist this year on the produce of this year's harvest, but on that of the last. The artisan is not living on the proceeds of the work he has in hand, but on those of work previously executed and disposed of. Each is supported by a small capital of his own, which he periodically replaces from the produce of his labour. The large capitalist is, in like manner, maintained from funds provided in advance. If he personally conducts his operations, as much of his personal or household expenditure as does not exceed a fair remuneration of his labour at the market price must be considered a part of his capital, expended, like any other capital, for production; and his personal consumption, so far as it consists of necessaries, is productive consumption. . . .

Book I, Chapter VI

Of Circulating and Fixed Capital

1. To complete our explanations on the subject of capital, it is necessary to say something of the two species into which it is usually divided. . . .

Of the capital engaged in the production of any commodity, there is a part which, after being once used, exists no longer as capital; is no longer capable of rendering service to production, or at least not the same service, nor to the same sort of production. Such, for example, is the portion of capital which consists of materials. The tallow and alkali of which soap is made, once used in the manufacture, are destroyed as alkali and tallow, and cannot be employed any further in the soap manufacture; though in their altered condition as soap, they are capable of being used as a material or an instrument in other branches of manufacture. In the same division must be placed the portion of capital which is paid as the wages, or consumed as the subsistence, of labourers. . . . Capital which in this manner fulfils the whole of its office in the production in which it is engaged, by a single use, is called *Circulating Capital*. The term, which is not very appropriate, is derived from the circumstance that this portion of capital requires to be constantly renewed by the sale of the finished product and, when renewed, is perpetually parted with in buying materials and paying wages; so that it does its work, not by being kept, but by changing hands.

Another large portion of capital, however, consists in instruments of production of a more or less permanent character, which produce their effect, not by being parted with, but by being kept; and the efficacy of which is not exhausted by a single use. To this class belong buildings, machinery, and all or most things known by the name of implements or tools. The durability of some of these is considerable, and their function as productive instruments is prolonged through many repetitions of the productive operation. In this class must likewise be included capital sunk (as the expression is) in permanent improvements of land. So also the capital expended once for all, in the commencement of an undertaking, to prepare the way for subsequent operations: the expense of opening a mine, for example; of cutting canals; of making roads or docks. Other examples might be added, but these are sufficient. Capital which exists in any of these durable shapes, and the return to which is spread over a period of corresponding duration, is called *Fixed Capital*. . . .

2. There is a great difference between the effects of circulating and those of fixed capital, on the amount of the gross produce of the country. . . .

[A]ll increase of fixed capital, when taking place at the expense of circulating, must be, at least temporarily, prejudicial to the interests of the labourers. This is true, not of machinery alone, but of all improvements by which capital is sunk; that is, rendered permanently incapable of being applied to the maintenance and remuneration of labour. . . .

The argument relied on by most of those who contend that machinery can never be injurious to the labouring class is that by cheapening production, it creates such an increased demand for the commodity as enables, ere long, a greater number of persons than ever to find employment in producing it. This argument does not seem to me to have the weight commonly ascribed to it. The fact, though too broadly stated, is, no doubt, often true. The copyists who were thrown out of employment by the invention of printing were doubtless soon outnumbered by the compositors and pressmen who took their place; and the number of labouring persons now occupied in the cotton manufacture is many times greater than were so occupied previously to the inventions of Hargreaves and Arkwright, which shows that besides the enormous fixed capital now embarked in the manufacture, it also employs a far larger circulating capital than at any former time. But if this capital was drawn from other employments; if the funds which took the place of the capital sunk in costly machinery were supplied, not by any additional saving consequent on the improvements, but by drafts on the general capital of the community; what better were the labouring classes for the mere transfer? In what manner was the loss they sustained by the conversion of circulating into fixed capital made up to them by a mere shifting of part of the remainder of the circulating capital from its old employments to a new one?

All attempts to make out that the labouring classes as a collective body *cannot* suffer temporarily by the introduction of machinery, or by the sinking of capital in permanent improvements, are, I conceive, necessarily fallacious. . . .

3. Nevertheless, I do not believe that as things are actually transacted, improvements in production are often, if ever, injurious, even temporarily, to the labouring classes in the aggregate. They would be so if they took place suddenly to a great amount, because much of the capital sunk must necessarily, in that case, be provided from funds already employed as circulating capital. But improvements are

always introduced very gradually, and are seldom or never made by withdrawing circulating capital from actual production, but are made by the employment of the annual increase. There are few, if any, examples of a great increase of fixed capital at a time and place where circulating capital was not rapidly increasing likewise. . . .

To these considerations must be added that even if improvements did for a time decrease the aggregate produce and the circulating capital of the community, they would not the less tend, in the long run, to augment both. . . .

It will be seen that the quantity of capital which will, or even which can, be accumulated in any country, and the amount of gross produce which will, or even which can, be raised, bear a proportion to the state of the arts of production there existing; and that every improvement, even if for the time it diminish the circulating capital and the gross produce, ultimately makes room for a larger amount of both than could possibly have existed otherwise. It is this which is the conclusive answer to the objections against machinery, and the proof thence arising of the ultimate benefit to labourers of mechanical inventions, even in the existing state of society, will hereafter be seen to be conclusive. But this does not discharge governments from the obligation of alleviating, and if possible preventing, the evils of which this source of ultimate benefit is or may be productive to an existing generation. If the sinking or fixing of capital in machinery or useful works were ever to proceed at such a pace as to impair materially the funds for the maintenance of labour, it would be incumbent on legislators to take measures for moderating its rapidity; and since improvements which do not diminish employment on the whole almost always throw some particular class of labourers out of it, there cannot be a more legitimate object of the legislator's care than the interests of those who are thus sacrificed to the gains of their fellow citizens and of posterity.

Book I, Chapter VII

On What Depends the Degree of Productiveness of Productive Agents

1. We have concluded our general survey of the requisites of production. We have found that they may be reduced to three: labour, capital, and the materials and motive forces afforded by nature. Of these, labour and the raw material of the globe are primary and indispensa-

ble. Natural motive powers may be called in to the assistance of labour, and are a help, but not an essential, of production. The remaining requisite, capital, is itself the product of labour: its instrumentality in production is therefore, in reality, that of labour in an indirect shape. . . .

We now advance to the second great question in political economy: on what the degree of productiveness of these agents depends. For it is evident that their productive efficacy varies greatly at various times and places. With the same population and extent of territory, some countries have a much larger amount of production than others, and the same country at one time a greater amount than itself at another. . . .

2. The most evident cause of superior productiveness is what are called natural advantages. These are various. Fertility of soil is one of the principal. In this, there are great varieties, from the deserts of Arabia to the alluvial plains of the Ganges, the Niger, and the Mississippi. A favourable climate is even more important than a rich soil. There are countries capable of being inhabited, but too cold to be compatible with agriculture. Their inhabitants cannot pass beyond the nomadic state; they must live, like the Laplanders, by the domestication of the rein-deer, if not by hunting or fishing, like the miserable Esquimaux. . . . Nor is it in agriculture alone that differences of climate are important. Their influence is felt in many other branches of production: in the durability of all work which is exposed to the air; of buildings, for example. If the temples of Karnac and Luxor had not been injured by men, they might have subsisted in their original perfection almost forever, for the inscriptions on some of them, though anterior to all authentic history, are fresher than is in our climate an inscription fifty years old; while at St. Petersburg, the most massive works, solidly executed in granite hardly a generation ago, are already, as travellers tell us, almost in a state to require reconstruction, from alternate exposure to summer heat and intense frost. . . .

Another part of the influence of climate consists in lessening the physical requirements of the producers. In hot regions, mankind can exist in comfort with less perfect housing, less clothing; fuel, that absolute necessary of life in cold climates, they can almost dispense with, except for industrial uses. . . . Much, therefore, of the labour elsewhere expended to procure the mere necessaries of life, not being required, more remains disposable for its higher uses and its enjoyments; if the character of the inhabitants does not rather induce them to use up these advantages in over-population, or in the indulgence of repose.

Among natural advantages besides soil and climate must be mentioned abundance of mineral productions, in convenient situations, and capable of being worked with moderate labour. Such are the coal-fields of Great Britain, which do so much to compensate its inhabitants for the disadvantages of climate; and the scarcely inferior resource possessed by this country and the United States, in a copious supply of an easily reduced iron ore, at no great depth below the earth's surface, and in close proximity to coal deposits available for working it. In mountain and hill districts, the abundance of natural water-power makes considerable amends for the usually inferior fertility of those regions. But perhaps a greater advantage than all these is a maritime situation, especially when accompanied with good natural harbours; and, next to it, great navigable rivers. These advantages consist indeed wholly in saving of cost of carriage. . . . In the ancient world and in the Middle Ages, the most prosperous communities were not those which had the largest territory, or the most fertile soil, but rather those which had been forced by natural sterility to make the utmost use of a convenient maritime situation; as Athens, Tyre, Marseilles, Venice, the free cities on the Baltic, and the like.

3. So much for natural advantages, the value of which, *cæteris paribus*, is too obvious to be ever underrated. But experience testifies that natural advantages scarcely ever do for a community, no more than fortune and station do for an individual, anything like what it lies in their nature, or in their capacity, to do. Neither now nor in former ages have the nations possessing the best climate and soil been either the richest or the most powerful; but (insofar as regards the mass of the people) generally among the poorest, though, in the midst of poverty, probably on the whole the most enjoying. Human life in those countries can be supported on so little that the poor seldom suffer from anxiety, and in climates in which mere existence is a pleasure, the luxury which they prefer is that of repose. Energy, at the call of passion, they possess in abundance, but not that which is manifested in sustained and persevering labour; and as they seldom concern themselves enough about remote objects to establish good political institutions, the incentives to industry are further weakened by imperfect protection of its fruits. Successful production, like most other kinds of success, depends more on the qualities of the human agents than on the circumstances in which they work; and it is difficulties, not facilities, that nourish bodily and mental energy. Accordingly, the tribes of mankind who have overrun and conquered others, and compelled them to labour for their benefit, have been mostly reared amidst hardship. They have either been bred in the

forests of northern climates, or the deficiency of natural hardships has been supplied, as among the Greeks and Romans, by the artificial ones of a rigid military discipline. From the time when the circumstances of modern society permitted the discontinuance of that discipline, the South has no longer produced conquering nations; military vigour, as well as speculative thought and industrial energy, have all had their principal seats in the less favoured North.

As the second, therefore, of the causes of superior productiveness, we may rank the greater energy of labour. By this is not to be understood occasional, but regular and habitual energy. No one undergoes, without murmuring, a greater amount of occasional fatigue and hardship, or has his bodily powers, and such faculties of mind as he possesses, kept longer at their utmost stretch, than the North American Indian; yet his is indolence proverbial, whenever he has a brief respite from the pressure of present wants. Individuals or nations do not differ so much in the efforts they are able and willing to make under strong immediate incentives, as in their capacity of present exertion for a distant object; and in the thoroughness of their application to work on ordinary occasions.¹ Some amount of these qualities is a necessary condition of any great improvement among

¹ From the 4th ed. (1857) on, the following passage was omitted at this point: "In this last quality the English, and perhaps the Anglo-Americans, appear at present to surpass every other people. This efficiency of labour is connected with their whole character; with their defects, as much as with their good qualities. The majority of Englishmen and Americans have no life but in their work; that alone stands between them and ennui. Either from original temperament, climate, or want of development, they are too deficient in senses to enjoy mere existence in repose; and scarcely any pleasure or amusement is pleasure or amusement to them. Except, therefore, those who are alive to some of the nobler interests of humanity (a small minority in all countries), they have little to distract their attention from work, or to divide the dominion over them with the one propensity which is the passion of those who have no other, and the satisfaction of which comprises all that they imagine of success in life—the desire of growing richer, and getting on in the world. This last characteristic belongs chiefly to those who are in a condition superior to day labourers; but the absence of any taste for amusement, or enjoyment of repose, is common to all classes. Whether from this or any other cause, the national steadiness and persistency of labour extends to the most improvident of the English working classes—those who never think of saving, or improving their condition. It has become the habit of the country; and life in England is more governed by habit, and less by personal inclination and will, than in any other country, except perhaps China or Japan. The effect is, that where hard labour is the thing required, there are no labourers like the English; though in natural intelligence, and even in manual dexterity, they have many superiors."

mankind. To civilize a savage, he must be inspired with new wants and desires, even if not of a very elevated kind, provided that their gratification can be a motive to steady and regular bodily and mental exertion. If the Negroes of Jamaica and Demerara, after their emancipation, had contented themselves, as it was predicted they would do, with the necessaries of life, and abandoned all labour beyond the little which in a tropical climate, with a thin population and abundance of the richest land, is sufficient to support existence, they would have sunk into a condition more barbarous, though less unhappy, than their previous state of slavery. The motive which was most relied on for inducing them to work was their love of fine clothes and personal ornaments. No one will stand up for this taste as worthy of being cultivated, and in most societies its indulgence tends to impoverish rather than to enrich; but in the state of mind of the Negroes, it might have been the only incentive that could make them voluntarily undergo systematic labour, and so acquire or maintain habits of voluntary industry which may be converted to more valuable ends. In England, it is not the desire of wealth that needs to be taught, but the use of wealth, and appreciation of the objects of desire which wealth cannot purchase, or for attaining which it is not required. Every real improvement in the character of the English, whether it consist in giving them higher aspirations or only a juster estimate of the value of their present objects of desire, must necessarily moderate the ardour of their devotion to the pursuit of wealth. There is no need, however, that it should diminish the strenuous and business-like application to the matter at hand, which is found in the best English workmen and is their most valuable quality.

The desirable medium is one which mankind have not often known how to hit: when they labour, to do it with all their might, and especially with all their mind; but to devote to labour, for mere pecuniary gain, fewer hours in the day, fewer days in the year, and fewer years of life.

4. The third element which determines the productiveness of the labour of a community is the skill and knowledge therein existing; whether it be the skill and knowledge of the labourers themselves, or of those who direct their labour. No illustration is requisite to show how the efficacy of industry is promoted by the manual dexterity of those who perform mere routine processes; by the intelligence of those engaged in operations in which the mind has a considerable part; and by the amount of knowledge of natural powers, and of the properties of objects, which is turned to the purposes of industry. That the productiveness of the labour of a people is limited by their

knowledge of the arts of life is self-evident; and that any progress in those arts, any improved application of the objects or powers of nature to industrial uses, enables the same quantity and intensity of labour to raise a greater produce.

One principal department of these improvements consists in the invention and use of tools and machinery. . . . The use of machinery is far from being the only mode in which the effects of knowledge in aiding production are exemplified. In agriculture and horticulture, machinery is only now [1852] beginning to show that it can do anything of importance, beyond the invention and progressive improvement of the plough and a few other simple instruments. The greatest agricultural inventions have consisted in the direct application of more judicious processes to the land itself, and to the plants growing on it; such as rotation of crops, to avoid the necessity of leaving the land for one season in every two or three; improved manures, to renovate its fertility when exhausted by cropping; ploughing and draining the subsoil as well as the surface; conversion of bogs and marshes into cultivable land; such modes of pruning, and of training and propping up plants and trees, as experience has shown to deserve the preference; in the case of the more expensive cultures, planting the roots or seeds further apart, and more completely pulverizing the soil in which they are placed, &c. In manufactures and commerce, some of the most important improvements consist in economizing time, in making the return follow more speedily upon the labour and outlay. There are others of which the advantage consists in economy of material.

5. But the effects of the increased knowledge of a community in increasing its wealth need the less illustration, as they have become familiar to the most uneducated, from such conspicuous instances as railways and steam-ships. A thing not yet so well understood and recognized is the economical value of the general diffusion of intelligence among the people. The number of persons fitted to direct and superintend any industrial enterprise, or even to execute any process which cannot be reduced almost to an affair of memory and routine, is always far short of the demand, as is evident from the enormous difference between the salaries paid to such persons and the wages of ordinary labour. The deficiency of practical good sense, which renders the majority of the labouring class such bad calculators—which makes, for instance, their domestic economy so improvident, lax, and irregular—must disqualify them for any but a low grade of intelligent labour, and render their industry far less productive than with equal energy it otherwise might be. The importance, even in this limited aspect, of popular education is well worthy of the attention of politicians,

especially in England; since competent observers, accustomed to employ labourers of various nations, testify that in the workmen of other countries, they often find great intelligence wholly apart from instruction, but that if an English labourer is anything but a hewer of wood and a drawer of water, he is indebted for it to education, which in his case is almost always self-education. Mr. Escher, of Zurich (an engineer and cotton manufacturer employing nearly two thousand working men of many different nations), in his evidence annexed to the Report of the Poor Law Commissioners, in 1840, on the training of pauper children, gives a character of English as contrasted with Continental workmen, which all persons of similar experience will, I believe, confirm.

The Italians' quickness of perception is shown in rapidly comprehending any new descriptions of labour put into their hands, in a power of quickly comprehending the meaning of their employer, of adapting themselves to new circumstances, much beyond what any other classes have. The French workmen have the like natural characteristics, only in a somewhat lower degree. The English, Swiss, German, and Dutch workmen, we find, have all much slower natural comprehension. As workmen *only*, the preference is undoubtedly due to the English; because, as we find them, they are all trained to special branches, on which they have had comparatively superior training, and have concentrated all their thoughts. As men of business or of general usefulness, and as men with whom an employer would best like to be surrounded, I should, however, decidedly prefer the Saxons and the Swiss, but more especially the Saxons, because they have had a very careful general education, which has extended their capacities beyond any special employment, and rendered them fit to take up, after a short preparation, any employment to which they may be called. If I have an English workman engaged in the erection of a steam-engine, he will understand that, and nothing else; and for other circumstances or other branches of mechanics, however closely allied, he will be comparatively helpless to adapt himself to all the circumstances that may arise, to make arrangements for them, and give sound advice or write clear statements and letters on his work in the various related branches of mechanics.

On the connexion between mental cultivation and moral trustworthiness in the labouring class, the same witness says:

The better educated workmen, we find, are distinguished by superior moral habits in every respect. In the first place, they are entirely sober; they are discreet in their enjoyments, which are of a more rational and refined kind; they have a taste for much better society, which they approach respectfully, and consequently find much readier

admittance to it; they cultivate music; they read; they enjoy the pleasures of scenery, and make parties for excursions into the country; they are economical, and their economy extends beyond their own purse to the stock of their master; they are, consequently, honest and trustworthy.

And in answer to a question respecting the English workmen:

Whilst in respect to the work to which they have been specially trained they are the most skilful, they are in conduct the most disorderly, debauched, and unruly, and least respectable and trustworthy of any nation whatsoever whom we have employed; and in saying this, I express the experience of every manufacturer on the Continent to whom I have spoken, and especially of the English manufacturers, who make the loudest complaints. These characteristics of depravity do not apply to the English workmen who have received an education, but attach to the others in the degree in which they are in want of it. When the uneducated English workmen are released from the bonds of iron discipline in which they have been restrained by their employers in England, and are treated with the urbanity and friendly feeling which the more educated workmen on the Continent expect and receive from their employers, they, the English workmen, completely lose their balance: they do not understand their position, and after a certain time become totally unmanageable and useless.

This result of observation is borne out by experience in England itself. As soon as any idea of equality enters the mind of an uneducated English working man, his head is turned by it. When he ceases to be servile, he becomes insolent.

The moral qualities of the labourers are fully as important to the efficiency and worth of their labour as the intellectual. Independently of the effects of intemperance upon their bodily and mental faculties, and of flighty, unsteady habits upon the energy and continuity of their work (points so easily understood as not to require being insisted upon), it is well worthy of meditation how much of the aggregate effect of their labour depends on their trustworthiness. All the labour now expended in watching that they fulfil their engagement, or in verifying that they have fulfilled it, is so much withdrawn from the real business of production, to be devoted to a subsidiary function rendered needful not by the necessity of things, but by the dishonesty of men. Nor are the greatest outward precautions more than very imperfectly efficacious where, as is now almost invariably the case with hired labourers, the slightest relaxation of vigilance is an opportunity eagerly seized for eluding performance of their contract. The advantage to mankind of being able to trust one another penetrates into

every crevice and cranny of human life: the economical is perhaps the smallest part of it, yet even this is incalculable. To consider only the most obvious part of the waste of wealth occasioned to society by human improbity: there is, in all rich communities, a predatory population who live by pillaging or overreaching other people; their numbers cannot be authentically ascertained, but on the lowest estimate, in a country like England, it is very large. The support of these persons is a direct burthen on the national industry. The police, and the whole apparatus of punishment, and of criminal and partly of civil justice, are a second burthen rendered necessary by the first. The exorbitantly paid profession of lawyers, so far as their work is not created by defects in the law of their own contriving, are required and supported principally by the dishonesty of mankind. As the standard of integrity in a community rises higher, all these expenses become less. But this positive saving would be far outweighed by the immense increase in the produce of all kinds of labour, and saving of time and expenditure, which would be obtained if the labourers honestly performed what they undertake; and by the increased spirit, the feeling of power and confidence, with which works of all sorts would be planned and carried on by those who felt that all whose aid was required would do their part faithfully according to their contracts. Conjoint action is possible just in proportion as human beings can rely on each other. There are countries in Europe, of first-rate industrial capabilities, where the most serious impediment to conducting business concerns on a large scale is the rarity of persons who are supposed fit to be trusted with the receipt and expenditure of large sums of money. There are nations whose commodities are looked shyly upon by merchants, because they cannot depend on finding the quality of the article conformable to that of the sample. . . .

6. Among the secondary causes which determine the productiveness of productive agents, the most important is Security. By security, I mean the completeness of the protection which society affords to its members. This consists of protection *by* the government, and protection *against* the government. The latter is the more important. Where a person known to possess anything worth taking away can expect nothing but to have it torn from him, with every circumstance of tyrannical violence, by the agents of a rapacious government, it is not likely that many will exert themselves to produce much more than necessaries. This is the acknowledged explanation of the poverty of many fertile tracts of Asia, which were once prosperous and populous. From this to the degree of security enjoyed in the best-governed parts of Europe, there are numerous gradations. In many provinces of

France, before the Revolution, a vicious system of taxation on the land, and still more the absence of redress against the arbitrary exactions which were made under colour of the taxes, rendered it the interest of every cultivator to appear poor, and therefore to cultivate badly. The only insecurity which is altogether paralysing to the active energies of producers, is that arising from the government, or from persons invested with its authority. Against all other depredators, there is a hope of defending oneself. Greece and the Greek colonies in the ancient world, Flanders and Italy in the Middle Ages, by no means enjoyed what anyone with modern ideas would call security: the state of society was most unsettled and turbulent; person and property were exposed to a thousand dangers. But they were free countries; they were, in general, neither arbitrarily oppressed nor systematically plundered by their governments. Against other enemies, the individual energy which their institutions called forth enabled them to make successful resistance: their labour, therefore, was eminently productive, and their riches, while they remained free, were constantly on the increase. The Roman despotism, putting an end to wars and internal conflicts throughout the empire, relieved the subject population from much of the former insecurity; but because it left them under the grinding yoke of its own rapacity, they became enervated and impoverished until they were an easy prey to barbarous but free invaders. They would neither fight nor labour, because they were no longer suffered to enjoy that for which they fought and laboured.

Much of the security of person and property in modern nations is the effect of manners and opinion, rather than of law. There are, or lately were, countries in Europe where the monarch was nominally absolute, but where, from the restraints imposed by established usage, no subject felt practically in the smallest danger of having his possessions arbitrarily seized or a contribution levied on them by the government. There must, however, be in such governments much petty plunder and other tyranny by subordinate agents, for which redress is not obtained, owing to the want of publicity which is the ordinary character of absolute governments. In England, the people are tolerably well protected, both by institutions and manners, against the agents of government; but, for the security they enjoy against other evil-doers, they are [1848] very little indebted to their institutions. The laws cannot be said to afford protection to property, when they afford it only at such a cost as renders submission to injury in general the better calculation. The security of property in England is owing (except as regards open violence) to opinion and the fear of exposure, much more than to the direct operation of the law and the courts of justice.

Independently of all imperfection in the bulwarks which society purposely throws round what it recognizes as property, there are various other modes in which defective institutions impede the employment of the productive resources of a country to the best advantage. We shall have occasion for noticing many of these in the progress of our subject. It is sufficient here to remark that the efficiency of industry may be expected to be great, in proportion as the fruits of industry are insured to the person exerting it; and that all social arrangements are conducive to useful exertion, according as they provide that the reward of everyone for his labour shall be proportioned as much as possible to the benefit which it produces. All laws or usages which favour one class or sort of persons to the disadvantage of others; which chain up the efforts of any part of the community in pursuit of their own good, or stand between those efforts and their natural fruits; are (independently of all other grounds of condemnation) violations of the fundamental principles of economical policy, tending to make the aggregate productive powers of the community productive in a less degree than they would otherwise be.

Book I, Chapter VIII

Of Co-operation, or the Combination of Labour

1. In the enumeration of the circumstances which promote the productiveness of labour, we have left one untouched, which, because of its importance, and of the many topics of discussion which it involves, requires to be treated apart. This is co-operation, or the combined action of numbers. Of this great aid to production, a single department, known by the name of Division of Labour, has engaged a large share of the attention of political economists; most deservedly indeed, but to the exclusion of other cases and exemplifications of the same comprehensive law. Mr. Wakefield was, I believe, the first to point out that a part of the subject had, with injurious effect, been mistaken for the whole; that a more fundamental principle lies beneath that of the division of labour, and comprehends it.

Co-operation, he observes,² is “of two distinct kinds: first, such co-operation as takes place when several persons help each other in the

² [Mill cites Wakefield’s edition of Adam Smith, vol. I, p. 26 as the source of the quoted material.]

same employment; secondly, such co-operation as takes place when several persons help each other in different employments. These may be termed Simple Co-operation and Complex Co-operation. . . .”

The one is the combination of several labourers to help each other in the same set of operations; the other is the combination of several labourers to help one another by a division of operations.

There is [Wakefield writes]:

. . . an important distinction between simple and complex co-operation. Of the former, one is always conscious at the time of practicing it: it is obvious to the most ignorant and vulgar eye. Of the latter, but a very few of the vast numbers who practice it are in any degree conscious. The cause of this distinction is easily seen. When several men are employed in lifting the same weight, or pulling the same rope, at the same time, and in the same place, there can be no sort of doubt that they co-operate with each other; the fact is impressed on the mind by the mere sense of sight; but when several men, or bodies of men, are employed at different times and places, and in different pursuits, their co-operation with each other, though it may be quite as certain, is not so readily perceived as in the other case: in order to perceive it, a complex operation of the mind is required.

In the present state of society, the breeding and feeding of sheep is the occupation of one set of people, dressing the wool to prepare it for the spinner is that of another, spinning it into thread of a third, weaving the thread into broadcloth of a fourth, dyeing the cloth of a fifth, making it into a coat of a sixth, without counting the multitude of carriers, merchants, factors, and retailers put in requisition at the successive stages of this progress. All these persons, without knowledge of one another or previous understanding, co-operate in the production of the ultimate result, a coat. But these are far from being all who co-operate in it; for each of these persons requires food, and many other articles of consumption, and unless he could have relied that other people would produce these for him, he could not have devoted his whole time to one step in the succession of operations which produces one single commodity, a coat. Every person who took part in producing food or erecting houses for this series of producers has, however unconsciously on his part, combined his labour with theirs. . . .

2. The influence exercised on production by the separation of employments is more fundamental than, from the mode in which the subject is usually treated, a reader might be induced to suppose. It is not merely that when the production of different things becomes the sole or principal occupation of different persons, a much greater quantity of each kind of article is produced. The truth is much

beyond this. Without some separation of employments, very few things would be produced at all.

Suppose a set of persons, or a number of families, all employed precisely in the same manner; each family settled on a piece of its own land, on which it grows by its labour the food required for its own sustenance, and as there are no persons to buy any surplus produce where all are producers, each family has to produce within itself whatever other articles it consumes. In such circumstances, if the soil was tolerably fertile, and population did not tread too closely on the heels of subsistence, there would be, no doubt, some kind of domestic manufactures: clothing for the family might perhaps be spun and woven within it, by the labour probably of the women (a first step in the separation of employments), and a dwelling of some sort would be erected and kept in repair by their united labour. But beyond simple food (precarious, too, from the variations of the seasons), coarse clothing, and very imperfect lodging, it would be scarcely possible that the family should produce anything more. They would, in general, require their utmost exertions to accomplish so much. Their power even of extracting food from the soil would be kept within narrow limits by the quality of their tools, which would necessarily be of the most wretched description. To do almost anything in the way of producing for themselves articles of convenience or luxury would require too much time and, in many cases, their presence in a different place. Very few kinds of industry, therefore, would exist; and that which did exist, namely the production of necessaries, would be extremely inefficient, not solely from imperfect implements, but because, when the ground and the domestic industry fed by it had been made to supply the necessaries of a single family in tolerable abundance, there would be little motive, while the numbers of the family remained the same, to make either the land or the labour produce more.

But suppose an event to occur, which would amount to a revolution in the circumstances of this little settlement. Suppose that a company of artificers, provided with tools and with food sufficient to maintain them for a year, arrive in the country and establish themselves in the midst of the population. These new settlers occupy themselves in producing articles of use or ornament adapted to the taste of a simple people; and before their food is exhausted, they have produced these in considerable quantity, and are ready to exchange them for more food. The economical position of the landed population is now most materially altered. They have an opportunity given them of acquiring comforts and luxuries. Things which, while they depended solely on their own labour, they never could have obtained,

because they could not have produced, are now accessible to them if they can succeed in producing an additional quantity of food and necessaries. They are thus incited to increase the productiveness of their industry. Among the conveniences for the first time made accessible to them, better tools are probably one; and apart from this, they have a motive to labour more assiduously, and to adopt contrivances for making their labour more effectual. By these means, they will generally succeed in compelling their land to produce, not only food for themselves, but a surplus for the newcomers, wherewith to buy from them the products of their industry. The new settlers constitute what is called a *market* for surplus agricultural produce; and their arrival has enriched the settlement not only by the manufactured article which they produce, but by the food which would not have been produced unless they had been there to consume it. . . .

3. From these considerations, it appears that a country will seldom have a productive agriculture unless it has a large town population, or the only available substitute, a large export trade in agricultural produce to supply a population elsewhere. I use the phrase town population for shortness, to imply a population non-agricultural, which will generally be collected in towns or large villages for the sake of combination of labour. The application of this truth by Mr. Wakefield to the theory of colonization has excited much attention, and is doubtless destined to excite much more. It is one of those great practical discoveries which, once made, appear so obvious that the merit of making them seems less than it is. Mr. Wakefield was the first to point out that the mode of planting new settlements then commonly practiced—setting down a number of families side by side, each on its piece of land, all employing themselves in exactly the same manner—though in favourable circumstances it may assure to those families a rude abundance of mere necessaries, can never be other than unfavourable to great production or rapid growth; and his system consists of arrangements for securing that every colony shall have, from the first, a town population bearing due proportion to its agricultural, and that the cultivators of the soil shall not be so widely scattered as to be deprived by distance of the benefit of that town population as a market for their produce. . . .

It is, above all, the deficiency of town population which limits [1848] the productiveness of the industry of a country like India. The agriculture of India is conducted entirely on the system of small holdings. There is, however, a considerable amount of combination of labour. The village institutions and customs, which are the real

framework of Indian society, make provision for joint action in the cases in which it is seen to be necessary; or where they fail to do so, the government (when tolerably well administered) steps in, and by an outlay from the revenue, executes by combined labour the tanks, embankments, and works of irrigation which are indispensable. The implements and processes of agriculture are, however, so wretched that the produce of the soil, in spite of great natural fertility and a climate highly favourable to vegetation, is miserably small; and the land might be made to yield food in abundance for many more than the present number of inhabitants, without departing from the system of small holdings. But to this, the stimulus is wanting, which a large town population, connected with the rural districts by easy and unexpensive means of communication, would afford. That town population, again, does not grow up, because the few wants and unambitious spirit of the cultivators (joined until lately with great insecurity of property, from military and fiscal rapacity) prevent them from attempting to become consumers of town produce. In these circumstances, the best chance of an early development of the productive resources of India consists in the rapid growth of its export of agricultural produce (cotton, indigo, sugar, coffee, &c.) to the markets of Europe. The producers of these articles are consumers of food supplied by their fellow-agriculturists in India; and the market thus opened for surplus food will, if accompanied by good government, raise up by degrees more extended wants and desires, directed either towards European commodities, or towards things which will require for their production in India a larger manufacturing population.

4. Thus far of the separation of employments, a form of the combination of labour without which there cannot be the first rudiments of industrial civilization. But when this separation is thoroughly established; when it has become the general practice for each producer to supply many others with one commodity, and to be supplied by others with most of the things which he consumes; reasons not less real, though less imperative, invite to a further extension of the same principle. It is found that the productive power of labour is increased by carrying the separation further and further; by breaking down, more and more, every process of industry into parts, so that each labourer shall confine himself to an ever smaller number of simple operations. And thus, in time, arise those remarkable cases of what is called the division of labour, with which all readers on subjects of this nature are familiar. Adam Smith's illustration from pin-making, though so well known, is so much to the point that I will venture once more to transcribe it:

The business of making a pin is divided into about eighteen distinct operations. One man draws out the wire, another straightens it, a third cuts it, a fourth points it, a fifth grinds it at the top for receiving the head; to make the head requires two or three distinct operations; to put it on is a peculiar business; to whiten the pins is another; it is even a trade by itself to put them into the paper. . . . I have seen a small manufactory where ten men only were employed, and where some of them, consequently, performed two or three distinct operations. But though they were very poor, and therefore but indifferently accommodated with the necessary machinery, they could, when they exerted themselves, make among them . . . upwards of forty-eight thousand pins in a day. Each person, therefore, making a tenth part of forty-eight thousand pins, might be considered as making four thousand eight hundred pins in a day. But if they had all wrought separately and independently, and without any of them having been educated to this peculiar business, they certainly could not each of them have made twenty, perhaps not one pin in a day. . . .

5. The causes of the increased efficiency given to labour by the division of employments are, some of them, too familiar to require specification; but it is worthwhile to attempt a complete enumeration of them. By Adam Smith, they are reduced to three. "First, the increase of dexterity in every particular workman; secondly, the saving of the time which is commonly lost in passing from one species of work to another; and lastly, the invention of a great number of machines which facilitate and abridge labour, and enable one man to do the work of many."

Of these, the increase of dexterity of the individual workman is the most obvious and universal. It does not follow that because a thing has been done oftener, it will be done better. That depends on the intelligence of the workman, and on the degree in which his mind works along with his hands. But it will be done more easily. . . . This is as true of mental operations as of bodily. Even a child, after much practice, sums up a column of figures with a rapidity which resembles intuition. The act of speaking any language, of reading fluently, of playing music at sight, are cases as remarkable as they are familiar. . . .

The second advantage enumerated by Adam Smith as arising from the division of labour is one on which I cannot help thinking that more stress is laid by him and others than it deserves. To do full justice to his opinion, I will quote his own exposition of it:

The advantage which is gained by saving the time commonly lost in passing from one sort of work to another . . . A man commonly saun-

ters a little in turning his hand from one sort of employment to another. When he first begins the new work, he is seldom very keen and hearty; his mind, as they say, does not go to it, and for some time he rather trifles than applies to good purpose. The habit of sauntering and of indolent careless application, which is naturally, or rather necessarily acquired by every country workman who is obliged to change his work and his tools every half hour, and to apply his hand in twenty different ways almost every day of his life, renders him almost always slothful and lazy, and incapable of any vigorous application even on the most pressing occasions.

This is surely a most exaggerated description of the inefficiency of country labour, where it has any adequate motive to exertion. Few workmen change their work and their tools oftener than a gardener; is he usually incapable of vigorous application? Many of the higher description of artisans have to perform a great multiplicity of operations with a variety of tools. They do not execute each of these with the rapidity with which a factory workman performs his single operation; but they are, except in a merely manual sense, more skilful labourers, and in all senses whatever more energetic. . . .

I am very far from implying that [Smith's] considerations are of no weight, but I think there are counter-considerations which are overlooked. If one kind of muscular or mental labour is different from another, for that very reason it is to some extent a rest from that other; and if the greatest vigour is not at once obtained in the second occupation, neither could the first have been indefinitely prolonged without some relaxation of energy. It is a matter of common experience that a change of occupation will often afford relief where complete repose would otherwise be necessary, and that a person can work many more hours without fatigue at a succession of occupations, than if confined during the whole time to one. Different occupations employ different muscles or different energies of the mind, some of which rest and are refreshed while others work. Bodily labour itself rests from mental, and conversely. The variety itself has an invigorating effect on what, for want of a more philosophical appellation, we must term the animal spirits; so important to the efficiency of all work not mechanical, and not unimportant even to that. The comparative weight due to these considerations is different with different individuals. . . . Temperament has something to do with these differences. There are people whose faculties seem, by nature, to come slowly into action, and to accomplish little until they have been a long time employed. Others, again, get into action rapidly, but cannot, without exhaustion, continue long. In this, however, as

in most other things, though natural differences are something, habit is much more. . . .

Women are usually (at least in their present social circumstances) of far greater versatility than men; and the present topic is an instance among multitudes, how little the ideas and experience of women have yet counted for, in forming the opinions of mankind. There are few women who would not reject the idea that work is made vigorous by being protracted, and is inefficient for some time after changing to a new thing. Even in this case, habit, I believe, much more than nature, is the cause of the difference. The occupations of nine out of every ten men are special, those of nine out of every ten women general, embracing a multitude of details, each of which requires very little time. Women are in the constant practice of passing quickly from one manual, and still more from one mental operation to another, which therefore rarely costs them either effort or loss of time, while a man's occupation generally consists in working steadily for a long time at one thing, or one very limited class of things. But the situations are sometimes reversed, and with them the characters. Women are not found less efficient than men for the uniformity of factory work, or they would not so generally be employed for it; and a man who has cultivated the habit of turning his hand to many things, far from being the slothful and lazy person described by Adam Smith, is usually remarkably lively and active. It is true, however, that change of occupation may be too frequent even for the most versatile. Incessant variety is even more fatiguing than perpetual sameness.

The third advantage attributed by Adam Smith to the division of labour is, to a certain extent, real. Inventions tending to save labour in a particular operation are more likely to occur to anyone in proportion as his thoughts are intensely directed to that occupation, and continually employed upon it. A person is not so likely to make practical improvements in one department of things, whose attention is very much diverted to others. But, in this, much more depends on general intelligence and habitual activity of mind than on exclusiveness of occupation; and if that exclusiveness is carried to a degree unfavourable to the cultivation of intelligence, there will be more lost in this kind of advantage than gained. We may add that whatever may be the cause of making inventions, when they are once made, the increased efficiency of labour is owing to the invention itself, and not to the division of labour.

The greatest advantage (next to the dexterity of the workmen) derived from the minute division of labour which takes place in modern manufacturing industry, is one not mentioned by Adam Smith,

but to which attention has been drawn by Mr. Babbage: the more economical distribution of labour, by classing the work-people according to their capacity. Different parts of the same series of operations require unequal degrees of skill and bodily strength; and those who have skill enough for the most difficult, or strength enough for the hardest parts of the labour, are made much more useful by being employed solely in them; the operations which everybody is capable of, being left to those who are fit for no others. Production is most efficient when the precise quantity of skill and strength which is required for each part of the process is employed in it, and no more. . . .

6. The division of labour, as all writers on the subject have remarked, is limited by the extent of the market. . . . The extent of the market may be limited by several causes: too small a population; the population too scattered and distant to be easily accessible; deficiency of roads and water carriage; or, finally, the population too poor—that is, their collective labour too little effective—to admit of their being large consumers. Indolence, want of skill, and want of combination of labour, among those who would otherwise be buyers of a commodity, limit, therefore, the practical amount of combination of labour among its producers. In an early stage of civilization, when the demand of any particular locality was necessarily small, industry only flourished among those who, by their command of the sea-coast or of a navigable river, could have the whole world, or all that part of it which lay on coasts or navigable rivers, as a market for their productions. The increase of the general riches of the world, when accompanied with freedom of commercial intercourse, improvements in navigation, and inland communication by roads, canals, or railways, tends to give increased productiveness to the labour of every nation in particular, by enabling each locality to supply with its special products so much larger a market that a great extension of the division of labour in their production is an ordinary consequence.

The division of labour is also limited, in many cases, by the nature of the employment. Agriculture, for example, is not susceptible of so great a division of occupations as many branches of manufactures, because its different operations cannot possibly be simultaneous. One man cannot be always ploughing, another sowing, and another reaping. A workman who only practiced one agricultural operation would be idle eleven months of the year. The same person may perform them all in succession and have, in most climates, a considerable amount of unoccupied time. To execute a great agricultural improvement, it is often necessary that many labourers should

work together; but in general, except the few whose business is superintendence, they all work in the same manner. A canal or a railway embankment cannot be made without a combination of many labourers; but they are all excavators, except the engineers and a few clerks.

Book I, Chapter IX

Of Production on a Large, and Production on a Small Scale

1. From the importance of combination of labour, it is an obvious conclusion that there are many cases in which production is made much more effective by being conducted on a large scale. Whenever it is essential to the greatest efficiency of labour that many labourers should combine, even though only in the way of Simple Co-operation, the scale of the enterprise must be such as to bring many labourers together, and the capital must be large enough to maintain them. Still more needful is this when the nature of the employment allows, and the extent of the possible market encourages, a considerable division of labour. The larger the enterprise, the farther the division of labour may be carried. This is one of the principal causes of large manufactories. . . . This point is well illustrated by Mr. Babbage. . . .³

When one portion of the workman's labour consists in the exertion of mere physical force, as in weaving, and in many similar arts, it will soon occur to the manufacturer that if that part were executed by a steam-engine, the same man might, in the case of weaving, attend to two or more looms at once; and, since we already suppose that one or more operative engineers have been employed, the number of looms may be so arranged that their time shall be fully occupied in keeping the steam-engine and the looms in order.

Pursuing the same principles, the manufactory becomes gradually so enlarged that the expense of lighting during the night amounts to a considerable sum; and as there are already attached to the establishment persons who are up all night, and can therefore constantly attend to it, and also engineers to make and keep in repair any machinery, the addition of an apparatus for making gas to light the factory leads to a new extension, at the same time that it contributes,

³ [Mill cites Babbage's *Economy of Machinery and Manufactures*, 3rd edition, p. 214ff].

by diminishing the expense of lighting and the risk of accidents from fire, to reduce the cost of manufacturing.

Long before a factory has reached this extent, it will have been found necessary to establish an accountant's department, with clerks to pay the workmen, and to see that they arrive at their stated times; and this department must be in communication with the agents who purchase the raw produce, and with those who sell the manufactured article.

It will cost these clerks and accountants little more time and trouble to pay a large number of workmen than a small number; to check the accounts of large transactions, than of small. If the business doubled itself, it would probably be necessary to increase, but certainly not to double, the number either of accountants, or of buying and selling agents. Every increase of business would enable the whole to be carried on with a proportionately smaller amount of labour. . . .

Whether or not the advantages obtained by operating on a large scale preponderate, in any particular case, over the more watchful attention, and greater regard to minor gains and losses, usually found in small establishments, can be ascertained, in a state of free competition, by an unfailling test. Wherever there are large and small establishments in the same business, that one of the two which in existing circumstances carries on the production at greatest advantage will be able to undersell the other. . . .

Another of the causes of large manufactories, however, is the introduction of processes requiring expensive machinery. Expensive machinery supposes a large capital; and is not resorted to except with the intention of producing, and the hope of selling, as much of the article as comes up to the full powers of the machine. For both these reasons, wherever costly machinery is used, the large system of production is inevitable. But the power of underselling is not, in this case, so unerring a test as in the former, of the beneficial effect on the total production of the community. The power of underselling does not depend on the absolute increase of produce, but on its bearing an increased proportion to the expenses; which . . . it may do, consistently with even a diminution of the gross annual produce. By the adoption of machinery, a circulating capital, which was perpetually consumed and reproduced, has been converted into a fixed capital, requiring only a small annual expense to keep it up; and a much smaller produce will suffice for merely covering that expense, and replacing the remaining circulating capital of the producer. The machinery therefore might answer perfectly well to the manufacturer, and enable him to undersell his competitors, though the effect on

the production of the country might be not an increase but a diminution. It is true, the article will be sold cheaper, and therefore, of that single article, there will probably be not a smaller, but a greater quantity sold; since the loss to the community collectively has fallen upon the work-people, and they are not the principal customers, if customers at all, of most branches of manufacture. But though that particular branch of industry may extend itself, it will be by replenishing its diminished circulating capital from that of the community generally; and if the labourers employed in that department escape loss of employment, it is because the loss will spread itself over the labouring people at large. If any of them are reduced to the condition of unproductive labourers, supported by voluntary or legal charity, the gross produce of the country is, to that extent, permanently diminished, until the ordinary progress of accumulation makes it up; but if the condition of the labouring classes enables them to bear a temporary reduction of wages, and the superseded labourers become absorbed in other employments, their labour is still productive, and the breach in the gross produce of the community is repaired, though not the detriment to the labourers. I have restated this exposition, which has already been made in a former place, to impress more strongly the truth: that a mode of production does not of necessity increase the productive effect of the collective labour of a community, because it enables a particular commodity to be sold cheaper. The one consequence generally accompanies the other, but not necessarily. . . .

A considerable part of the saving of labour effected by substituting the large system of production for the small, is the saving in the labour of the capitalists themselves. If a hundred producers with small capitals carry on separately the same business, the superintendence of each concern will probably require the whole attention of the person conducting it, sufficiently at least to hinder his time or thoughts from being disposable for anything else; while a single manufacturer possessing a capital equal to the sum of theirs, with ten or a dozen clerks, could conduct the whole of their amount of business, and have leisure too for other occupations. The small capitalist, it is true, generally combines with the business of direction some portion of the details, which the other leaves to his subordinates: the small farmer follows his own plough, the small tradesman serves in his own shop, the small weaver plies his own loom. But in this very union of functions, there is, in a great proportion of cases, a want of economy. The principal in the concern is either wasting, in the routine of a business, qualities suitable for the direction of it, or he is only fit for

the former, and then the latter will be ill done. I must observe, however, that I do not attach to this saving of labour the importance often ascribed to it. There is undoubtedly much more labour expended in the superintendence of many small capitals than in that of one large capital. For this labour, however, the small producers have generally a full compensation, in the feeling of being their own masters, and not servants of an employer. It may be said that if they value this independence, they will submit to pay a price for it, and to sell at the reduced rates occasioned by the competition of the great dealer or manufacturer. But they cannot always do this and continue to gain a living. They thus gradually disappear from society. After having consumed their little capital in prolonging the unsuccessful struggle, they either sink into the condition of hired labourers, or become dependent on others for support.

2. Production on a large scale is greatly promoted by the practice of forming a large capital by the combination of many small contributions; or, in other words, by the formation of joint stock companies. The advantages of the joint stock principle are numerous and important.

In the first place, many undertakings require an amount of capital beyond the means of the richest individual or private partnership. No individual could have made a railway from London to Liverpool; it is doubtful if any individual could even work the traffic on it, now when it is made. The government indeed could have done both; and in countries where the practice of co-operation is only in the earlier stages of its growth, the government can alone be looked to for any of the works for which a great combination of means is requisite; because it can obtain those means by compulsory taxation, and is already accustomed to the conduct of large operations. For reasons, however, which are tolerably well known, and of which we shall treat fully hereafter, government agency for the conduct of industrial operations is generally one of the least eligible of resources when any other is available.

Next, there are undertakings which individuals are not absolutely incapable of performing, but which they cannot perform on the scale and with the continuity which are ever more and more required by the exigencies of a society in an advancing state. Individuals are quite capable of despatching ships from England to any or every part of the world, to carry passengers and letters; the thing was done before joint stock companies for the purpose were heard of. But when, from the increase of population and transactions, as well as of means of payment, the public will no longer content themselves with occasional

opportunities, but require the certainty that packets shall start regularly, for some places once or even twice a day, for others once a week, for others that a steam-ship of great size and expensive construction shall depart on fixed days twice in each month, it is evident that to afford an assurance of keeping up with punctuality, such a circle of costly operations requires a much larger capital and a much larger staff of qualified subordinates than can be commanded by an individual capitalist. There are other cases, again, in which though the business might be perfectly well transacted with small or moderate capitals, the guarantee of a great subscribed stock is necessary or desirable as a security to the public for the fulfilment of pecuniary engagements. This is especially the case when the nature of the business requires that numbers of persons should be willing to trust the concern with their money: as in the business of banking, and that of insurance, to both of which the joint stock principle is eminently adapted. It is an instance of the folly and jobbery of the rulers of mankind, that until a late period, the joint stock principle, as a general resort, was in this country interdicted by law to these two modes of business: to banking altogether, and to insurance in the department of sea risks; in order to bestow a lucrative monopoly on particular establishments which the government was pleased exceptionally to license: namely the Bank of England, and two insurance companies, the London and the Royal Exchange.

Another advantage of joint stock or associated management is its incident of publicity. This is not an invariable, but it is a natural consequence of the joint stock principle, and might be, as in some important cases it already is, compulsory. In banking, insurance, and other businesses which depend wholly on confidence, publicity is a still more important element of success than a large subscribed capital. A heavy loss occurring in a private bank may be kept secret; even though it were of such magnitude as to cause the ruin of the concern, the banker may still carry it on for years, trying to retrieve its position, only to fall in the end with a greater crash; but this cannot so easily happen in the case of a joint stock company, whose accounts are published periodically. The accounts, even if cooked, still exercise some check; and the suspicions of shareholders, breaking out at the general meetings, put the public on their guard.

These are some of the advantages of joint stock over individual management. But if we look to the other side of the question, we shall find that individual management has also very great advantages over joint stock. The chief of these is the much keener interest of the managers in the success of the undertaking.

The administration of a joint stock association is, in the main, administration by hired servants. Even the committee or board of directors who are supposed to superintend the management, and who do really appoint and remove the managers, have no pecuniary interest in the good working of the concern beyond the shares they individually hold, which are always a very small part of the capital of the association, and in general but a small part of the fortunes of the directors themselves; and the part they take in the management usually divides their time with many other occupations, of as great or greater importance to their own interest; the business being the principal concern of no one except those who are hired to carry it on. But experience shows, and proverbs, the expression of popular experience, attest, how inferior is the quality of hired servants, compared with the ministration of those personally interested in the work, and how indispensable, when hired service must be employed, is "the master's eye" to watch over it.

The successful conduct of an industrial enterprise requires two quite distinct qualifications: fidelity and zeal. The fidelity of the hired managers of a concern it is possible to secure. When their work admits of being reduced to a definite set of rules, the violation of these is a matter on which conscience cannot easily blind itself, and on which responsibility may be enforced by the loss of employment. But to carry on a great business successfully requires a hundred things which, as they cannot be defined beforehand, it is impossible to convert into distinct and positive obligations. First and principally, it requires that the directing mind should be incessantly occupied with the subject; should be continually laying schemes by which greater profit may be obtained, or expense saved. This intensity of interest in the subject it is seldom to be expected that anyone should feel, who is conducting a business as the hired servant and for the profit of another. There are experiments in human affairs which are conclusive on the point. Look at the whole class of rulers, and ministers of state. The work they are entrusted with is among the most interesting and exciting of all occupations; the personal share which they themselves reap of the national benefits or misfortunes which befall the State under their rule is far from trifling, and the rewards and punishments which they may expect from public estimation are of the plain and palpable kind which are most keenly felt and most widely appreciated. Yet how rare a thing is it to find a statesman in whom mental indolence is not stronger than all these inducements. How infinitesimal is the proportion who trouble themselves to form, or even to attend to, plans of public improvement, unless when it is

made still more troublesome to them to remain inactive; or who have any other real desire than that of rubbing on, so as to escape general blame. On a smaller scale, all who have ever employed hired labour have had ample experience of the efforts made to give as little labour in exchange for the wages as is compatible with not being turned off. The universal neglect by domestic servants of their employer's interests, wherever these are not protected by some fixed rule, is matter of common remark; unless where long continuance in the same service, and reciprocal good offices, have produced either personal attachment or some feeling of a common interest. . . .

From considerations of this nature, Adam Smith was led to enunciate, as a principle, that joint stock companies could never be expected to maintain themselves without an exclusive privilege, except in branches of business which, like banking, insurance, and some others, admit of being, in a considerable degree, reduced to fixed rules. This, however, is one of those over-statements of a true principle, often met with in Adam Smith. In his days, there were few instances of joint stock companies which had been permanently successful without a monopoly, except the class of cases which he referred to; but since his time, there have been many; and the regular increase both of the spirit of combination and of the ability to combine, will doubtless produce many more. Adam Smith fixed his observation too exclusively on the superior energy and more unremitting attention brought to a business in which the whole stake and the whole gain belong to the persons conducting it, and he overlooked various countervailing considerations which go a great way towards neutralizing even that great point of superiority.

Of these, one of the most important is that which relates to the intellectual and active qualifications of the directing head. The stimulus of individual interest is some security for exertion, but exertion is of little avail if the intelligence exerted is of an inferior order, which it must necessarily be in the majority of concerns carried on by the persons chiefly interested in them. Where the concern is large, and can afford a remuneration sufficient to attract a class of candidates superior to the common average, it is possible to select for the general management, and for all the skilled employments of a subordinate kind, persons of a degree of acquirement and cultivated intelligence which more than compensates for their inferior interest in the result. Their greater perspicacity enables them, with even a part of their minds, to see probabilities of advantage which never occur to the ordinary run of men by the continued exertion of the whole of theirs; and their superior knowledge, and habitual rectitude

of perception and of judgment, guard them against blunders, the fear of which would prevent the others from hoarding their interests in any attempt out of the ordinary routine.

It must be further remarked that it is not a necessary consequence of joint stock management that the persons employed, whether in superior or in subordinate offices, should be paid wholly by fixed salaries. There are modes of connecting, more or less intimately, the interest of the employés with the pecuniary success of the concern. There is a long series of intermediate positions between working wholly on one's own account and working by the day, week, or year for an invariable payment. Even in the case of ordinary unskilled labour, there is such a thing as task work, or working by the piece: and the superior efficiency of this is so well known that judicious employers always resort to it when the work admits of being put out in definite portions, without the necessity of too troublesome a surveillance to guard against inferiority in the execution. In the case of the managers of joint stock companies, and of the superintending and controlling officers in many private establishments, it is a common enough practice to connect their pecuniary interest with the interest of their employers, by giving them part of their remuneration in the form of a percentage on the profits. The personal interest thus given to hired servants is not comparable in intensity to that of the owner of the capital; but it is sufficient to be a very material stimulus to zeal and carefulness, and, when added to the advantage of superior intelligence, often raises the quality of the service much above that which the generality of masters are capable of rendering to themselves. . . .

3. The possibility of substituting the large system of production for the small depends of course, in the first place, on the extent of the market. The large system can only be advantageous when a large amount of business is to be done: it implies, therefore, either a populous and flourishing community, or a great opening for exportation. Again, this, as well as every other change in the system of production, is greatly favoured by a progressive condition of capital. It is chiefly when the capital of a country is receiving a great annual increase that there is a large amount of capital seeking for investment; and a new enterprise is much sooner and more easily entered upon by new capital than by withdrawing capital from existing employments. The change is also much facilitated by the existence of large capitals in few hands. It is true that the same amount of capital can be raised by bringing together many small sums. But this (besides that it is not equally well suited to all branches of industry) supposes a much greater degree of commercial confidence and enterprise diffused

through the community, and belongs altogether to a more advanced stage of industrial progress.

In the countries in which there are the largest markets, the widest diffusion of commercial confidence and enterprise, the greatest annual increase of capital, and the greatest number of large capitals owned by individuals, there is a tendency to substitute more and more, in one branch of industry after another, large establishments for small ones. . . .

But whatever disadvantages may be supposed to attend on the change from a small to a large system of production, they are not applicable to the change from a large to a still larger. When, in any employment, the régime of independent small producers has either never been possible or has been superseded, and the system of many work-people under one management has become fully established, from that time any further enlargement in the scale of production is generally an unqualified benefit. It is obvious, for example, how great an economy of labour would be obtained if London were supplied by a single gas or water company instead of the existing plurality. While there are even as many as two, this implies double establishments of all sorts, when one only, with a small increase, could probably perform the whole operation equally well; double sets of machinery and works, when the whole of the gas or water required could generally be produced by one set only; even double sets of pipes, if the companies did not prevent this needless expense by agreeing upon a division of the territory. Were there only one establishment, it could make lower charges consistently with obtaining the rate of profit now realized. But would it do so? Even if it did not, the community in the aggregate would still be a gainer, since the shareholders are a part of the community, and they would obtain higher profits while the consumers paid only the same. It is, however, an error to suppose that the prices are ever permanently kept down by the competition of these companies. Where competitors are so few, they always end by agreeing not to compete. They may run a race of cheapness to ruin a new candidate, but as soon as he has established his footing, they come to terms with him. When, therefore, a business of real public importance can only be carried on advantageously upon so large a scale as to render the liberty of competition almost illusory, it is an unthrifty dispensation of the public resources that several costly sets of arrangements should be kept up for the purpose of rendering to the community this one service. It is much better to treat it at once as a public function; and if it be not such as the government itself could beneficially undertake, it should be made over entirely to the company or

association which will perform it on the best terms for the public. In the case of railways, for example, no one can desire to see the enormous waste of capital and land (not to speak of increased nuisance) involved in the construction of a second railway to connect the same places already united by an existing one; while the two would not do the work better than it could be done by one, and after a short time would probably be amalgamated. Only one such line ought to be permitted, but the control over that line never ought to be parted with by the State, unless on a temporary concession, as in France; and the vested right which Parliament has allowed to be acquired by the existing companies, like all other proprietary rights which are opposed to public utility, is morally valid only as a claim to compensation.

4. The question between the large and the small systems of production, as applied to agriculture—between large and small farming, the *grande* and the *petite culture*—stands, in many respects, on different grounds from the general question between great and small industrial establishments. In its social aspect, and as an element in the Distribution of Wealth, this question will occupy us hereafter; but even as a question of production, the superiority of the large system in agriculture is by no means so clearly established as in manufactures.

I have already remarked that the operations of agriculture are little susceptible of benefit from the division of labour. . . .

The waste of productive power by subdivision of the land often amounts to a great evil, but this applies chiefly to a subdivision so minute that the cultivators have not enough land to occupy their time. Up to that point, the same principles which recommend large manufactures are applicable to agriculture. For the greatest productive efficiency, it is generally desirable (though even this proposition must be received with qualifications) that no family who have any land should have less than they could cultivate, or than will fully employ their cattle and tools. These, however, are not the dimensions of large farms, but of what are reckoned in England very small ones. . . .

The disadvantage, when disadvantage there is, of small or rather of peasant farming, as compared with capitalist farming, must chiefly consist in inferiority of skill and knowledge; but it is not true, as a general fact, that such inferiority exists. Countries of small farms and peasant farming, Flanders and Italy, had a good agriculture many generations before England, and theirs is still [1848], as a whole, probably the best agriculture in the world. The empirical skill, which is the effect of daily and close observation, peasant farmers often possess in an eminent degree. The traditional knowledge, for example, of the culture of the vine, possessed by the peasantry of the countries

where the best wines are produced, is extraordinary. There is, no doubt, an absence of science, or at least of theory; and to some extent a deficiency of the spirit of improvement, so far as relates to the introduction of new processes. There is also a want of means to make experiments, which can seldom be made with advantage except by rich proprietors or capitalists. . . .

Against these disadvantages is to be placed, where the tenure of land is of the requisite kind, an ardour of industry absolutely unexampled in any other condition of agriculture. This is a subject on which the testimony of competent witnesses is unanimous. . . . It may suffice here to appeal to the immense amount of gross produce which, even without a permanent tenure, English labourers generally obtain from their little allotments: a produce beyond comparison greater than a large farmer extracts, or would find it his interest to extract, from the same piece of land. . . .

As a question, not of gross, but of net produce, the comparative merits of the *grande* and the *petite culture*, especially when the small farmer is also the proprietor, cannot be looked upon as decided. It is a question on which good judges at present differ. The current of English opinion is [1848] in favour of large farms: on the Continent, the weight of authority seems to be on the other side. . . .

In the present chapter, I do not enter on the question between great and small cultivation in any other respect than as a question of production. . . . We shall return to it hereafter as affecting the distribution of the produce, and the physical and social well-being of the cultivators themselves; in which aspects it deserves, and requires, a still more particular examination.

Book I, Chapter X

Of the Law of the Increase of Labour

1. We have now successively considered each of the agents or conditions of production, and of the means by which the efficacy of these various agents is promoted. In order to come to an end of the questions which relate exclusively to production, one more, of primary importance, remains.

Production is not a fixed, but an increasing thing. When not kept back by bad institutions or a low state of the arts of life, the produce of industry has usually tended to increase; stimulated not only by the desire of the producers to augment their means of consumption, but

by the increasing number of the consumers. Nothing in political economy can be of more importance than to ascertain the law of this increase of production; the conditions to which it is subject: whether it has practically any limits, and what these are. . . .

[T]he requisites of production are Labour, Capital, and Land. The increase of production, therefore, depends on the properties of these elements. It is a result of the increase either of the elements themselves, or of their productiveness. The law of the increase of production must be a consequence of the laws of these elements; the limits to the increase of production must be the limits, whatever they are, set by those laws. . . .

2. The increase of labour is the increase of mankind, of population. On this subject, the discussions excited by the *Essay* of Mr. Malthus have made the truth, though by no means universally admitted, yet so fully known, that a briefer examination of the question than would otherwise have been necessary will probably on the present occasion suffice.

The power of multiplication inherent in all organic life may be regarded as infinite. There is no one species of vegetable or animal which, if the earth were entirely abandoned to it, and to the things on which it feeds, would not, in a small number of years, overspread every region of the globe, of which the climate was compatible with its existence. The degree of possible rapidity is different in different orders of beings; but in all, it is sufficient for the earth to be very speedily filled up. . . .

To this property of organized beings, the human species forms no exception. Its power of increase is indefinite, and the actual multiplication would be extraordinarily rapid, if the power were exercised to the utmost. It never is exercised to the utmost, and yet, in the most favourable circumstances known to exist, which are those of a fertile region colonized from an industrious and civilized community, population has continued, for several generations, independently of fresh immigration, to double itself in not much more than twenty years. That the capacity of multiplication in the human species exceeds even this, is evident if we consider how great is the ordinary number of children to a family, where the climate is good and early marriages usual; and how small a proportion of them die before the age of maturity, in the present state of hygienic knowledge, where the locality is healthy and the family adequately provided with the means of living. It is a very low estimate of the capacity of increase, if we only assume that in a good sanitary condition of the people, each generation may be double the number of the generation which preceded it. . . .

3. What prevents the population of hares and rabbits from overstocking the earth? Not want of fecundity, but causes very different: many enemies, and insufficient subsistence; not enough to eat, and liability to be eaten. In the human race, which is not generally subject to the latter inconvenience, the equivalents for it are war and disease. If the multiplication of mankind proceeded only like that of the other animals, from a blind instinct, it would be limited in the same manner with theirs: the births would be as numerous as the physical constitution of the species admitted of, and the population would be kept down by deaths. But the conduct of human creatures is more or less influenced by foresight of consequences, and by impulses superior to mere animal instincts: and they do not, therefore, propagate like swine, but are capable, though in very unequal degrees, of being withheld by prudence, or by the social affections, from giving existence to beings born only to misery and premature death. In proportion as mankind rise above the condition of the beasts, population is restrained by the fear of want, rather than by want itself. Even where there is no question of starvation, many are similarly acted upon by the apprehension of losing what have come to be regarded as the decencies of their situation in life. Hitherto no other motives than these two have been found strong enough, in the generality of mankind, to counteract the tendency to increase. It has been the practice of a great majority of the middle and the poorer classes, whenever free from external control, to marry as early and, in most countries, to have as many children, as was consistent with maintaining themselves in the condition of life which they were born to, or were accustomed to consider as theirs. Among the middle classes, in many individual instances, there is an additional restraint exercised from the desire of doing more than maintaining their circumstances—of improving them; but such a desire is rarely found, or rarely has that effect, in the labouring classes. If they can bring up a family as they were themselves brought up, even the prudent among them are usually satisfied. Too often, they do not think even of that, but rely on fortune, or on the resources to be found in legal or voluntary charity.

In a very backward state of society, like that of Europe in the Middle Ages, and many parts of Asia at present [1848], population is kept down by actual starvation. The starvation does not take place in ordinary years, but in seasons of scarcity, which, in those states of society, are much more frequent and more extreme than Europe is now accustomed to. In these seasons, actual want, or the maladies consequent on it, carry off numbers of the population, which, in a succession of favourable years, again expands, to be again cruelly decimat-

ed. In a more improved state, few, even among the poorest of the people, are limited to actual necessities, and to a bare sufficiency of those; and the increase is kept within bounds, not by excess of deaths, but by limitation of births. The limitation is brought about in various ways. In some countries, it is the result of prudent or conscientious self-restraint. There is a condition to which the labouring people are habituated; they perceive that by having too numerous families, they must sink below that condition, or fail to transmit it to their children; and this they do not choose to submit to. The countries in which, so far as is known, a great degree of voluntary prudence has been longest practiced on this subject, are [1848] Norway and parts of Switzerland. . . . The paucity of births tends directly to prolong life, by keeping the people in comfortable circumstances; and the same prudence is doubtless exercised in avoiding causes of disease, as in keeping clear of the principal cause of poverty. It is worthy of remark that the two counties thus honourably distinguished are countries of small landed proprietors.

There are other cases in which the prudence and forethought, which perhaps might not be exercised by the people themselves, are exercised by the State for their benefit; marriage not being permitted until the contracting parties can show that they have the prospect of a comfortable support. Under these laws, of which I shall speak more fully hereafter, the condition of the people is reported to be good, and the illegitimate births not so numerous as might be expected. There are places, again, in which the restraining cause seems to be, not so much individual prudence, as some general and perhaps even accidental habit of the country. In the rural districts of England, during the last century, the growth of population was very effectually repressed by the difficulty of obtaining a cottage to live in. It was the custom for unmarried labourers to lodge and board with their employers; it was the custom for married labourers to have a cottage; and the rule of the English Poor Laws, by which a parish was charged with the support of its unemployed poor, rendered landowners averse to promote marriage. About the end of the century, the great demand for men in war and manufactures made it be thought a patriotic thing to encourage population; and about the same time, the growing inclination of farmers to live like rich people, favoured as it was by a long period of high prices, made them desirous of keeping inferiors at a greater distance, and, pecuniary motives arising from abuses of the Poor Laws being superadded, they gradually drove their labourers into cottages, which the landlords now no longer refused permission to build. In some countries, an old standing custom that a girl should

not marry until she had spun and woven for herself an ample *trousseau* (destined for the supply of her whole subsequent life), is said to have acted as a substantial check to population. In England, at present [1848], the influence of prudence in keeping down multiplication is seen by the diminished number of marriages in the manufacturing districts in years when trade is bad.

But whatever be the causes by which population is anywhere limited to a comparatively slow rate of increase, an acceleration of the rate very speedily follows any diminution of the motives to restraint. It is but rarely that improvements in the condition of the labouring classes do anything more than give a temporary margin, speedily filled up by an increase of their numbers. The use they commonly choose to make of any advantageous change in their circumstances, is to take it out in the form which, by augmenting the population, deprives the succeeding generation of the benefit. Unless, either by their general improvement in intellectual and moral culture, or at least by raising their habitual standard of comfortable living, they can be taught to make a better use of favourable circumstances, nothing permanent can be done for them; the most promising schemes end only in having a more numerous, but not a happier people. By their habitual standard, I mean that (when any such there is) down to which they will multiply, but not lower. Every advance they make in education, civilization, and social improvement tends to raise this standard; and there is no doubt that it is gradually, though slowly, rising in the more advanced countries of Western Europe. Subsistence and employment in England have never increased more rapidly than in the last forty years [1862], but every census since 1821 showed a smaller proportional increase of population than that of the period preceding; and the produce of French agriculture and industry is increasing in a progressive ratio, while the population exhibits, in every quinquennial census, a smaller proportion of births to the population. . . .

Book I, Chapter XI

Of the Law of the Increase of Capital

1. The requisites of production being labour, capital, and land, it has been seen from the preceding chapter that the impediments to the increase of production do not arise from the first of these elements. On the side of labour, there is no obstacle to an increase of produc-

tion, indefinite in extent and of unslackening rapidity. Population has the power of increasing in an uniform and rapid geometrical ratio. If the only essential condition of production were labour, the produce might, and naturally would, increase in the same ratio; and there would be no limit until the numbers of mankind were brought to a stand from actual want of space.

But production has other requisites, and of these, the one which we shall next consider is Capital. . . .

Since all capital is the product of saving, that is, of abstinence from present consumption for the sake of a future good, the increase of capital must depend upon two things: the amount of the fund from which saving can be made, and the strength of the dispositions which prompt to it.

The fund from which saving can be made is the surplus of the produce of labour, after supplying the necessaries of life to all concerned in the production, including those employed in replacing the materials and keeping the fixed capital in repair. More than this surplus cannot be saved under any circumstances. As much as this, though it never is saved, always might be. This surplus is the fund from which the enjoyments, as distinguished from the necessaries, of the producers are provided; it is the fund from which all are subsisted, who are not themselves engaged in production; and from which all additions are made to capital. It is the real net produce of the country. . . .

The amount of this fund, this net produce, this excess of production above the physical necessaries of the producers, is one of the elements that determine the amount of saving. The greater the produce of labour after supporting the labourers, the more there is which *can* be saved. The same thing also partly contributes to determine how much *will* be saved. A part of the motive to saving consists in the prospect of deriving an income from savings; in the fact that capital, employed in production, is capable of not only reproducing itself, but yielding an increase. The greater the profit that can be made from capital, the stronger is the motive to its accumulation. That indeed which forms the inducement to save, is not the whole of the fund which supplies the means of saving, not the whole net produce of the land, capital, and labour of the country; but only a part of it, the part which forms the remuneration of the capitalist, and is called profit of stock. . . .

2. But the disposition to save does not wholly depend on the external inducement to it, on the amount of profit to be made from savings. With the same pecuniary inducement, the inclination is very

different, in different persons and in different communities. The effective desire of accumulation is of unequal strength, not only according to the varieties of individual character, but to the general state of society and civilization. Like all other moral attributes, it is one in which the human race exhibits great differences, conformably to the diversity of its circumstances and the stage of its progress. . . .

All accumulation involves the sacrifice of a present, for the sake of a future good. But the expediency of such a sacrifice varies very much in different states of circumstances, and the willingness to make it varies still more.

In weighing the future against the present, the uncertainty of all things future is a leading element; and that uncertainty is of very different degrees.

All circumstances, [writes Dr. John Rae in his *New Principles of Political Economy*] increasing the probability of the provision we make for futurity being enjoyed by ourselves or others, tend . . . to give strength to the effective desire of accumulation. Thus a healthy climate or occupation, by increasing the probability of life, has a tendency to add to this desire. . . . War and pestilence have always waste and luxury among the other evils that follow in their train. For similar reasons, whatever gives security to the affairs of the community is favourable to the strength of this principle. In this respect the general prevalence of law and order, and the prospect of the continuance of peace and tranquillity, have considerable influence.

The more perfect the security, the greater will be the effective strength of the desire of accumulation. Where property is less safe, or the vicissitudes ruinous to fortunes are more frequent and severe, fewer persons will save at all; and of those who do, many will require the inducement of a higher rate of profit on capital, to make them prefer a doubtful future to the temptation of present enjoyment.

These are considerations which affect the expediency, in the eye of reason, of consulting future interests at the expense of present. But the inclination to make the sacrifice does not solely depend upon its expediency. The disposition to save is often far short of what reason would dictate, and at other times is liable to be in excess of it.

Deficient strength of the desire of accumulation may arise from improvidence, or from want of interest in others. Improvidence may be connected with intellectual as well as moral causes. Individuals and communities of a very low state of intelligence are always improvident. A certain measure of intellectual development seems necessary to enable absent things, and especially things future, to act with any force on the imagination and will. . . .

3. From these various causes, intellectual and moral, there is, in different portions of the human race, a greater diversity than is usually adverted to, in the strength of the effective desire of accumulation. A backward state of general civilization is often more the effect of deficiency in this particular than in many others which attract more attention. In the circumstances, for example, of a hunting tribe, [Dr. Rae writes,] “man may be said to be necessarily improvident, and regardless of futurity, because, in this state, the future presents nothing which can be with certainty either foreseen or governed. . . .”

As an example intermediate, in the strength of the effective desire of accumulation, between the state of things thus depicted and that of modern Europe, the case of the Chinese deserves attention. From various circumstances in their personal habits and social condition, it might be anticipated that they would possess a degree of prudence and self-control greater than other Asiatics, but inferior to most European nations. . . . [According to Dr. Rae,] “The effective desire of accumulation is of very different strength in the one, from what it is in the other. The views of the European extend to a distant futurity, and he is surprised at the Chinese, condemned through improvidence, and want of sufficient prospective care, to incessant toil, and as he thinks, insufferable wretchedness. The views of the Chinese are confined to narrower bounds; he is content to live from day to day, and has learnt to conceive even a life of toil a blessing.”

When a country has carried production as far as in the existing state of knowledge it can be carried with an amount of return corresponding to the average strength of the effective desire of accumulation in that country, it has reached what is called the stationary state: the state in which no further addition will be made to capital, unless there takes place either some improvement in the arts of production, or an increase in the strength of the desire to accumulate. In the stationary state, though capital does not on the whole increase, some persons grow richer and others poorer. Those whose degree of providence is below the usual standard become impoverished: their capital perishes and makes room for the savings of those whose effective desire of accumulation exceeds the average. These become the natural purchasers of the lands, manufactories, and other instruments of production owned by their less provident countrymen.

What the causes are which make the return to capital greater in one country than in another, and which, in certain circumstances, make it impossible for any additional capital to find investment unless at diminished returns, will appear clearly hereafter. In China, if that count has really attained, as it is supposed to have done, the

stationary state, accumulation has stopped when the returns to capital are still [1848] as high as is indicated by a rate of interest legally twelve per cent, and practically varying (it is said) between eighteen and thirty-six. It is to be presumed, therefore, that no greater amount of capital than the country already possesses can find employment at this high rate of profit, and that any lower rate does not hold out to a Chinese sufficient temptation to induce him to abstain from present enjoyment. What a contrast with Holland, where, during the most flourishing period of its history, the government was able habitually to borrow at two per cent, and private individuals, on good security, at three. Since China is not a country like *Burmah* or the native states of *India*, where an enormous interest is but an indispensable compensation for the risk incurred from the bad faith or poverty of the State, and of almost all private borrowers; the fact, if fact it be, that the increase of capital has come to a stand while the returns to it are still so large, denotes a much less degree of the effective desire of accumulation—in other words, a much lower estimate of the future relatively to the present—than that of most European nations.

4. We have hitherto spoken of countries in which the average strength of the desire to accumulate is short of that which, in circumstances of any tolerable security, reason and sober calculation would approve. We have now to speak of others in which it decidedly surpasses that standard. In the more prosperous countries of Europe, there are to be found abundance of prodigals; in some of them (and in none more than *England*), the ordinary degree of economy and providence among those who live by manual labour cannot be considered high; still, in a very numerous portion of the community, the professional, manufacturing, and trading classes, being those who, generally speaking, unite more of the means with more of the motives for saving than any other class, the spirit of accumulation is so strong that the signs of rapidly increasing wealth meet every eye; and the great amount of capital seeking investment excites astonishment, whenever peculiar circumstances turning much of it into some one channel, such as railway construction or foreign speculative adventure, bring the largeness of the total amount into evidence.

There are many circumstances which, in *England*, give a peculiar force to the accumulating propensity. The long exemption of the country from the ravages of war, and the far earlier period than elsewhere at which property was secure from military violence or arbitrary spoliation, have produced a long-standing and hereditary confidence in the safety of funds when trusted out of the owner's hands; which in most other countries is of much more recent origin, and less

firmly established. The geographical causes which have made industry, rather than war, the natural source of power and importance to Great Britain, have turned an unusual proportion of the most enterprising and energetic characters into the direction of manufactures and commerce; into supplying their wants and gratifying their ambition by producing and saving, rather than by appropriating what has been produced and saved. Much also depended on the better political institutions of this country, which by the scope they have allowed to individual freedom of action, have encouraged personal activity and self-reliance, while by the liberty they confer of association and combination, they facilitate industrial enterprise on a large scale. The same institutions, in another of their aspects, give a most direct and potent stimulus to the desire of acquiring wealth. The earlier decline of feudalism having removed or much weakened invidious distinctions between the originally trading classes and those who had been accustomed to despise them; and a polity having grown up which made wealth the real source of political influence; its acquisition was invested with a factitious value, independent of its intrinsic utility. It became synonymous with power; and since power with the common herd of mankind *gives* power, wealth became the chief source of personal consideration, and the measure and stamp of success in life. To get out of one rank in society into the next above it, is the great aim of English middle-class life, and the acquisition of wealth the means. And inasmuch as to be rich without industry has always hitherto constituted a step in the social scale above those who are rich by means of industry, it becomes the object of ambition to save not merely as much as will afford a large income while in business, but enough to retire from business and live in affluence on realized gains. These causes have, in England, been greatly aided by that extreme incapacity of the people for personal enjoyment, which is a characteristic of countries over which puritanism has passed. But if accumulation is, on one hand, rendered easier by the absence of a taste for pleasure, it is, on the other, made more difficult by the presence of a very real taste for expense. So strong is the association between personal consequence and the signs of wealth, that the silly desire for the appearance of a large expenditure has the force of a passion among large classes of a nation which derives less pleasure than perhaps any other in the world from what it spends. Owing to this circumstance, the effective desire of accumulation has never reached so high a pitch in England as it did in Holland, where, there being no rich idle class to set the example of a reckless expenditure, and the mercantile classes, who possessed the substantial power on which social influence always

waits, being left to establish their own scale of living and standard of propriety, their habits remained frugal and unostentatious.

In England and Holland, then, for a long time past, and now in most other countries in Europe (which are rapidly following England in the same race), the desire of accumulation does not require, to make it effective, the copious returns which it requires in Asia, but is sufficiently called into action by a rate of profit so low that instead of slackening, accumulation seems now to proceed more rapidly than ever; and the second requisite of increased production, increase of capital, shows no tendency to become deficient. So far as that element is concerned, production is susceptible of an increase without any assignable bounds.

The progress of accumulation would no doubt be considerably checked if the returns to capital were to be reduced still lower than at present. But why should any possible increase of capital have that effect? This question carries the mind forward to the remaining one of the three requisites of production. The limitation to production, not consisting in any necessary limit to the increase of the other two elements, labour and capital, must turn upon the properties of the only element which is inherently, and in itself, limited in quantity. It must depend on the properties of land.

Book I, Chapter XII

Of the Law of the Increase of Production from Land

1. Land differs from the other elements of production, labour and capital, in not being susceptible of indefinite increase. Its extent is limited, and the extent of the more productive kinds of it more limited still. It is also evident that the quantity of produce capable of being raised on any given piece of land is not indefinite. This limited quantity of land, and limited productiveness of it, are the real limits to the increase of production.

That they are the ultimate limits must always have been clearly seen. But . . . it is commonly thought, and is very natural at first to suppose, that for the present, all limitation of production or population from this source is at an indefinite distance, and that ages must elapse before any practical necessity arises for taking the limiting principle into serious consideration.

I apprehend this to be not only an error, but the most serious one to be found in the whole field of political economy. The question is more important and fundamental than any other; it involves the whole subject of the causes of poverty in a rich and industrious community; and unless this one matter be thoroughly understood, it is to no purpose proceeding any further in our inquiry. . . .

After a certain, and not very advanced, stage in the progress of agriculture, it is the law of production from the land that in any given state of agricultural skill and knowledge, by increasing the labour, the produce is not increased in an equal degree; doubling the labour does not double the produce; or, to express the same thing in other words, every increase of produce is obtained by a more than proportional increase in the application of labour to the land.

This general law of agricultural industry is the most important proposition in political economy. . . .

I do not assert that the cost of production, and consequently the price of agricultural produce, always and necessarily rises as population increases. It tends to do so; but the tendency may be, and sometimes is, even during long periods, held in check. The effect does not depend on a single principle, but on two antagonizing principles. There is another agency, in habitual antagonism to the law of diminishing return from land; and to the consideration of this we shall now proceed. It is no other than the progress of civilization. I use this general and somewhat vague expression, because the things to be included are so various that hardly any term of a more restricted signification would comprehend them all.

Of these, the most obvious is the progress of agricultural knowledge, skill, and invention. Improved processes of agriculture are of two kinds: some enable the land to yield a greater absolute produce, without an equivalent increase of labour; others have not the power of increasing the produce, but have that of diminishing the labour and expense by which it is obtained. . . .

Analogous in effect to this second class of agricultural improvements are improved means of communication. Good roads are equivalent to good tools. . . . Improvements in navigation have, with respect to food or materials brought from beyond sea, a corresponding effect.

From similar considerations, it appears that many purely mechanical improvements, which have, apparently at least, no peculiar connexion with agriculture, nevertheless enable a given amount of food to be obtained with a smaller expenditure of labour. A great improvement in the process of smelting iron would tend to cheapen agricul-

tural implements; diminish the cost of railroads, of wagons and carts, ships, and perhaps buildings; and many other things to which iron is not at present applied, because it is too costly; and would thence diminish the cost of production of food. . . .

The materials of manufacture being all drawn from the land, and many of them from agriculture, which supplies in particular the entire material of clothing; the general law of production from the land, the law of diminishing return, must, in the last resort, be applicable to manufacturing as well as to agricultural history. As population increases, and the power of the land to yield increased produce is strained harder and harder, any additional supply of material, as well as of food, must be obtained by a more than proportionally increasing expenditure of labour. But the cost of the material forming generally a very small portion of the entire cost of the manufacture, the agricultural labour concerned in the production of manufactured goods is but a small fraction of the whole labour worked up in the commodity. All the rest of the labour tends constantly and strongly towards diminution, as the amount of production increases. Manufactures are vastly more susceptible than agriculture of mechanical improvements, and contrivances for saving labour; and it has already been seen how greatly the skilful and economical distribution depend on the extent of the market, and on the possibility of production in large masses. In manufactures, accordingly, the causes tending to increase the productiveness of industry preponderate greatly over the one cause which tends to diminish it: and the increase of production, called forth by the progress of society, takes place, not at an increasing, but at a continually diminishing proportional cost. This fact has manifested itself in the progressive fall of the prices and values of almost every kind of manufactured goods during two centuries past; a fall accelerated by the mechanical inventions of the last seventy or eighty years, and susceptible of being prolonged and extended beyond any limit which it would be safe to specify. . . .

There is, thus, no possible improvement in the arts of production which does not, in one or another mode, exercise an antagonist influence to the law of diminishing return to agricultural labour. Nor is it only industrial improvements which have this effect. Improvements in government, and almost every kind of moral and social advancement, operate in the same manner. . . .

No improvements operate more directly upon the productiveness of labour than those in the tenure of farms, and in the laws relating to landed property. The breaking up of entails, the cheapening of the

transfer of property, and whatever else promotes the natural tendency of land, in a system of freedom, to pass out of hands which can make little of it into those which can make more; the substitution of long leases for tenancy at will, and of any tolerable system of tenancy whatever for the wretched cottier⁴ system; above all, the acquisition of a permanent interest in the soil by the cultivators of it; all these things are as real, and some of them as great, improvements in production, as the invention of the spinning jenny or the steam-engine.

We may say the same of improvements in education. The intelligence of the workman is a most important element in the productiveness of labour. So low, in some of the most civilized countries, is the present [1848] standard of intelligence, that there is hardly any source from which a more indefinite amount of improvement may be looked for in productive power, than by endowing with brains those who now have only hands. The carefulness, economy, and general trustworthiness of labourers are as important as their intelligence. Friendly relations, and a community of interest and feeling between labourers and employers, are eminently so—I should rather say, would be: for I know not where any such sentiment of friendly alliance now exists. Nor is it only in the labouring class that improvement of mind and character operates with beneficial effect even on industry. In the rich and idle classes, increased mental energy, more solid instruction, and stronger feelings of conscience, public spirit, or philanthropy, would qualify them to originate and promote the most valuable improvements, both in the economical resources of their country, and in its institutions and customs. To look no further than the most obvious phenomena, the backwardness of French agriculture in the precise points in which benefit might be expected from the influence of an educated class, is partly accounted for by the exclusive devotion of the richer landed proprietors to town interests and town pleasures. There is scarcely any possible amelioration of human affairs which would not, among its other benefits, have a favourable operation, direct or indirect, upon the productiveness of industry. The intensity of devotion to industrial occupations would indeed, in many cases, be moderated by a more liberal and genial mental culture, but the labour actually bestowed on those occupations would almost always be rendered more effective.

Before pointing out the principal inferences to be drawn from the nature of the two antagonist forces by which the productiveness of

⁴ [Mill discusses this system at length in Book II, ch. 9.]

agricultural industry is determined, we must observe that what we have said of agriculture is true, with little variation, of the other occupations which it represents; of all the arts which extract materials from the globe. Mining industry, for example, usually yields an increase of produce at a more than proportional increase of expense. . . . As a mine does not reproduce the coal or ore taken from it, not only are all mines at last exhausted, but . . . they must be worked at a continually increasing cost. . . . The law of diminishing return applies, therefore, to mining, in a still more unqualified sense than to agriculture; but the antagonizing agency, that of improvements in production, also applies in a still greater degree. . . .

To resume; all natural agents which are limited in quantity are not only limited in their ultimate productive power, but, long before that power is stretched to the utmost, they yield to any additional demands on progressively harder terms. This law may, however, be suspended, or temporarily controlled, by whatever adds to the general power of mankind over nature; and especially by any extension of their knowledge, and their consequent command, of the properties and powers of natural agents.

Book I, Chapter XIII

Consequences of the Foregoing Laws

1. From the preceding exposition, it appears that the limit to the increase of production is twofold: from deficiency of capital or of land. Production comes to a pause, either because the effective desire of accumulation is not sufficient to give rise to any further increase of capital, or because, however disposed the possessors of surplus income may be to save a portion of it, the limited land at the disposal of the community does not permit additional capital to be employed with such a return as would be an equivalent to them for their abstinence.

In countries where the principle of accumulation is as weak as it is in the various nations of Asia; where people will neither save nor work to obtain the means of saving, unless under the inducement of enormously high profits, nor even then if it is necessary to wait a considerable time for them; where either productions remain scanty, or drudgery great, because there is neither capital forthcoming nor forethought sufficient for the adoption of the contrivances by which natural agents are made to do the work of human labour; the desideratum

for such a country, economically considered, is an increase of industry, and of the effective desire of accumulation. The means are, first, a better government: more complete security of property; moderate taxes, and freedom from arbitrary exaction under the name of taxes; a more permanent and more advantageous tenure of land, securing to the cultivator, as far as possible, the undivided benefits of the industry, skill, and economy he may exert. Secondly, improvement of the public intelligence: the decay of usages or superstitions which interfere with the effective employment of industry; and the growth of mental activity, making the people alive to new objects of desire. Thirdly, the introduction of foreign arts, which raise the returns derivable from additional capital, to a rate corresponding to the low strength of the desire of accumulation; and the importation of foreign capital, which renders the increase of production no longer exclusively dependent on the thrift or providence of the inhabitants themselves, while it places before them a stimulating example, and by instilling new ideas and breaking the chains of habit, if not by improving the actual condition of the population, tends to create in them new wants, increased ambition, and greater thought for the future. These considerations apply, more or less, to all the Asiatic populations, and to the less civilized and industrious parts of Europe, as Russia, Turkey, Spain, and Ireland.

2. But there are other countries, and England is at the head of them, in which neither the spirit of industry nor the effective desire of accumulation need any encouragement; where the people will toil hard for a small remuneration, and save much for a small profit; where, though the general thriftiness of the labouring class is much below what is desirable, the spirit of accumulation in the more prosperous part of the community requires abatement, rather than increase. In these countries, there would never be any deficiency of capital if its increase were never checked or brought to a stand by too great a diminution of its returns. It is the tendency of the returns to a progressive diminution, which causes the increase of production to be often attended with a deterioration in the condition of the producers; and this tendency, which would in time put an end to increase of production altogether, is a result of the necessary and inherent conditions of production from the land.

In all countries which have passed beyond a rather early stage in the progress of agriculture, every increase in the demand for food, occasioned by increased population, will always, unless there is a simultaneous improvement in production, diminish the share which on a fair division, would fall to each individual. An increased produc-

tion, in default of unoccupied tracts of fertile land, or of fresh improvements tending to cheapen commodities, can never be obtained but by increasing the labour in more than the same proportion. The population must either work harder, or eat less, or obtain their usual food by sacrificing a part of their other customary comforts. Whenever this necessity is postponed, notwithstanding an increase of population, it is because the improvements which facilitate production continue progressive; because the contrivances of mankind for making their labour more effective, keep up an equal struggle with nature, and extort fresh resources from her reluctant powers as fast as human necessities occupy and engross the old.

From this results the important corollary that the necessity of restraining population is not, as many persons believe, peculiar to a condition of great inequality of property. A greater number of people cannot, in any given state of civilization, be collectively so well provided for as a smaller. The niggardliness of nature, not the injustice of society, is the cause of the penalty attached to over-population. An unjust distribution of wealth does not even aggravate the evil, but, at most, causes it to be somewhat earlier felt. It is in vain to say that all mouths which the increase of mankind calls into existence, bring with them hands. The new mouths require as much food as the old ones, and the hands do not produce as much. If all instruments of production were held in joint property by the whole people, and the produce divided with perfect equality among them, and if, in a society thus constituted, industry were as energetic and the produce as ample as at present, there would be enough to make all the existing population extremely comfortable; but when that population had doubled itself, as, with the existing habits of the people, under such an encouragement, it undoubtedly would in little more than twenty years, what would then be their condition? Unless the arts of production were, in the same time, improved in an almost unexampled degree, the inferior soils which must be resorted to, and the more laborious and scantily remunerative cultivation which must be employed on the superior soils, to procure food for so much larger a population, would, by an insuperable necessity, render every individual in the community poorer than before. If the population continued to increase at the same rate, a time would soon arrive when no one would have more than mere necessaries, and, soon after, a time when no one would have a sufficiency of those, and the further increase of population would be arrested by death.

Whether, at the present or any other time, the produce of industry, proportionally to the labour employed, is increasing or diminish-

ing, and the average condition of the people improving or deteriorating, depends upon whether population is advancing faster than improvement, or improvement than population. . . .

During the twenty or thirty years last elapsed [1857], so rapid has been the extension of improved processes of agriculture, that even the land yields a greater produce in proportion to the labour employed; the average price of corn had become decidedly lower, even before the repeal of the corn laws had so materially lightened, for the time being, the pressure of population upon production. But though improvement may, during a certain space of time, keep up with, or even surpass, the actual increase of population, it assuredly never comes up to the rate of increase of which population is capable; and nothing could have prevented a general deterioration in the condition of the human race, were it not that population has in fact been restrained. Had it been restrained still more, and the same improvements taken place, there would have been a larger dividend than there now is, for the nation or the species at large. The new ground wrung from nature by the improvements would not have been all used up in the support of mere numbers. Though the gross produce would not have been so great, there would have been a greater produce per head of the population.

3. When the growth of numbers outstrips the progress of improvement, and a country is driven to obtain the means of subsistence on terms more and more unfavourable, by the inability of its land to meet additional demands except on more onerous conditions; there are two expedients by which it may hope to mitigate that disagreeable necessity, even though no change should take place in the habits of the people with respect to their rate of increase. One of these expedients is the importation of food from abroad. The other is emigration.

The admission of cheaper food from a foreign country is equivalent to an agricultural invention by which food could be raised at a similarly diminished cost at home. It equally increases the productive power of labour. The return was, before, so much food for so much labour employed in the growth of food; the return is now a greater quantity of food, for the same labour employed in producing cottons or hardware or some other commodity, to be given in exchange for food. The one improvement, like the other, throws back the decline of the productive power of labour by a certain distance; but in the one case as in the other, it immediately resumes its course; the tide which has receded instantly begins to re-advance. . . .

4. . . . [T]here is another resource which can be invoked by a nation whose increasing numbers press hard, not against their capital,

but against the productive capacity of their land: I mean Emigration, especially in the form of Colonization. Of this remedy, the efficacy, as far as it goes, is real, since it consists in seeking elsewhere those unoccupied tracts of fertile land, which if they existed at home would enable the demand of an increasing population to be met without any falling off in the productiveness of labour. . . .

But, these things being as they are—though a judiciously conducted emigration is a most important resource for suddenly lightening the pressure of population by a single effort; and though, in such an extraordinary case as that of Ireland under the threefold operation of the potato failure, the poor law, and the general turning-out of tenantry throughout the country, spontaneous emigration may, at a particular crisis, remove greater multitudes than it was ever proposed to remove at once by any national scheme—it still remains to be shown by experience whether a permanent stream of emigration can be kept up, sufficient to take off, as in America, all that portion of the annual increase (when proceeding at its greatest rapidity) which, being in excess of the progress made during the same short period in the arts of life, tends to render living more difficult for every average-situated individual in the community. And unless this can be done, emigration cannot, even in an economical point of view, dispense with the necessity of checks to population. . . .

Book II



DISTRIBUTION

Book II, Chapter I *Of Property*

1. The principles which have been set forth in the first part of this treatise are, in certain respects, strongly distinguished from those on the consideration of which we are now about to enter. The laws and conditions of the Production of wealth partake of the character of physical truths. There is nothing optional or arbitrary in them. Whatever mankind produce must be produced in the modes, and under the conditions, imposed by the constitution of external things, and by the inherent properties of their own bodily and mental structure. Whether they like it or not, their productions will be limited by the amount of their previous accumulation, and, that being given, it will be proportional to their energy, their skill, the perfection of their machinery, and their judicious use of the advantages of combined labour. . . . We cannot, indeed, foresee to what extent the modes of production may be altered, or the productiveness of labour increased, by future extensions of our knowledge of the laws of nature, suggesting new processes of industry of which we have, at present, no conception. But howsoever we may succeed in making for ourselves more space within the limits set by the constitution of things, we know that there must be limits. We cannot alter the ultimate properties either of matter or mind, but can only employ those properties more or less successfully, to bring about the events in which we are interested.

It is not so with the Distribution of wealth. That is a matter of human institution solely. The things once there, mankind, individually or collectively, can do with them as they like. They can place

them at the disposal of whomsoever they please, and on whatever terms. Further, in the social state, in every state except total solitude, any disposal whatever of them can only take place by the consent of society, or rather of those who dispose of its active force. Even what a person has produced by his individual toil, unaided by anyone, he cannot keep, unless by the permission of society. Not only can society take it from him, but individuals could and would take it from him, if society only remained passive; if it did not either interfere *en masse*, or employ and pay people for the purpose of preventing him from being disturbed in the possession. The distribution of wealth, therefore, depends on the laws and customs of society. The rules by which it is determined are what the opinions and feelings of the ruling portion of the community make them, and are very different in different ages and countries; and might be still more different, if mankind so chose.

. . . We have here to consider, not the causes, but the consequences, of the rules according to which wealth may be distributed. Those, at least, are as little arbitrary, and have as much the character of physical laws, as the laws of production. Human beings can control their own acts, but not the consequences of their acts, either to themselves or to others. Society can subject the distribution of wealth to whatever rules it thinks best; but what practical results will flow from the operation of those rules must be discovered, like any other physical or mental truths, by observation and reasoning.

We proceed, then, to the consideration of the different modes of distributing the produce of land and labour, which have been adopted in practice, or may be conceived in theory. Among these, our attention is first claimed by that primary and fundamental institution on which, unless in some exceptional and very limited cases, the economical arrangements of society have always rested; though in its secondary features it has varied, and is liable to vary. I mean, of course, the institution of individual property.

2. Private property, as an institution, did not owe its origin to any of those considerations of utility, which plead for the maintenance of it when established. Enough is known of rude ages, both from history and from analogous states of society in our own time, to show that tribunals (which always precede laws) were originally established, not to determine rights, but to repress violence and terminate quarrels. With this object chiefly in view, they naturally enough gave legal effect to first occupancy, by treating as the aggressor the person who first commenced violence, by turning, or attempting to turn, another out of possession. The preservation of the peace, which was

the original object of civil government, was thus attained: while by confirming, to those who already possessed it, even what was not the fruit of personal exertion, a guarantee was incidentally given to them and others that they would be protected in what was so.

In considering the institution of property as a question in social philosophy, we must leave out of consideration its actual origin in any of the existing nations of Europe. We may suppose a community unhampered by any previous possession; a body of colonists occupying, for the first time, an uninhabited country; bringing nothing with them but what belonged to them in common, and having a clear field for the adoption of the institutions and polity which they judged most expedient; required, therefore, to choose whether they would conduct the work of production on the principle of individual property, or on some system of common ownership and collective agency.

If private property were adopted, we must presume that it would be accompanied by none of the initial inequalities and injustices which obstruct the beneficial operation of the principle in old societies. Every full grown man or woman, we must suppose, would be secured in the unfettered use and disposal of his or her bodily and mental faculties; and the instruments of production, the land and tools, would be divided fairly among them, so that all might start, in respect to outward appliances, on equal terms. It is possible also to conceive that in this original apportionment, compensation might be made for the injuries of nature, and the balance redressed by assigning to the less robust members of the community advantages in the distribution, sufficient to put them on a par with the rest. But the division, once made, would not again be interfered with; individuals would be left to their own exertions and to the ordinary chances, for making an advantageous use of what was assigned to them. If individual property, on the contrary, were excluded, the plan which must be adopted would be to hold the land and all instruments of production as the joint property of the community, and to carry on the operations of industry on the common account. The direction of the labour of the community would devolve upon a magistrate or magistrates, whom we may suppose elected by the suffrages of the community, and whom we must assume to be voluntarily obeyed by them. The division of the produce would, in like manner, be a public act. The principle might either be that of complete equality, or of apportionment to the necessities or deserts of individuals, in whatever manner might be conformable to the ideas of justice or policy prevailing in the community. . . .

The assailants of the principle of individual property may be divided into two classes: those whose scheme implies absolute equality in the distribution of the physical means of life and enjoyment, and those who admit inequality, but grounded on some principle, or supposed principle, of justice or general expediency, and not, like so many of the existing social inequalities, dependent on accident alone. At the head of the first class, as the earliest of those belonging to the present generation, must be placed Mr. Owen and his followers. M. Louis Blanc and M. Cabet have more recently become conspicuous as apostles of similar doctrines (though the former advocates equality of distribution only as a transition to a still higher standard of justice, that all should work according to their capacity, and receive according to their wants). The characteristic name for this economical system is Communism, a word of continental origin, only of late introduced into this country. The word Socialism, which originated among the English Communists and was assumed by them as a name to designate their own doctrine, is now [1849], on the Continent, employed in a larger sense; not necessarily implying Communism, or the entire abolition of private property, but applied to any system which requires that the land and the instruments of production should be the property, not of individuals, but of communities or associations, or of the government. Among such systems, the two of highest intellectual pretension are those which, from the names of their real or reputed authors, have been called St. Simonism and Fourierism; the former defunct as a system, but which during the few years of its public promulgation, sowed the seeds of nearly all the Socialist tendencies which have since spread so widely in France: the second, still [1865] flourishing in the number, talent, and zeal of its adherents.

3. Whatever may be the merits or defects of these various schemes, they cannot be truly said to be impracticable. . . .

The objection ordinarily made to a system of community of property and equal distribution of the produce, that each person would be incessantly occupied in evading his fair share of the work, points, undoubtedly, to a real difficulty. But those who urge this objection forget to how great an extent the same difficulty exists under the system on which nine-tenths of the business of society is now conducted. The objection supposes that honest and efficient labour is only to be had from those who are themselves individually to reap the benefit of their own exertions. But how small a part of all the labour performed in England, from the lowest-paid to the highest, is done by persons working for their own benefit. From the Irish reaper or

hodman to the chief justice or the minister of state, nearly all the work of society is remunerated by day wages or fixed salaries. A factory operative has less personal interest in his work than a member of a Communist association, since he is not, like him, working for a partnership of which he is himself a member. It will no doubt be said that though the labourers themselves have not, in most cases, a personal interest in their work, they are watched and superintended, and their labour directed, and the mental part of the labour performed, by persons who have. Even this, however, is far from being universally the fact. In all public, and many of the largest and most successful private undertakings, not only the labours of detail but the control and superintendence are entrusted to salaried officers. And though the "master's eye," when the master is vigilant and intelligent, is of proverbial value, it must be remembered that in a Socialist farm or manufactory, each labourer would be under the eye, not of one master, but of the whole community. In the extreme case of obstinate perseverance in not performing the due share of work, the community would have the same resources which society now has for compelling conformity to the necessary conditions of the association. Dismissal, the only remedy at present, is no remedy when any other labourer who may be engaged does no better than his predecessor: the power of dismissal only enables an employer to obtain from his workmen the customary amount of labour, but that customary labour may be of any degree of inefficiency. Even the labourer who loses his employment by idleness or negligence has nothing worse to suffer, in the most unfavourable case, than the discipline of a workhouse, and if the desire to avoid this be a sufficient motive in the one system, it would be sufficient in the other. I am not undervaluing the strength of the incitement given to labour when the whole or a large share of the benefit of extra exertion belongs to the labourer. But under the present system of industry, this incitement, in the great majority of cases, does not exist. If Communistic labour might be less vigorous than that of a peasant proprietor, or a workman labouring on his own account, it would probably be more energetic than that of a labourer for hire, who has no personal interest in the matter at all. . . . Undoubtedly, as a general rule, remuneration by fixed salaries does not, in any class of functionaries, produce the maximum of zeal; and this is as much as can be reasonably alleged against Communistic labour.

That even this inferiority would necessarily exist is by no means so certain as is assumed by those who are little used to carrying their minds beyond the state of things with which they are familiar.

Mankind are capable of a far greater amount of public spirit than the present age is accustomed to suppose possible. History bears witness to the success with which large bodies of human beings may be trained to feel the public interest their own. And no soil could be more favourable to the growth of such a feeling than a Communist association, since all the ambition, and the bodily and mental activity, which are now exerted in the pursuit of separate and self-regarding interests, would require another sphere of employment, and would naturally find it in the pursuit of the general benefit of the community. The same cause, so often assigned in explanation of the devotion of the Catholic priest or monk to the interest of his order—that he has no interest apart from it—would, under Communism, attach the citizen to the community. And independently of the public motive, every member of the association would be amenable to the most universal, and one of the strongest, of personal motives, that of public opinion. The force of this motive in deterring from any act or omission positively reprov'd by the community, no one is likely to deny; but the power also of emulation, in exciting to the most strenuous exertions for the sake of the approbation and admiration of others, is borne witness to by experience in every situation in which human beings publicly compete with one another, even if it be in things frivolous, or from which the public derive no benefit. A contest, who can do most for the common good, is not the kind of competition which Socialists repudiate. To what extent, therefore, the energy of labour would be diminished by Communism, or whether in the long run it would be diminished at all, must be considered for the present an undecided question.

Another of the objections to Communism is similar to that so often urged against Poor Laws: that if every member of the community were assured of subsistence for himself and any number of children, on the sole condition of willingness to work, prudential restraint on the multiplication of mankind would be at an end, and population would start forward at a rate which would reduce the community, through successive stages of increasing discomfort, to actual starvation. There would certainly be much ground for this apprehension if Communism provided no motives to restraint equivalent to those which it would take away. But Communism is precisely the state of things in which opinion might be expected to declare itself with greatest intensity against this kind of selfish intemperance. Any augmentation of numbers which diminished the comfort or increased the toil of the mass, would then cause (which now it does not) immediate and unmistakeable inconvenience to every individ-

ual in the association; inconvenience which could not then be imputed to the avarice of employers, or the unjust privileges of the rich. In such altered circumstances, opinion could not fail to reprobate, and if reprobation did not suffice, to repress by penalties of some description, this or any other culpable self-indulgence at the expense of the community. The Communistic scheme, instead of being peculiarly open to the objection drawn from danger of over-population, has the recommendation of tending in an especial degree to the prevention of that evil.

A more real difficulty is that of fairly apportioning the labour of the community among its members. There are many kinds of work, and by what standard are they to be measured one against another? Who is to judge how much cotton spinning, or distributing goods from the stores, or bricklaying, or chimney sweeping, is equivalent to so much ploughing? . . . Besides, even in the same kind of work, nominal equality of labour would be so great a real inequality that the feeling of justice would revolt against its being enforced. All persons are not equally fit for all labour; and the same quantity of labour is an unequal burthen on the weak and the strong, the hardy and the delicate, the quick and the slow, the dull and the intelligent.

But these difficulties, though real, are not necessarily insuperable. The apportionment of work to the strength and capacities of individuals, the mitigation of a general rule to provide for cases in which it would operate harshly, are not problems to which human intelligence, guided by a sense of justice, would be inadequate. And the worst and most unjust arrangement which could be made of these points, under a system aiming at equality, would be so far short of the inequality and injustice with which labour (not to speak of remuneration) is now apportioned, as to be scarcely worth counting in comparison. We must remember too, that Communism, as a system of society, exists only in idea; that its difficulties, at present, are much better understood than its resources; and that the intellect of mankind is only beginning to contrive the means of organizing it in detail, so as to overcome the one and derive the greatest advantage from the other.

If, therefore, the choice were to be made between Communism, with all its chances, and the present [1852] state of society, with all its sufferings and injustices; if the institution of private property necessarily carried with it, as a consequence, that the produce of labour should be apportioned as we now see it, almost in an inverse ratio to the labour—the largest portions to those who have never worked at all, the next largest to those whose work is almost nominal, and so in

a descending scale, the remuneration dwindling as the work grows harder and more disagreeable, until the most fatiguing and exhausting bodily labour cannot count with certainty on being able to earn even the necessaries of life—if this or Communism were the alternative, all the difficulties, great or small, of Communism would be but as dust in the balance. But to make the comparison applicable, we must compare Communism, at its best, with the régime of individual property, not as it is, but as it might be made. The principle of private property has never yet had a fair trial in any country; and less so, perhaps, in this country than in some others. The social arrangements of modern Europe commenced from a distribution of property which was the result, not of just partition, or acquisition by industry, but of conquest and violence; and notwithstanding what industry has been doing for many centuries to modify the work of force, the system still retains many and large traces of its origin. The laws of property have never yet conformed to the principles on which the justification of private property rests. They have made property of things which never ought to be property, and absolute property where only a qualified property ought to exist. They have not held the balance fairly between human beings, but have heaped impediments upon some, to give advantage to others; they have purposely fostered inequalities, and prevented all from starting fair in the race. That all should indeed start on perfectly equal terms is inconsistent with any law of private property; but if as much pains as has been taken to aggravate the inequality of chances arising from the natural working of the principle, had been taken to temper that inequality by every means not subversive of the principle itself; if the tendency of legislation had been to favour the diffusion, instead of the concentration of wealth—to encourage the subdivision of the large masses, instead of striving to keep them together—the principle of individual property would have been found to have no necessary connexion with the physical and social evils which almost all Socialist writers assume to be inseparable from it.

Private property, in every defence made of it, is supposed to mean the guarantee to individuals of the fruits of their own labour and abstinence. The guarantee to them of the fruits of the labour and abstinence of others, transmitted to them without any merit or exertion of their own, is not of the essence of the institution, but a mere incidental consequence; which, when it reaches a certain height, does not promote, but conflicts with, the ends which render private property legitimate. To judge of the final destination of the institution of property, we must suppose everything rectified, which causes

the institution to work in a manner opposed to that equitable principle of proportion between remuneration and exertion, on which, in every vindication of it that will bear the light, it is assumed to be grounded. We must also suppose two conditions realized, without which neither Communism nor any other laws or institutions could make the condition of the mass of mankind other than degraded and miserable. One of these conditions is universal education; the other, a due limitation of the numbers of the community. With these, there could be no poverty, even under the present social institutions; and these being supposed, the question of Socialism is not, as generally stated by Socialists, a question of flying to the sole refuge against the evils which now bear down humanity; but a mere question of comparative advantages, which futurity must determine. We are too ignorant either of what individual agency in its best form, or Socialism in its best form, can accomplish, to be qualified to decide which of the two will be the ultimate form of human society.

If a conjecture may be hazarded, the decision will probably depend mainly on one consideration, viz. which of the two systems is consistent with the greatest amount of human liberty and spontaneity. After the means of subsistence are assured, the next in strength of the personal wants of human beings is liberty; and (unlike the physical wants, which as civilization advances, become more moderate and more amenable to control) it increases instead of diminishing in intensity, as the intelligence and the moral faculties are more developed. The perfection both of social arrangements and of practical morality would be to secure to all persons complete independence and freedom of action, subject to no restriction but that of not doing injury to others; and the education which taught or the social institutions which required them to exchange the control of their own actions for any amount of comfort or affluence, or to renounce liberty for the sake of equality, would deprive them of one of the most elevated characteristics of human nature. It remains to be discovered how far the preservation of this characteristic would be found compatible with the Communistic organization of society. No doubt, this, like all the other objections to the Socialist schemes, is vastly exaggerated. The members of the association need not be required to live together more than they do now, nor need they be controlled in the disposal of their individual share of the produce, and of the probably large amount of leisure which, if they limited their production to things really worth producing, they would possess. Individuals need not be chained to an occupation, or to a particular locality. The restraints of Communism would be freedom in

comparison with the present condition of the majority of the human race. The generality of labourers, in this and most other countries, have as little choice of occupation or freedom of locomotion, are practically as dependent on fixed rules and on the will of others, as they could be on any system short of actual slavery; to say nothing of the entire domestic subjection of one half the species, to which it is the signal honour of Owenism and most other forms of Socialism that they assign equal rights, in all respects, with those of the hitherto dominant sex. But it is not by comparison with the present bad state of society that the claims of Communism can be estimated; nor is it sufficient that it should promise greater personal and mental freedom than is now enjoyed by those who have not enough of either to deserve the name. The question is whether there would be any asylum left for individuality of character; whether public opinion would not be a tyrannical yoke; whether the absolute dependence of each on all, and surveillance of each by all, would not grind all down into a tame uniformity of thoughts, feelings, and actions. This is already one of the glaring evils of the existing state of society, notwithstanding a much greater diversity of education and pursuits, and a much less absolute dependence of the individual on the mass, than would exist in the Communistic régime. No society in which eccentricity is a matter of reproach can be in a wholesome state. It is yet to be ascertained whether the Communistic scheme would be consistent with that multiform development of human nature, those manifold unlikenesses, that diversity of tastes and talents, and variety of intellectual points of view, which not only form a great part of the interest of human life, but by bringing intellects into stimulating collision, and by presenting to each innumerable notions that he would not have conceived of himself, are the mainspring of mental and moral progression.

4. I have thus far confined my observations to the Communistic doctrine, which forms the extreme limit of Socialism; according to which not only the instruments of the land and capital are the joint property of the community, but the produce is divided and the labour apportioned, as far as possible, equally. The objections, whether well or ill grounded, to which Socialism is liable, apply to this form of it in their greatest force. The other varieties of Socialism mainly differ from Communism in not relying solely on what M. Louis Blanc calls the point of honour of industry, but retaining more or less of the incentives to labour derived from private pecuniary interest. Thus, it is already a modification of the strict theory of Communism when the principle is professed of proportioning remuneration to labour.

The attempts which have been made in France to carry Socialism into practical effect, by associations of workmen manufacturing on their own account, mostly began by sharing the remuneration equally, without regard to the quantity of work done by the individual; but in almost every case, this plan was, after a short time, abandoned, and recourse was had to working by the piece. The original principle appeals to a higher standard of justice, and is adapted to a much higher moral condition of human nature. The proportioning of remuneration to work done is really just only insofar as the more or less of the work is a matter of choice; when it depends on natural difference of strength or capacity, this principle of remuneration is in itself an injustice: it is giving to those who have; assigning most to those who are already most favoured by nature. Considered, however, as a compromise with the selfish type of character formed by the present standard of morality, and fostered by the existing social institutions, it is highly expedient; and until education shall have been entirely regenerated, is far more likely to prove immediately successful than an attempt at a higher ideal. . . .

The St. Simonian scheme does not contemplate an equal, but an unequal division of the produce; it does not propose that all should be occupied alike, but differently, according to their vocation or capacity; the function of each being assigned, like grades in a regiment, by the choice of the directing authority, and the remuneration being by salary, proportioned to the importance, in the eyes of that authority, of the function itself, and the merits of the person who fulfils it. For the constitution of the ruling body, different plans might be adopted, consistently with the essentials of the system. It might be appointed by popular suffrage. In the idea of the original authors, the rulers were supposed to be persons of genius and virtue, who obtained the voluntary adhesion of the rest by the force of mental superiority. . . . But to suppose that one or a few human beings, howsoever selected, could, by whatever machinery of subordinate agency, be qualified to adapt each person's work to his capacity, and proportion each person's remuneration to his merits—to be, in fact, the dispensers of distributive justice to every member of a community; or that any use which they could make of this power would give general satisfaction, or would be submitted to without the aid of force—is a supposition almost too chimerical to be reasoned against. A fixed rule, like that of equality, might be acquiesced in, and so might chance, or an external necessity; but that a handful of human beings should weigh everybody in the balance, and give more to one and less to another at their sole pleasure and judgment, would not be

borne, unless from persons believed to be more than men, and backed by supernatural terrors.

The most skilfully combined, and with the greatest foresight of objections, of all the forms of Socialism, is that commonly known as Fourierism. This system does not contemplate the abolition of private property, nor even of inheritance; on the contrary, it avowedly takes into consideration, as an element in the distribution of the produce, capital as well as labour. It proposes that the operations of industry should be carried on by associations of about thousand members, combining their labour on a district of about a square league in extent, under the guidance of chiefs selected by themselves. In the distribution, a certain minimum is first assigned for the subsistence of every member of the community, whether capable or not of labour. The remainder of the produce is shared in certain proportions, to be determined beforehand, among the three elements: Labour, Capital, and Talent. The capital of the community may be owned in unequal shares by different members, who would in that case receive, as in any other joint-stock company, proportional dividends. The claim of each person on the share of the produce apportioned to talent, is estimated by the grade or rank which the individual occupies in the several groups of labourers to which he or she belongs; these grades being in all cases conferred by the choice of his or her companions. The remuneration, when received, would not of necessity be expended or enjoyed in common; there would be separate *ménages* for all who preferred them, and no other community of living is contemplated than that all the members of the association should reside in the same pile of buildings; for saving of labour and expense, not only in building, but in every branch of domestic economy; and in order that, the whole of the buying and selling operations of the community being performed by a single agent, the enormous portion of the produce of industry now carried off by the profits of mere distributors might be reduced to the smallest amount possible.

This system, unlike Communism, does not, in theory at least, withdraw any of the motives to exertion which exist in the present state of society. On the contrary, if the arrangement worked according to the intentions of its contrivers, it would even strengthen those motives; since each person would have much more certainty of reaping individually the fruits of increased skill or energy, bodily or mental, than under the present social arrangements can be felt by any but those who are in the most advantageous positions, or to whom the chapter of accidents is more than ordinarily favourable. The Fourierists, however, have still another resource. They believe that

they have solved the great and fundamental problem of rendering labour attractive. That this is not impracticable, they contend by very strong arguments; in particular, by one which they have in common with the Owenites, viz., that scarcely any labour, however severe, undergone by human beings for the sake of subsistence, exceeds in intensity that which other human beings, whose subsistence is already provided for, are found ready and even eager to undergo for pleasure. This certainly is a most significant fact, and one from which the student in social philosophy may draw important instruction. But the argument founded on it may easily be stretched too far. If occupations full of discomfort and fatigue are freely pursued by many persons as amusements, who does not see that they are amusements exactly because they are pursued freely, and may be discontinued at pleasure? The liberty of quitting a position often makes the whole difference between its being painful and pleasurable. Many a person remains in the same town, street, or house from January to December, without a wish or a thought tending towards removal, who, if confined to that same place by the mandate of authority, would find the imprisonment absolutely intolerable.

According to the Fourierists, scarcely any kind of useful labour is naturally and necessarily disagreeable, unless it is either regarded as dishonourable, or is immoderate in degree, or destitute of the stimulus of sympathy and emulation. Excessive toil needs not, they contend, be undergone by anyone in a society in which there would be no idle class, and no labour wasted, as so enormous an amount of labour is now wasted, in useless things; and where full advantage would be taken of the power of association, both in increasing the efficiency of production, and in economizing consumption. The other requisites for rendering labour attractive would, they think, be found in the execution of all labour by social groups, to any number of which the same individual might simultaneously belong, at his or her own choice; their grade in each being determined by the degree of service which they were found capable of rendering, as appreciated by the suffrages of their comrades. It is inferred from the diversity of tastes and talents, that every member of the community would be attached to several groups, employing themselves in various kinds of occupation, some bodily, others mental, and would be capable of occupying a high place in some one or more; so that a real equality, or something more nearly approaching to it than might at first be supposed, would practically result: not from the compression, but, on the contrary, from the largest possible development, of the various natural superiorities residing in each individual.

Even from so brief an outline, it must be evident that this system does no violence to any of the general laws by which human action, even in the present imperfect state of moral and intellectual cultivation, is influenced; and that it would be extremely rash to pronounce it incapable of success, or unfitted to realize a great part of the hopes founded on it by its partisans. With regard to this, as to all other varieties of Socialism, the thing to be desired, and to which they have a just claim, is opportunity of trial. They are all capable of being tried on a moderate scale, and at no risk, either personal or pecuniary, to any except those who try them. It is for experience to determine how far or how soon any one or more of the possible systems of community of property will be fitted to substitute itself for the "organization of industry" based on private ownership of land and capital. In the meantime, we may, without attempting to limit the ultimate capabilities of human nature, affirm that the political economist, for a considerable time to come, will be chiefly concerned with the conditions of existence and progress belonging to a society founded on private property and individual competition; and that the object to be principally aimed at, in the present stage of human improvement, is not the subversion of the system of individual property, but the improvement of it, and the full participation of every member of the community in its benefits.

Book II, Chapter II

The Same Subject Continued

1. It is next to be considered what is included in the idea of private property, and by what considerations the application of the principle should be bounded.

The institution of property, when limited to its essential elements, consists in the recognition, in each person, of a right to the exclusive disposal of what he or she have produced by their own exertions, or received either by gift or by fair agreement, without force or fraud, from those who produced it. The foundation of the whole is the right of producers to what they themselves have produced. It may be objected, therefore, to the institution as it now exists, that it recognizes rights of property in individuals over things which they have not produced. For example (it may be said), the operatives in a manufactory create, by their labour and skill, the whole produce; yet, instead of its belonging to them, the law gives them only their stipulated hire,

and transfers the produce to someone who has merely supplied the funds, without perhaps contributing anything to the work itself, even in the form of superintendence. The answer to this is that the labour of manufacture is only one of the conditions which must combine for the production of the commodity. The labour cannot be carried on without materials and machinery, nor without a stock of necessaries provided in advance, to maintain the labourers during the production. All these things are the fruits of previous labour. If the labourers were possessed of them, they would not need to divide the produce with anyone; but while they have them not, an equivalent must be given to those who have, both for the antecedent labour, and for the abstinence by which the produce of that labour, instead of being expended on indulgences, has been reserved for this use. The capital may not have been, and in most cases was not, created by the labour and abstinence of the present possessor; but it was created by the labour and abstinence of some former person, who may indeed have been wrongfully dispossessed of it, but who, in the present age of the world, much more probably transferred his claims to the present capitalist by gift or voluntary contract; and the abstinence at least must have been continued by each successive owner, down to the present. If it be said, as it may with truth, that those who have inherited the savings of others have an advantage which they may have in no way deserved, over the industrious whose predecessors have not left them anything; I not only admit, but strenuously contend, that this unearned advantage should be curtailed, as much as is consistent with justice to those who thought fit to dispose of their savings by giving them to their descendants. But while it is true that the labourers are at a disadvantage compared with those whose predecessors have saved, it is also true that the labourers are far better off than if those predecessors had not saved. They share in the advantage, though not to an equal extent with the inheritors. The terms of co-operation between present labour and the fruits of past labour and saving, are a subject for adjustment between the two parties. Each is necessary to the other. The capitalists can do nothing without labourers, nor the labourers without capital. If the labourers compete for employment, the capitalists on their part compete for labour, to the full extent of the circulating capital of the country. Competition is often spoken of as if it were necessarily a cause of misery and degradation to the labouring class; as if high wages were not precisely as much a product of competition as low wages. The remuneration of labour is as much the result of the law of competition in the United States as it is in Ireland, and much more completely so than in England. The right

of property includes, then, the freedom of acquiring by contract. The right of each to what he has produced implies a right to what has been produced by others, if obtained by their free consent; since the producers must either have given it from good will, or exchanged it for what they esteemed an equivalent, and to prevent them from doing so would be to infringe their right of property in the product of their own industry.

2. Before proceeding to consider the things which the principle of individual property does not include, we must specify one more thing which it does include: and this is that a title, after a certain period, should be given by prescription. According to the fundamental idea of property, indeed, nothing ought to be treated as such, which has been acquired by force or fraud, or appropriated in ignorance of a prior title vested in some other person; but it is necessary to the security of rightful possessors that they should not be molested by charges of wrongful acquisition, when by the lapse of time witnesses must have perished or been lost sight of, and the real character of the transaction can no longer be cleared up. Possession which has not been legally questioned within a moderate number of years ought to be, as by the laws of all nations it is, a complete title. Even when the acquisition was wrongful, the dispossession, after a generation has elapsed, of the probably *bonâ fide* possessors, by the revival of a claim which had been long dormant, would generally be a greater injustice, and almost always a greater private and public mischief, than leaving the original wrong without atonement. It may seem hard that a claim, originally just, should be defeated by mere lapse of time; but there is a time after which (even looking at the individual case, and without regard to the general effect on the security of possessors), the balance of hardship turns the other way. With the injustices of men, as with the convulsions and disasters of nature, the longer they remain unrepaired, the greater become the obstacles to repairing them, arising from the aftergrowths which would have to be torn up or broken through. In no human transactions, not even in the simplest and clearest, does it follow that a thing is fit to be done now because it was fit to be done sixty years ago. It is scarcely needful to remark that these reasons for not disturbing acts of injustice of old date cannot apply to unjust systems or institutions; since a bad law or usage is not one bad act, in the remote past, but a perpetual repetition of bad acts, as long as the law or usage lasts.

Such, then, being the essentials of private property, it is now to be considered, to what extent the forms in which the institution has existed in different states of society, or still exists, are necessary conse-

quences of its principle, or are recommended by the reasons on which it is grounded.

3. Nothing is implied in property but the right of each to his (or her) own faculties, to what he can produce by them, and to whatever he can get for them in a fair market; together with his right to give this to any other person if he chooses, and the right of that other to receive and enjoy it.

It follows, therefore, that although the right of bequest, or gift after death, forms part of the idea of private property, the right of inheritance, as distinguished from bequest, does not. That the property of persons who have made no disposition of it during their lifetime, should pass first to their children, and failing them, to the nearest relations, may be a proper arrangement or not, but is no consequence of the principle of private property. Although there belong to the decision of such questions many considerations besides those of political economy, it is not foreign to the plan of this work to suggest, for the judgment of thinkers, the view of them which most recommends itself to the writer's mind.

No presumption in favour of existing ideas on this subject is to be derived from their antiquity. In early ages, the property of a deceased person passed to his children and nearest relatives by so natural and obvious an arrangement that no other was likely to be even thought of in competition with it. In the first place, they were usually present on the spot: they were in possession, and if they had no other title, had that, so important in an early state of society, of first occupancy. Secondly, they were already, in a manner, joint owners of his property during his life. If the property was in land, it had generally been conferred by the State on a family, rather than on an individual; if it consisted of cattle or moveable goods, it had probably been acquired, and was certainly protected and defended, by the united efforts of all members of the family who were of an age to work or fight. Exclusive individual property, in the modern sense, scarcely entered into the ideas of the time; and when the first magistrate of the association died, he really left nothing vacant but his own share in the division, which devolved on the member of the family who succeeded to his authority. To have disposed of the property otherwise would have been to break up a little commonwealth, united by ideas, interest, and habits, and to cast them adrift on the world. These considerations, though rather felt than reasoned about, had so great an influence on the minds of mankind as to create the idea of an inherent right in the children to the possessions of their ancestor; a right which it was not competent to himself to defeat. Bequest, in a primitive state

of society, was seldom recognized; a clear proof, were there no other, that property was conceived in a manner totally different from the conception of it in the present time.

But the feudal family, the last historical form of patriarchal life, has long perished, and the unit of society is not now the family or clan, composed of all the reputed descendants of a common ancestor, but the individual; or at most a pair of individuals, with their unemancipated children. Property is now inherent in individuals, not in families: the children, when grown up, do not follow the occupations or fortunes of the parent; if they participate in the parent's pecuniary means, it is at his or her pleasure, and not by a voice in the ownership and government of the whole, but generally by the exclusive enjoyment of a part; and in this country at least (except as far as entails or settlements are an obstacle), it is in the power of parents to disinherit even their children, and leave their fortune to strangers. More distant relatives are, in general, almost as completely detached from the family and its interests as if they were in no way connected with it. The only claim they are supposed to have on their richer relations is to a preference, *cæteris paribus*, in good offices, and some aid in case of actual necessity.

So great a change in the constitution of society must make a considerable difference in the grounds on which the disposal of property by inheritance should rest. The reasons usually assigned by modern writers for giving the property of a person who dies intestate to the children, or nearest relatives, are, first, the supposition that in so disposing of it, the law is more likely than in any other mode to do what the proprietor would have done, if he had done anything; and secondly, the hardship, to those who lived with their parents and partook in their opulence, of being cast down from the enjoyments of wealth into poverty and privation.

There is some force in both these arguments. The law ought, no doubt, to do for the children or dependents of an intestate whatever it was the duty of the parent or protector to have done, so far as this can be known by anyone besides himself. Since, however, the law cannot decide on individual claims, but must proceed by general rules, it is next to be considered what these rules should be.

We may first remark that in regard to collateral relatives, it is not, unless on grounds personal to the particular individual, the duty of anyone to make a pecuniary provision for them. No one now expects it, unless there happen to be no direct heirs; nor would it be expected even then, if the expectation were not created by the provisions of the law in case of intestacy. I see, therefore, no reason why collateral

inheritance should exist at all. Mr. Bentham long ago proposed, and other high authorities have agreed in the opinion, that if there are no heirs either in the descending or in the ascending line, the property, in case of intestacy, should escheat to the State. With respect to the more remote degrees of collateral relationship, the point is not very likely to be disputed. Few will maintain that there is any good reason why the accumulations of some childless miser should, on his death (as every now and then happens), go to enrich a distant relative who never saw him, who perhaps never knew himself to be related to him until there was something to be gained by it, and who had no moral claim upon him of any kind, more than the most entire stranger. But the reason of the case applies alike to all collaterals, even in the nearest degree. Collaterals have no real claims, but such as may be equally strong in the case of non-relatives; and in the one case as in the other, where valid claims exist, the proper mode of paying regard to them is by bequest.

The claims of children are of a different nature: they are real and indefeasible. But even of these, I venture to think that the measure usually taken is an erroneous one: what is due to children is in some respects underrated; in others, as it appears to me, exaggerated. One of the most binding of all obligations, that of not bringing children into the world unless they can be maintained in comfort during childhood, and brought up with a likelihood of supporting themselves when of full age, is both disregarded in practice and made light of in theory in a manner disgraceful to human intelligence. On the other hand, when the parent possesses property, the claims of the children upon it seem to me to be the subject of an opposite error. Whatever fortune a parent may have inherited, or still more, may have acquired, I cannot admit that he owes to his children, merely because they are his children, to leave them rich, without the necessity of any exertion. I could not admit it, even if to be so left were always, and certainly, for the good of the children themselves. But this is, in the highest degree, uncertain. It depends on individual character. Without supposing extreme cases, it may be affirmed that in a majority of instances, the good not only of society, but of the individuals would be better consulted by bequeathing to them a moderate, than a large provision. This, which is a commonplace of moralists ancient and modern, is felt to be true by many intelligent parents, and would be acted upon much more frequently if they did not allow themselves to consider less what really is, than what will be thought by others to be, advantageous to the children.

The duties of parents to their children are those which are indissolubly to the fact of causing the existence of a human being. The parent owes to society to endeavour to make the child a good and valuable member of it, and owes to the children to provide, so far as depends on him, such education, and such appliances and means, as will enable them to start with a fair chance of achieving, by their own exertions, a successful life. To this every child has a claim; and I cannot admit that as a child he has a claim to more. There is a case in which these obligations present themselves in their true light, without any extrinsic circumstances to disguise or confuse them: it is that of an illegitimate child. To such a child, it is generally felt that there is due from the parent, the amount of provision for his welfare which will enable him to make his life, on the whole, a desirable one. I hold that to no child, merely as such, anything more is due than what is admitted to be due to an illegitimate child; and that no child for whom thus much has been done has, unless on the score of previously raised expectations, any grievance, if the remainder of the parent's fortune is devoted to public uses, or to the benefit of individuals on whom, in the parent's opinion, it is better bestowed.

In order to give the children that fair chance of a desirable existence, to which they are entitled, it is generally necessary that they should not be brought up from childhood in habits of luxury which they will not have the means of indulging in after-life. This, again, is a duty often flagrantly violated by possessors of terminable incomes, who have little property to leave. When the children of rich parents have lived, as it is natural they should do, in habits corresponding to the scale of expenditure in which the parents indulge, it is generally the duty of the parents to make a greater provision for them than would suffice for children otherwise brought up. I say generally, because even here there is another side to the question. It is a proposition quite capable of being maintained, that to a strong nature which has to make its way against narrow circumstances, to have known early some of the feelings and experiences of wealth, is an advantage both in the formation of character and in the happiness of life. But allowing that children have a just ground of complaint who have been brought up to require luxuries which they are not afterwards likely to obtain, and that their claim, therefore, is good to a provision bearing some relation to the mode of their bringing up; this, too, is a claim which is particularly liable to be stretched further than its reasons warrant. The case is exactly that of the younger children of the nobility and landed gentry, the bulk of whose fortune passes to the eldest son. The other sons, who are usually

numerous, are brought up in the same habits of luxury as the future heir, and they receive, as a younger brother's portion, generally what the reason of the case dictates: namely, enough to support, in the habits of life to which they are accustomed, themselves, but not a wife or children. It really is no grievance to any man that for the means of marrying and of supporting a family, he has to depend on his own exertions.

A provision, then, such as is admitted to be reasonable in the case of illegitimate children, for younger children, wherever in short the justice of the case, and the real interests of the individuals and of society, are the only things considered, is, I conceive, all that parents owe to their children; and all, therefore, which the State owes to the children of those who die intestate. The surplus, if any, I hold that it may rightfully appropriate to the general purposes of the community. I would not, however, be supposed to recommend that parents should never do more for their children than what, merely as children, they have a moral right to. In some cases it is imperative, in many laudable, and in all allowable, to do much more. For this, however, the means are afforded by the liberty of bequest. It is due, not to the children, but to the parents, that they should have the power of showing marks of affection, of requiting services and sacrifices, and of bestowing their wealth according to their own preferences, or their own judgment of fitness.

4. Whether the power of bequest should itself be subject to limitation is an ulterior question of great importance. Unlike inheritance *ab intestato*, bequest is one of the attributes of property: the ownership of a thing cannot be looked upon as complete without the power of bestowing it, at death or during life, at the owner's pleasure; and all the reasons, which recommend that private property should exist, recommend *pro tanto* this extension of it. But property is only a means to an end, not itself the end. Like all other proprietary rights, and even in a greater degree than most, the power of bequest may be so exercised as to conflict with the permanent interests of the human race. It does so when, not content with bequeathing an estate to A, the testator prescribes that on A's death, it shall pass to his eldest son, and to that son's son, and so on forever. No doubt, persons have occasionally exerted themselves more strenuously to acquire a fortune from the hope of founding a family in perpetuity; but the mischiefs to society of such perpetuities outweigh the value of this incentive to exertion, and the incentives, in the case of those who have the opportunity of making large fortunes, are strong enough without it. A similar abuse of the power of bequest is committed when a person who

does the meritorious act of leaving property for public uses, attempts to prescribe the details of its application in perpetuity; when in founding a place of education (for instance), he dictates, forever, what doctrines shall be taught. It being impossible that anyone should know what doctrines will be fit to be taught after he has been dead for centuries, the law ought not to give effect to such dispositions of property, unless subject to the perpetual revision (after a certain interval has elapsed) of a fitting authority.

These are obvious limitations. But even the simplest exercise of the right of bequest, that of determining the person to whom property shall pass immediately on the death of the testator, has always been reckoned among the privileges which might be limited or varied, according to views of expediency. The limitations, hitherto, have been almost solely in favour of children. In England, the right is in principle unlimited, almost the only impediment being that arising from a settlement by a former proprietor, in which case the holder, for the time being, cannot indeed bequeath his possessions, but only because there is nothing to bequeath, he having merely a life interest. By the Roman law, on which the civil legislation of the Continent of Europe is principally founded, bequest originally was not permitted at all, and even after it was introduced, a *legitima portio* was compulsorily reserved for each child; and such is still the law in some of the Continental nations. By the French law since the Revolution, the parent can only dispose by will of a portion equal to the share of one child, each of the children taking an equal portion. This entail, as it may be called, of the bulk of everyone's property upon the children collectively, seems to me as little defensible in principle as an entail in favour of one child, though it does not shock so directly the idea of justice. I cannot admit that parents should be compelled to leave to their children even that provision which, as children, I have contended that they have a moral claim to. Children may forfeit that claim by general unworthiness, or particular ill conduct to the parents; they may have other resources or prospects: what has been previously done for them, in the way of education and advancement in life, may fully satisfy their moral claim; or others may have claims superior to theirs.

The extreme restriction of the power of bequest in French law, was adopted as a democratic expedient, to break down the custom of primogeniture, and counteract the tendency of inherited property to collect in large masses. I agree in thinking these objects eminently desirable; but the means used are not, I think, the most judicious. Were I framing a code of laws according to what seems to me best in

itself, without regard to existing opinions and sentiments, I should prefer to restrict, not what anyone might bequeath, but what anyone should be permitted to acquire, by bequest or inheritance. Each person should have power to dispose by will of his or her whole property; but not to lavish it in enriching some one individual, beyond a certain maximum, which should be fixed sufficiently high to afford the means of comfortable independence. The inequalities of property which arise from unequal industry, frugality, perseverance, talents, and, to a certain extent, even opportunities, are inseparable from the principle of private property, and if we accept the principle, we must bear with these consequences of it; but I see nothing objectionable in fixing a limit to what anyone may acquire by the mere favour of others, without any exercise of his faculties, and in requiring that if he desires any further accession of fortune, he shall work for it. I do not conceive that the degree of limitation which this would impose on the right of bequest would be felt as a burthensome restraint by any testator who estimated a large fortune at its true value, that of the pleasures and advantages that can be purchased with it; on even the most extravagant estimate of which, it must be apparent to everyone that the difference to the happiness of the possessor between a moderate independence and five times as much, is insignificant when weighed against the enjoyment that might be given, and the permanent benefits diffused, by some other disposal of the four-fifths. So long indeed as the opinion practically prevails, that the best thing which can be done for objects of affection is to heap on them to satiety those intrinsically worthless things on which large fortunes are mostly expended, there might be little use in enacting such a law, even if it were possible to get it passed, since if there were the inclination, there would generally be the power of evading it. The law would be unavailing unless the popular sentiment went energetically along with it; which (judging from the tenacious adherence of public opinion in France to the law of compulsory division) it would, in some states of society and government, be very likely to do, however much the contrary may be the fact in England and at the present time. If the restriction could be made practically effectual, the benefit would be great. Wealth which could no longer be employed in over-enriching a few would either be devoted to objects of public usefulness, or if bestowed on individuals, would be distributed among a larger number. While those enormous fortunes which no one needs for any personal purpose but ostentation or improper power would become much less numerous, there would be a great multiplication of persons in easy circumstances, with the advantages

of leisure, and all the real enjoyments which wealth can give, except those of vanity; a class by whom the services which a nation having leisured classes is entitled to expect from them, either by their direct exertions or by the tone they give to the feelings and tastes of the public, would be rendered in a much more beneficial manner than at present. A large portion also of the accumulations of successful industry would probably be devoted to public uses, either by direct bequests to the State, or by the endowment of institutions; as is already done very largely in the United States, where the ideas and practice in the matter of inheritance seem to be unusually rational and beneficial.

5. The next point to be considered is whether the reasons on which the institution of property rests are applicable to all things in which a right of exclusive ownership is at present recognized; and if not, on what other grounds the recognition is defensible.

The essential principle of property being to assure to all persons what they have produced by their labour and accumulated by their abstinence, this principle cannot apply to what is not the produce of labour, the raw material of the earth. If the land derived its productive power wholly from nature, and not at all from industry, or if there were any means of discriminating what is derived from each source, it not only would not be necessary, but it would be the height of injustice, to let the gift of nature be engrossed by individuals. The use of the land in agriculture must indeed, for the time being, be of necessity exclusive; the same person who has ploughed and sown must be permitted to reap; but the land might be occupied for one season only, as among the ancient Germans; or might be periodically redivided as population increased; or the State might be the universal landlord, and the cultivators tenants under it, either on lease or at will.

But though land is not the produce of industry, most of its valuable qualities are so. Labour is not only requisite for using, but almost equally so for fashioning, the instrument. Considerable labour is often required at the commencement, to clear the land for cultivation. In many cases, even when cleared, its productiveness is wholly the effect of labour and art. The Bedford Level produced little or nothing until artificially drained. The bogs of Ireland, until the same thing is done to them, can produce little besides fuel. One of the barrenest soils in the world, composed of the material of the Goodwin Sands, the Pays de Waes in Flanders, has been so fertilized by industry as to have become one of the most productive in Europe. Cultivation also requires buildings and fences, which are wholly the

produce of labour. The fruits of this industry cannot be reaped in a short period. The labour and outlay are immediate; the benefit is spread over many years, perhaps over all future time. A holder will not incur this labour and outlay when strangers and not himself will be benefited by it. If he undertakes such improvements, he must have a sufficient period before him in which to profit by them; and he is in no way so sure of having always a sufficient period as when his tenure is perpetual.

6. These are the reasons which form the justification, in an economical point of view, of property in land. It is seen that they are only valid insofar as the proprietor of land is its improver. Whenever, in any country, the proprietor, generally speaking, ceases to be the improver, political economy has nothing to say in defence of landed property, as there established. In no sound theory of private property was it ever contemplated that the proprietor of land should be merely a sinecurist quartered on it.

In Great Britain, the landed proprietor is not unfrequently an improver. But it cannot be said that he is generally so. And in the majority of cases, he grants the liberty of cultivation [1848] on such terms as to prevent improvements from being made by anyone else. . . .

Landed property in England is thus very far from completely fulfilling the conditions which render its existence economically justifiable. But if insufficiently realized even in England, in Ireland those conditions are [1848] not complied with at all. With individual exceptions (some of them very honourable ones), the owners of Irish estates do nothing for the land but drain it of its produce. What has been epigrammatically said in the discussions on “peculiar burthens” is literally true when applied to them; that the greatest “burthen on land” is the landlords. Returning nothing to the soil, they consume its whole produce, minus the potatoes strictly necessary to keep the inhabitants from dying of famine; and when they have any purpose of improvement, the preparatory step usually consists in not leaving even this pittance, but turning out the people to beggary, if not to starvation. When landed property has placed itself upon this footing, it ceases to be defensible, and the time has come for making some new arrangement of the matter.

When the “sacredness of property” is talked of, it should always be remembered that any such sacredness does not belong in the same degree to landed property. No man made the land. It is the original inheritance of the whole species. Its appropriation is wholly a question of general expediency. When private property in land

is not expedient, it is unjust. It is no hardship to anyone to be excluded from what others have produced: they were not bound to produce it for his use, and he loses nothing by not sharing in what otherwise would not have existed at all. But it is some hardship to be born into the world and to find all nature's gifts previously engrossed, and no place left for the newcomer. To reconcile people to this, after they have once admitted into their minds the idea that any moral rights belong to them as human beings, it will always be necessary to convince them that the exclusive appropriation is good for mankind on the whole, themselves included. But this is what no sane human being could be persuaded of, if the relation between the landowner and the cultivator were the same everywhere as it has been in Ireland.

Landed property is felt, even by those most tenacious of its rights, to be a different thing from other property; and where the bulk of the community have been disinherited of their share of it, and it has become the exclusive attribute of a small minority, men have generally tried to reconcile it, at least in theory, to their sense of justice, by endeavouring to attach duties to it, and erecting it into a sort of magistracy, either moral or legal. But if the State is at liberty to treat the possessors of land as public functionaries, it is only going one step further to say that it is at liberty to discard them. The claim of the landowners to the land is altogether subordinate to the general policy of the State. The principle of property gives them no right to the land, but only a right to compensation for whatever portion of their interest in the land it may be the policy of the State to deprive them of. To that, their claim is indefeasible. It is due to landowners, and to owners of any property whatever, recognized as such by the State, that they should not be dispossessed of it without receiving its pecuniary value, or an annual income equal to what they derived from it. This is due on the general principles on which property rests. If the land was bought with produce of the labour and abstinence of themselves or their ancestors, compensation is due to them on that ground; even if otherwise, it is still due on ground of prescription. Nor can it ever be necessary for accomplishing an object by which the community altogether will gain, that a particular portion of the community should be immolated. When the property is of a kind to which peculiar affections attach themselves, the compensation ought to exceed a bare pecuniary equivalent. But, subject to this proviso, the State is at liberty to deal with landed property as the general interests of the community may require, even to the extent, if it so happen, of doing with the whole what is done with a part whenever

a bill is passed for a railroad or a new street. The community has too much at stake in the proper cultivation of the land, and in the conditions annexed to the occupancy of it, to leave these things to the discretion of a class of persons called landlords, when they have shown themselves unfit for the trust. . . .

To me, it seems almost an axiom that property in land should be interpreted strictly, and that the balance in all cases of doubt should incline against the proprietor. The reverse is the case with property in moveables, and in all things the product of labour: over these, the owner's power both of use and of exclusion should be absolute, except where positive evil to others would result from it; but in the case of land, no exclusive right should be permitted, in any individual, which cannot be shown to be productive of positive good. To be allowed any exclusive right at all over a portion of the common inheritance, while there are others who have no portion, is already a privilege. No quantity of moveable goods which a person can acquire by his labour, prevents others from acquiring the like by the same means; but from the very nature of the case, whoever owns land keeps others out of the enjoyment of it. The privilege, or monopoly, is only defensible as a necessary evil; it becomes an injustice when carried to any point to which the compensating good does not follow it.

For instance, the exclusive right to the land for purposes of cultivation does not imply an exclusive right to it for purposes of access; and no such right ought to be recognized, except to the extent necessary to protect the produce against damage, and the owner's privacy against invasion. The pretension of two dukes [1848] to shut up a part of the Highlands, and exclude the rest of mankind from many square miles of mountain scenery to prevent disturbance to wild animals, is an abuse; it exceeds the legitimate bounds of the right of landed property. When land is not intended to be cultivated, no good reason can in general be given for its being private property at all; and if anyone is permitted to call it his, he ought to know that he holds it by sufferance of the community, and on an implied condition that his ownership, since it cannot possibly do them any good, at least shall not deprive them of any, which they could have derived from the land if it had been unappropriated. Even in the case of cultivated land, a man whom, though only one among millions, the law permits to hold thousands of acres as his single share, is not entitled to think that all this is given to him to use and abuse, and deal with as if it concerned nobody but himself. The rents or profits which he can obtain from it are at his sole disposal; but with regard to the land, in everything

which he does with it, and in everything which he abstains from doing, he is morally bound, and should, whenever the case admits, be legally compelled, to make his interest and pleasure consistent with the public good. The species at large still retains, of its original claim to the soil of the planet which it inhabits, as much as is compatible with the purposes for which it has parted with the remainder.

7. Besides property in the produce of labour, and property in land, there are other things which are or have been subjects of property, in which no proprietary rights ought to exist at all. But as the civilized world has in general made up its mind on most of these, there is no necessity for dwelling on them in this place. At the head of them is property in human beings. It is almost superfluous to observe that this institution can have no place in any society even pretending to be founded on justice, or on fellowship between human creatures. But, iniquitous as it is, yet when the state has expressly legalized it, and human beings, for generations, have been bought, sold, and inherited under sanction of law, it is another wrong, in abolishing the property, not to make full compensation. This wrong was avoided by the great measure of justice in 1833, one of the most virtuous acts, as well as the most practically beneficent, ever done collectively by a nation. . . .

So much on the institution of property, a subject of which, for the purposes of political economy, it was indispensable to treat, but on which we could not usefully confine ourselves to economical considerations. We have now to inquire on what principles and with what results the distribution of the produce of land and labour is effected, under the relations which this institution creates among the different members of the community.

Book II, Chapter IV

Of Competition and Custom

1. Under the rule of individual property, the division of the produce is the result of two determining agencies: Competition, and Custom. It is important to ascertain the amount of influence which belongs to each of these causes, and in what manner the operation of one is modified by the other.

Political economists generally, and English political economists above others, have been accustomed to lay almost exclusive stress upon the first of these agencies; to exaggerate the effect of competition,

and to take into little account the other and conflicting principle. They are apt to express themselves as if they thought that competition actually does, in all cases, whatever it can be shown to be the tendency of competition to do. This is partly intelligible, if we consider that only through the principle of competition has political economy any pretension to the character of a science. So far as rents, profits, wages, prices, are determined by competition, laws may be assigned for them. Assume competition to be their exclusive regulator, and principles of broad generality and scientific precision may be laid down, according to which they will be regulated. The political economist justly deems this his proper business; and as an abstract or hypothetical science, political economy cannot be required to do, and indeed cannot do, anything more. But it would be a great misconception of the actual course of human affairs to suppose that competition exercises, in fact, this unlimited sway. I am not speaking of monopolies, either natural or artificial, or of any interferences of authority with the liberty of production or exchange. Such disturbing causes have always been allowed for by political economists. I speak of cases in which there is nothing to restrain competition; no hindrance to it either in the nature of the case or in artificial obstacles; yet in which the result is not determined by competition, but by custom or usage; competition either not taking place at all, or producing its effect in quite a different manner from that which is ordinarily assumed to be natural to it.

2. Competition, in fact, has only become in any considerable degree the governing principle of contracts, at a comparatively modern period. The farther we look back into history, the more we see all transactions and engagements under the influence of fixed customs. The reason is evident. Custom is the most powerful protector of the weak against the strong; their sole protector where there are no laws or government adequate to the purpose. Custom is a barrier which, even in the most oppressed condition of mankind, tyranny is forced in some degree to respect. To the industrious population, in a turbulent military community, freedom of competition is a vain phrase; they are never in a condition to make terms for themselves by it: there is always a master who throws his sword into the scale, and the terms are such as he imposes. But though the law of the strongest decides, it is not the interest nor in general the practice of the strongest to strain that law to the utmost, and every relaxation of it has a tendency to become a custom, and every custom to become a right. Rights thus originating, and not competition in any shape, determine, in a rude state of society, the share of the produce enjoyed

by those who produce it. The relations, more especially, between the landowner and the cultivator, and the payments made by the latter to the former, are, in all states of society but the most modern, determined by the usage of the country. Never until late times have the conditions of the occupancy of land been (as a general rule) an affair of competition. . . .

3. Prices, whenever there was no monopoly, came earlier under the influence of competition, and are much more universally subject to it, than rents; but that influence is by no means, even in the present activity of mercantile competition, so absolute as is sometimes assumed. . . .

These observations must be received as a general correction . . . to the conclusions contained in the subsequent portions of this treatise. Our reasonings must, in general, proceed as if the known and natural effects of competition were actually produced by it, in all cases in which it is not restrained by some positive obstacle. Where competition, though free to exist, does not exist, or where it exists, but has its natural consequences overruled by any other agency, the conclusions will fail more or less of being applicable. To escape error, we ought, in applying the conclusions of political economy to the actual affairs of life, to consider not only what will happen supposing the maximum of competition, but how far the result will be affected if competition falls short of the maximum. . . .

Book II, Chapter V

Of Slavery

1. Among the forms which society assumes under the influence of the institution of property, there are, as I have already remarked, two, otherwise of a widely dissimilar character, but resembling in this, that the ownership of the land, the labour, and the capital, is in the same hands. One of these cases is that of slavery; the other is that of peasant proprietors. In the one, the landowner owns the labour, in the other the labourer owns the land. We begin with the first.

In this system, all the produce belongs to the landlord. The food and other necessaries of his labourers are part of his expenses. The labourers possess nothing but what he thinks fit to give them, and until he thinks fit to take it back; and they work as hard as he chooses, or is able, to compel them. Their wretchedness is only limited by his humanity, or his pecuniary interest. With the first consideration,

we have, on the present occasion, nothing to do. What the second in so detestable a constitution of society may dictate, depends on the facilities for importing fresh slaves. If full-grown, able-bodied slaves can be procured in sufficient numbers, and imported at a moderate expense, self-interest will recommend working the slaves to death, and replacing them by importation, in preference to the slow and expensive process of breeding them. Nor are the slave-owners generally backward in learning this lesson. It is notorious that such was the practice in our slave colonies while the slave trade was legal, and it is said to be so still in Cuba.

When, as among the ancients, the slave market could only be supplied by captives either taken in war, or kidnapped from thinly scattered tribes on the remote confines of the known world, it was generally more profitable to keep up the number by breeding, which necessitates a far better treatment of them; and for this reason, joined with several others, the condition of slaves, notwithstanding occasional enormities, was probably much less bad in the ancient world than in the colonies of modern nations. . . .

2. So long as slave countries are underpeopled in proportion to their cultivable land, the labour of the slaves, under any tolerable management, produces much more than is sufficient for their support; especially as the great amount of superintendence which their labour requires, preventing the dispersion of the population, insures some of the advantages of combined labour. Hence, in a good soil and climate, and with reasonable care of his own interests, the owner of many slaves has the means of being rich. The influence, however, of such a state of society on production, is perfectly well understood. It is a truism to assert that labour extorted by fear of punishment is inefficient and unproductive. It is true that in some circumstances, human beings can be driven by the lash to attempt, and even to accomplish, things which they would not have undertaken for any payment which it could have been worthwhile to an employer to offer them. . . . But after allowing the full value of these considerations, it remains certain that slavery is incompatible with any high state of the arts of life, and any great efficiency of labour. . . . All processes carried on by slave labour are conducted in the rudest strength and most unimproved manner. And even the animal strength of the slave is, on an average, not half exerted. . . .

3. Whether the proprietors themselves would lose by the emancipation of their slaves, is a different question from the comparative effectiveness of free and slave labour to the community. There has been much discussion of this question as an abstract thesis; as if it

could possibly admit of any universal solution. Whether slavery or free labour is most profitable to the employer depends on the wages of the free labourer. These, again, depend on the numbers of the labouring population, compared with the capital and the land. Hired labour is generally so much more efficient than slave labour, that the employer can pay a considerably greater value in wages than the maintenance of his slaves cost him before, and yet be a gainer by the change; but he cannot do this without limit. . . . With the rate of wages such as it is in Ireland, or in England (where, in proportion to its efficiency, labour is quite as cheap as in Ireland), no one can, for a moment, imagine that slavery could be profitable. . . . In the rich and underpeopled soil of the West India islands, there is just as little doubt that the balance of profits between free and slave labour was greatly on the side of slavery. . . .

More needs not be said here on a cause so completely judged and decided as that of slavery. Its demerits are no longer a question requiring argument; though the temper of mind manifested by the larger part of the influential classes in Great Britain respecting the struggle in America, shows how grievously the feelings of the present generation [1865] of Englishmen, on this subject, had fallen behind the positive acts of the generation which preceded them. That the sons of the deliverers of the West Indian Negroes should expect with complacency, and encourage by their sympathies, the establishment of a great and powerful military commonwealth, pledged by its principles and driven by its strongest interests to be the armed propagator of slavery through every region of the earth into which its power could penetrate, discloses a mental state in the leading portion of our higher and middle classes which it is melancholy to see, and will be a lasting blot in English history. Fortunately they stopped short of actually aiding, otherwise than by words, the nefarious enterprise to which they were not ashamed of wishing success; and at the expense of the best blood of the Free States, but to their immeasurable elevation in mental and moral worth, the curse of slavery has been cast out from the great American republic, to find its last temporary refuge in Brazil and Cuba. No European country, except Spain alone, any longer participates in the enormity. Even serfage has now ceased to have a legal existence in Europe. Denmark has the honour of being the first Continental nation which imitated England in liberating its colonial slaves; and the abolition of slavery was one of the earliest acts of the heroic and calumniated Provisional Government of France. The Dutch Government was not long behind, and its colonies and dependencies are now, I believe without exception, free from actual

slavery; though forced labour for the public authorities is still [1865] a recognized institution in Java, soon, we may hope, to be exchanged for complete personal freedom.

Book II, Chapter VI

Of Peasant Proprietors

1. In the régime of peasant properties, as in that of slavery, the whole produce belongs to a single owner, and the distinction of rent, profits, and wages, does not exist. In all other respects, the two states of society are the extreme opposites of each other. The one is the state of greatest oppression and degradation to the labouring class. The other is that in which they are the most uncontrolled arbiters of their own lot.

The advantage, however, of small properties in land, is one of the most disputed questions in the range of political economy. On the Continent . . . the benefit of having a numerous proprietary population exists in the minds of most people in the form of an axiom. But English authorities are either unaware of the judgment of Continental agriculturalists, or are content to put it aside. . . .

Englishmen being in general profoundly ignorant of the agricultural economy of other countries, the very idea of peasant proprietors is strange to the English mind, and does not easily find access to it. . . . The subject being so little understood, I think it important, before entering into the theory of it, to do something towards showing how the case stands as to matter of fact; by exhibiting . . . some of the testimony which exists respecting [this system] of cultivation. . . .

“It is especially Switzerland,” says M. de Sismondi [in his *Etudes sur l’Economie Politique*, Essai III], “which should be traversed and studied to judge of the happiness of peasant proprietors. It is from Switzerland we learn that agriculture practiced by the very persons who enjoy its fruits, suffices to procure great comfort for a very numerous population; a great independence of character, arising from independence of position; a great commerce of consumption, the result of the easy circumstances of all the inhabitants, even in a country whose climate is rude, whose soil is but moderately fertile, and where late frosts and inconstancy of seasons often blight the hopes of the cultivator. . . .”

The same eminent writer thus expresses his opinion on peasant proprietorship in general.

Wherever we find peasant proprietors, we also find the comfort, security, confidence in the future, and independence, which assure at once happiness and virtue. The peasant who with his children does all the work of his little inheritance, who pays no rent to any one above him, nor wages to any one below, who regulates his production by his consumption, who eats his own corn, drinks his own wine, is clothed in his own hemp and wool, cares little for the prices of the market; for he has little to sell and little to buy, and is never ruined by revulsions of trade. Instead of fearing for the future, he sees it in the colours of hope; for he employs every moment not required by the labours of the year, on something profitable to his children and to future generations. . . .

The peasant proprietor is of all cultivators the one who gets most from the soil, for he is the one who thinks most of the future, and who has been most instructed by experience. He is also the one who employs the human powers to most advantage, because dividing his occupations among all the members of his family, he reserves some for every day of the year, so that nobody is ever out of work. Of all cultivators he is the happiest, and at the same time the land nowhere occupies, and feeds amply without becoming exhausted, so many inhabitants as where they are proprietors. Finally, of all cultivators the peasant proprietor is the one who gives most encouragement to commerce and manufactures, because he is the richest.

The experience [of Arthur Young, the] celebrated agriculturist and apostle of the *grande culture*, may be said to be that the effect of small properties, cultivated by peasant proprietors, is admirable when they are not *too* small: so small, namely, as not fully to occupy the time and attention of the family; for he often complains, with great apparent reason, of the quantity of idle time which the peasantry had on their hands when the land was in very small portions, notwithstanding the ardour with which they toiled to improve their little patrimony in every way which their knowledge or ingenuity could suggest. He recommends, accordingly, that a limit of subdivision should be fixed by law; and this is by no means an indefensible proposition. . . . The benefits of peasant properties are conditional on their not being too much subdivided; that is, on their not being required to maintain too many persons, in proportion to the produce that can be raised from them by those persons. The question resolves itself, like most questions respecting the condition of the labouring classes, into one of population. Are small properties a stimulus to undue multiplication, or a check to it?

Book II, Chapter VII

Continuation of the Same Subject

. . . The reader new to the subject must have been struck with the powerful impression made upon all the witnesses to whom I have referred, by what a Swiss statistical writer calls the “almost superhuman industry” of peasant proprietors. On this point at least, authorities are unanimous. Those who have seen only one country of peasant properties, always think the inhabitants of that country the most industrious in the world. There is as little doubt among observers with what feature in the condition of the peasantry this pre-eminent industry is connected. It is the “magic of property” which, in the words of Arthur Young, “turns sand into gold.” The idea of property does not, however, necessarily imply that there should be no rent, any more than that there should be no taxes. It merely implies that the rent should be a fixed charge, not liable to be raised against the possessor by his own improvements, or by the will of a landlord. A tenant at a quit-rent is, to all intents and purposes, a proprietor; a copyholder is not less so than a freeholder. What is wanted is permanent possession on fixed terms. “Give a man the secure possession of a bleak rock, and he will turn it into a garden; give him a nine years’ lease of a garden, and he will convert it into a desert. . . .”

2. Another aspect of peasant properties in which it is essential that they should be considered, is that of an instrument of popular education. Books and schooling are absolutely necessary to education, but not all-sufficient. The mental faculties will be most developed where they are most exercised; and what gives more exercise to them than the having a multitude of interests, none of which can be neglected, and which can be provided for only by varied efforts of will and intelligence? Some of the disparagers of small properties lay great stress on the cares and anxieties which beset the peasant proprietor of the Rhineland or Flanders. It is precisely those cares and anxieties which tend to make him a superior being to an English day-labourer. It is, to be sure, rather abusing the privileges of fair argument to represent the condition of a day-labourer as not an anxious one. I can conceive no circumstances in which he is free from anxiety, where there is a possibility of being out of employment; unless he has access to a profuse dispensation of parish pay, and no shame or reluctance in demanding it. The day-labourer has, in the existing state of society and population, many of the anxieties which have not an invigorating effect on the mind, and none of those which have. The position

of the peasant proprietor of Continental Europe is the reverse. From the anxiety which chills and paralyses—the uncertainty of having food to eat—few persons are more exempt: it requires as rare a concurrence of circumstances as the potato failure combined with an universal bad harvest, to bring him within reach of that danger. His anxieties are the ordinary vicissitudes of more and less; his cares are that he takes his fair share of the business of life; that he is a free human being, and not perpetually a child, which seems to be the approved condition of the labouring classes according to the prevailing philanthropy. He is no longer a being of a different order from the middle classes; he has pursuits and objects like those which occupy them, and give to their intellects the greatest part of such cultivation as they receive. If there is a first principle in intellectual education, it is this—that the discipline which does good to the mind is that in which the mind is active, not that in which it is passive. The secret for developing the faculties is to give them much to do, and much inducement to do it. This detracts nothing from the importance, and even necessity, of other kinds of mental cultivation. The possession of property will not prevent the peasant from being coarse, selfish, and narrow-minded. These things depend on other influences, and other kinds of instruction. But this great stimulus to one kind of mental activity in no way impedes any other means of intellectual development. On the contrary, by cultivating the habit of turning to practical use every fragment of knowledge acquired, it helps to render that schooling and reading fruitful, which without some such auxiliary influence are in too many cases like seed thrown on a rock.

3. It is not on the intelligence alone that the situation of a peasant proprietor exercises an improving influence. It is no less propitious to the moral virtues of prudence, temperance, and self-control. Day-labourers, where the labouring class mainly consists of them, are usually improvident: they spend carelessly to the full extent of their means, and let the future shift for itself. This is so notorious that many persons strongly interested in the welfare of the labouring classes hold it as a fixed opinion that an increase of wages would do them little good, unless accompanied by at least a corresponding improvement in their tastes and habits. The tendency of peasant proprietors, and of those who hope to become proprietors, is to the contrary extreme; to take even too much thought for the morrow. They are oftener accused of penuriousness than of prodigality. They deny themselves reasonable indulgences, and live wretchedly in order to economize. . . . If there is a moral inconvenience attached to a state of society in which the peasantry have land, it is the danger of their

being too careful of their pecuniary concerns; of its making them crafty, and “calculating” in the objectionable sense. . . . But some excess in this direction is a small and a passing evil compared with recklessness and improvidence in the labouring classes, and a cheap price to pay for the inestimable worth of the virtue of self-dependence, as the general characteristic of a people: a virtue which is one of the first conditions of excellence in the human character—the stock on which, if the other virtues are not grafted, they have seldom any firm root; a quality indispensable in the case of a labouring class, even to any tolerable degree of physical comfort; and by which the peasantry of France, and of most European countries of peasant proprietors, are distinguished beyond any other labouring population.

4. Is it likely that a state of economical relations so conducive to frugality and prudence in every other respect, should be prejudicial to it in the cardinal point of increase of population? . . .

Whether the labouring people live by land or by wages, they have always hitherto multiplied up to the limit set by their habitual standard of comfort. When that standard was low, not exceeding a scanty subsistence, the size of properties, as well as the rate of wages, has been kept down to what would barely support life. Extremely low ideas of what is necessary for subsistence are perfectly compatible with peasant properties; and if a people have always been used to poverty, and habit has reconciled them to it, there will be over-population and excessive subdivision of land. But this is not to the purpose. The true question is, supposing a peasantry to possess land not insufficient but sufficient for their comfortable support, are they more or less likely to fall from this state of comfort through improvident multiplication, than if they were living in an equally comfortable manner as hired labourers? All *à priori* considerations are in favour of their being less likely. The dependence of wages on population is a matter of speculation and discussion. That wages would fall if population were much increased is often a matter of real doubt, and always a thing which requires some exercise of the thinking faculty for its intelligent recognition. But every peasant can satisfy himself from evidence which he can fully appreciate, whether his piece of land can be made to support several families in the same comfort as it supports one. Few people like to leave to their children a worse lot in life than their own. The parent who has land to leave is perfectly able to judge whether the children can live upon it or not; but people who are supported by wages see no reason why their sons should be unable to support themselves in the same way, and trust accordingly to chance. . . .

I am not aware of a single authentic instance which supports the assertion that rapid multiplication is promoted by peasant properties. . . .

As the result of this enquiry into the direct operation and indirect influences of peasant properties, I conceive it to be established that there is no necessary connexion between this form of landed property and an imperfect state of the arts of production; that it is favourable in quite as many respects as it is unfavourable, to the most effective use of the powers of the soil; that no other existing state of agricultural economy has so beneficial an effect on the industry, the intelligence, the frugality, and the prudence of the population, nor tends on the whole so much to discourage an improvident increase of their numbers; and that no existing state, therefore, is on the whole so favourable both to their moral and their physical welfare. Compared with the English system of cultivation by hired labour, it must be regarded as eminently beneficial to the labouring class. . . .

Book II, Chapter VIII

Of Metayers

1. . . . The principle of the metayer system is that the labourer, or peasant, makes his engagement directly with the landowner, and pays, not a fixed rent, either in money or in kind, but a certain proportion of the produce, or rather of what remains of the produce after deducting what is considered necessary to keep up the stock. The proportion is usually, as the name imports, one-half; but in several districts in Italy, it is two-thirds. Respecting the supply of stock, the custom varies from place to place; in some places, the landlord furnishes the whole; in others, half; in others, some particular part, as for instance the cattle and seed, the labourer providing the implements. . . .

2. When the partition of the produce is a matter of fixed usage, not of varying convention, political economy has no laws of distribution to investigate. It has only to consider, as in the case of peasant proprietors, the effects of the system first on the condition of the peasantry, morally and physically, and secondly, on the efficiency of the labour. In both these particulars, the metayer system has the characteristic advantages of peasant properties, but has them in a less degree. The metayer has less motive to exertion than the peasant proprietor, since only half the fruits of his industry, instead of the whole, are his own. But he has a much stronger motive than a day-labourer, who has no

other interest in the result than not to be dismissed. If the metayer cannot be turned out except for some violation of his contract, he has a stronger motive to exertion than any tenant-farmer who has not a lease. The metayer is at least his landlord's partner, and a half-sharer in their joint gains. Where, too, the permanence of his tenure is guaranteed by custom, he acquires local attachments, and much of the feelings of a proprietor. I am supposing that this half produce is sufficient to yield him a comfortable support. Whether it is so depends (in any given state of agriculture) on the degree of subdivision of the land; which depends on the operation of the population principle. A multiplication of people, beyond the number that can be properly supported on the land or taken off by manufactures, is incident even to a peasant proprietary, and of course not less, but rather more incident to a metayer population. The tendency, however, which we noticed in the proprietary system, to promote prudence on this point, is in no small degree common to it with the metayer system. There, also, it is a matter of easy and exact calculation whether a family can be supported or not. . . .

The characteristic disadvantage of the metayer system is very fairly stated by Adam Smith. After pointing out that metayers "have a plain interest that the whole produce should be as great as possible, in order that their own proportion may be so," he continues:

It could never, however, be the interest of this species of cultivators to lay out, in the further improvement of the land, any part of the little stock which they might save from their own share of the produce, because the lord who laid out nothing, was to get one-half of whatever it produced. . . . The tithe, which is but a tenth of the produce, is found to be a very great hindrance to improvement. A tax, therefore, which amounted to one-half, must have been an effectual bar to it. It might be the interest of a metayer to make the land produce as much as could be brought out of it by means of the stock furnished by the proprietor; but it could never be his interest to mix any part of his own with it. . . .¹

If the landlord is willing to provide capital for improvements, the metayer has the strongest interest in promoting them, since half the benefit of them will accrue to himself. As however the perpetuity of tenure which, in the case we are discussing, he enjoys by custom, renders his consent a necessary condition; the spirit of routine, and

¹ *Wealth of Nations*, III, 2.

dislike of innovation, characteristic of an agricultural people when not corrected by education, are no doubt, as the advocates of the system seem to admit, a serious hindrance to improvement.

3. The metayer system has met with no mercy from English authorities. . . . We shall find a very different picture, by the most accurate authorities, of the metayer cultivation of Italy. . . . [It] is not a picture of poverty; and so far as agriculture is concerned, it effectually redeems metayer cultivation . . . from the reproaches of English writers. . . .

The metayer tenure is not one which we should be anxious to introduce where the exigencies of society had not naturally given birth to it; but neither ought we to be eager to abolish it on a mere *à priori* view of its disadvantages. If the system in Tuscany works as well in practice as it is represented to do, with every appearance of minute knowledge, by so competent an authority as Sismondi; if the mode of living of the people, and the size of farms, have for ages maintained and still maintain themselves such as they are said to be by him, it were to be regretted that a state of rural well-being so much beyond what is realized in most European countries, should be put to hazard by an attempt to introduce, under the guise of agricultural improvement, a system of money-rents and capitalist farmers. Even where the metayers are poor and the subdivision great, it is not to be assumed, as of course, that the change would be for the better. The enlargement of farms, and the introduction of what are called improvements, usually diminish the number of labourers employed on the land; and unless the growth of capital in trade and manufactures affords an opening for the displaced population, or unless there are reclaimable wastes on which they can be located, competition will so reduce wages that they will probably be worse off as day-labourers than they were as metayers.

Mr. Jones very properly objects against the French Economists of the last century, that in pursuing their favourite object of introducing money-rents, they turned their minds solely to putting farmers in the place of metayers, instead of transforming the existing metayers into farmers; which, as he justly remarks, can scarcely be effected unless, to enable the metayers to save and become owners of stock, the proprietors submit for a considerable time to a diminution of income, instead of expecting an increase of it, which has generally been their immediate motive for making the attempt. If this transformation were effected, and no other change made in the metayer's condition; if, preserving all the other rights which usage insures to him, he merely got rid of the landlord's claim to half the produce, paying in lieu of it a moderate fixed rent; he would be so far in a better position

than at present, as the whole, instead of only half the fruits of any improvement he made, would now belong to himself; but even so, the benefit would not be without alloy; for a metayer, though not himself a capitalist, has a capitalist for his partner, and has the use, in Italy at least, of a considerable capital, as is proved by the excellence of the farm buildings; and it is not probable that the landowners would any longer consent to peril their moveable property on the hazards of agricultural enterprise, when assured of a fixed money income without it. Thus would the question stand, even if the change left undisturbed the metayer's virtual fixity of tenure, and converted him, in fact, into a peasant proprietor at a quit-rent. But if we suppose him converted into a mere tenant, displaceable at the landlord's will, and liable to have his rent raised by competition to any amount which any unfortunate being in search of subsistence can be found to offer or promise for it; he would lose all the features in his condition which preserve it from being deteriorated; he would be cast down from his present position of a kind of half proprietor of the land, and would sink into a cottier tenant.

Book II, Chapter IX

Of Cottiers

1. By the general appellation of cottier tenure, I shall designate all cases, without exception, in which the labourer makes his contract for land without the intervention of a capitalist farmer, and in which the conditions of the contract, especially the amount of rent, are determined not by custom but by competition. The principal European example of this tenure is Ireland, and it is from that country that the term cottier is derived. . . .

The produce on the cottier system being divided into two portions, rent and the remuneration of the labourer, the one is evidently determined by the other. The labourer has whatever the landlord does not take: the condition of the labourer depends on the amount of rent. But rent, being regulated by competition, depends upon the relation between the demand for land and the supply of it. The demand for land depends on the number of competitors, and the competitors are the whole rural population. The effect, therefore, of this tenure, is to bring the principle of population to act directly on the land, and not, as in England, on capital. Rent, in this state of things, depends on the proportion between population and land. As

the land is a fixed quantity, while population has an unlimited power of increase; unless something checks that increase, the competition for land soon forces up rent to the highest point consistent with keeping the population alive. The effects, therefore, of cottier tenure depend on the extent to which the capacity of population to increase is controlled, either by custom, by individual prudence, or by starvation and disease.

It would be an exaggeration to affirm that cottier tenancy is absolutely incompatible with a prosperous condition of the labouring class. If we could suppose it to exist among a people to whom a high standard of comfort was habitual; whose requirements were such that they would not offer a higher rent for land than would leave them an ample subsistence, and whose moderate increase of numbers left no unemployed population to force up rents by competition, save when the increasing produce of the land from increase of skill would enable a higher rent to be paid without inconvenience; the cultivating class might be as well remunerated, might have as large a share of the necessaries and comforts of life, on this system of tenure as on any other. . . . The landlords might have justice or good sense enough not to avail of the advantage which competition would give them; and different landlords would do so in different degrees. But it is never safe to expect that a class or body of men will act in opposition to their immediate pecuniary interest; and even a doubt on the subject would be almost as fatal as a certainty, for when a person is considering whether or not to undergo a present exertion or sacrifice for a comparatively remote future, the scale is turned by a very small probability that the fruits of the exertion or of the sacrifice will be taken away from him. The only safeguard against these uncertainties would be the growth of a custom, insuring a permanence of tenure in the same occupant, without liability to any other increase of rent than might happen to be sanctioned by the general sentiments of the community. . . .

2. Where the amount of rent is not limited, either by law or custom, a cottier system has the disadvantages of the worst metayer system, with scarcely any of the advantages by which, in the best forms of that tenure, they are compensated. It is scarcely possible that cottier agriculture should be other than miserable. There is not the same necessity that the condition of the cultivators should be so. Since, by a sufficient restraint on population, competition for land could be kept down, and extreme poverty prevented; habits of prudence and a high standard of comfort, once established, would have a fair chance of maintaining themselves. . . .

But it is not where a high standard of comfort has rooted itself in the habits of the labouring class that we are ever called upon to consider the effects of a cottier system. That system is found only where the habitual requirements of the rural labourers are the lowest possible; where as long as they are not actually starving, they will multiply; and population is only checked by the diseases, and the shortness of life, consequent on insufficiency of merely physical necessaries. This was the state of the largest portion of the Irish peasantry. When a people have sunk into this state, and still more when they have been in it from time immemorial, the cottier system is an almost insuperable obstacle to their emerging from it. When the habits of the people are such that their increase is never checked but by the impossibility of obtaining a bare support, and when this support can only be obtained from land, all stipulations and agreements respecting amount of rent are merely nominal; the competition for land makes the tenants undertake to pay more than it is possible they should pay, and when they have paid all they can, more almost always remains due.

“As it may fairly be said of the Irish peasantry,” said Mr. Revans, the Secretary to the Irish Poor Law Enquiry Commission,

that . . . [they] give up, in the shape of rent, the whole produce of the land with the exception of a sufficiency of potatoes for a subsistence; but as this is rarely equal to the promised rent, they constantly have against them an increasing balance. In some cases, the largest quantity of produce which their holdings ever yielded, or which, under their system of tillage, they could in the most favourable seasons be made to yield, would not be equal to the rent bid; consequently, if the peasant fulfilled his engagement with his landlord, which he is rarely able to accomplish, he would till the ground for nothing, and give his landlord a premium for being allowed to till it. . . . The full amount of the rent bid, however, is rarely paid. The peasant remains constantly in debt to his landlord. . . . Should the produce of the holding, in any year, be more than usually abundant, or should the peasant by any accident become possessed of any property, his comforts cannot be increased; he cannot indulge in better food, nor in a greater quantity of it. His furniture cannot be increased, neither can his wife or children be better clothed. The acquisition must go to the person under whom he holds. The accidental addition will enable him to reduce his arrear of rent, and thus to defer ejection. But this must be the bound of his expectation. . . .

3. In such a condition, what can a tenant gain by any amount of industry or prudence, and what lose by any recklessness? If the landlord at any time exerted his full legal rights, the cottier would not be

able even to live. If, by extra exertion, he doubled the produce of his bit of land, or if he prudently abstained from producing mouths to eat it up, his only gain would be to have more left to pay to his landlord; while, if he had twenty children, they would still be fed first, and the landlord could only take what was left. Almost alone amongst mankind the cottier is in this condition, that he can scarcely be either better or worse off by any act of his own. If he were industrious or prudent, nobody but his landlord would gain; if he is lazy or intemperate, it is at his landlord's expense. A situation more devoid of motives to either labour or self-command, imagination itself cannot conceive. . . .

Is it not, then, a bitter satire on the mode in which opinions are formed on the most important problems of human nature and life, to find public instructors of the greatest pretension imputing the backwardness of Irish industry, and the want of energy of the Irish people in improving their condition, to a peculiar indolence and *insouciance* in the Celtic race? Of all vulgar modes of escaping from the consideration of the effect of social and moral influences on the human mind, the most vulgar is that of attributing the diversities of conduct and character to inherent natural differences. What race would not be indolent and insouciant when things are so arranged, that they derive no advantage from forethought or exertion? If such are the arrangements in the midst of which they live and work, what wonder if the listlessness and indifference so engendered are not shaken off the first moment an opportunity offers when exertion would really be of use? It is very natural that a pleasure-loving and sensitively organized people like the Irish should be less addicted to steady routine labour than the English, because life has more excitements for them independent of it; but they are not less fitted for it than their Celtic brethren the French, nor less so than the Tuscans or the ancient Greeks. An excitable organization is precisely that in which, by adequate inducements, it is easiest to kindle a spirit of animated exertion. It speaks nothing against the capacities of industry in human beings, that they will not exert themselves without motive. No labourers work harder, in England or America, than the Irish; but not under a cottier system. . . .

Book II, Chapter X

Means of Abolishing Cottier Tenancy

1. When the first edition of this work was written and published, the question, what is to be done with a cottier population was, to the English Government, the most urgent of practical questions. The majority of a population of eight million, having long grovelled in helpless inertness and abject poverty under the cottier system, reduced by its operation to mere food of the cheapest description, and to an incapacity of either doing or willing anything for the improvement of their lot, had at last, by the failure of that lowest quality of food, been plunged into a state in which the alternative seemed to be either death, or to be permanently supported by other people, or a radical change in the economical arrangements under which it had hitherto been their misfortune to live. . . .

“It is needless,” (I observed) “to expend any argument in proving that the very foundation of the economical evils of Ireland is the cottier system; that while peasant rents fixed by competition are the practice of the country, to expect industry, useful activity, any restraint on population but death, or any the smallest diminution of poverty, is to look for figs on thistles and grapes on thorns. . . .”

Since these words were written, events unforeseen by any one have saved the English rulers of Ireland from the embarrassments which would have been the just penalty of their indifference and want of foresight. Ireland, under cottier agriculture, could no longer supply food to its population. . . . Self-supporting emigration . . . on a gigantic scale (the expenses of those who followed being paid from the earnings of those who went before) has, for the present, reduced the population down to the number for which the existing agricultural system can find employment and support. The census of 1851, compared with that of 1841, showed in round numbers a diminution of population of a million and a half. The subsequent census (of 1861) shows a further diminution of about half a million. . . . Those who think that the land of a country exists for the sake of a few thousand landowners, and that as long as rents are paid, society and government have fulfilled their function, may see in this consummation a happy end to Irish difficulties.

But this is not a time, nor is the human mind now in a condition, in which such insolent pretensions can be maintained. The land of Ireland, the land of every country, belongs to the people of that country. The individuals called landowners have no right, in moral-

ity and justice, to anything but the rent, or compensation for its saleable value. With regard to the land itself, the paramount consideration is by what mode of appropriation and of cultivation it can be made most useful to the collective body of its inhabitants. To the owners of the rent, it may be very convenient that the bulk of the inhabitants, despairing of justice in the country where they and their ancestors have lived and suffered, should seek on another continent that property in land which is denied to them at home. But the legislature of the empire ought to regard with other eyes the forced expatriation of millions of people. When the inhabitants of a country quit the country *en masse* because its Government will not make it a place fit for them to live in, the Government is judged and condemned. There is no necessity for depriving the landlords of one farthing of the pecuniary value of their legal rights; but justice requires that the actual cultivators should be enabled to become in Ireland what they will become in America—proprietors of the soil which they cultivate.

Good policy requires it no less. Those who, knowing neither Ireland nor any foreign country, take as their sole standard of social and economical excellence English practice, propose as the single remedy for Irish wretchedness, the transformation of the cottiers into hired labourers. But this is rather a scheme for the improvement of Irish agriculture, than of the condition of the Irish people. The status of a day-labourer has no charm for infusing forethought, frugality, or self-restraint, into a people devoid of them. If the Irish peasants could be universally changed into receivers of wages, the old habits and mental characteristics of the people remaining, we should merely see four or five million people living as day-labourers in the same wretched manner in which as cottiers they lived before; equally passive in the absence of every comfort, equally reckless in multiplication, and even, perhaps, equally listless at their work; since they could not be dismissed in a body, and if they could, dismissal would now be simply remanding them to the poor-rate. Far other would be the effect of making them peasant proprietors. A people who, in industry and providence, have everything to learn—who are confessedly among the most backward of European populations in the industrial virtues—require for their regeneration the most powerful incitements by which those virtues can be stimulated; and there is no stimulus as yet comparable to property in land. A permanent interest in the soil to those who till it, is almost a guarantee for the most unwearying laboriousness; against over-population, thought not infallible, it is the best preservative yet known, and where it failed, any other plan

would probably fail much more egregiously; the evil would be beyond the reach of merely economic remedies. . . .

For carrying this change into effect on a sufficiently large scale to accomplish the complete abolition of cottier tenancy, the mode which most obviously suggests itself is the direct one of doing the thing outright by Act of Parliament; making the whole land of Ireland the property of the tenants, subject to the rents now really paid (not the nominal rent), as a fixed rent charge. . . . To enlightened foreigners writing on Ireland, Von Raumer and Gustave de Beaumont, a remedy of this sort seemed so exactly and obviously what the disease required, that they had some difficulty in comprehending how it was that the thing was not yet done.

This, however, would have been, in the first place, a complete expropriation of the higher classes of Ireland; which, if there is any truth in the principles we have laid down, would be perfectly warrantable, but only if it were the sole means of effecting a great public good. In the second place, that there should be none but peasant proprietors, is in itself far from desirable. Large farms, cultivated by large capital and owned by persons of the best education which the country can give; persons qualified by instruction to appreciate scientific discoveries, and able to bear the delay and risk of costly experiments; are an important part of a good agricultural system. . . .

There are, however, much milder measures, not open to similar objections, and which, if pushed to the utmost extent of which they are susceptible, would realize in no inconsiderable degree the object sought. One of them would be to enact that whoever reclaims waste land becomes the owner of it, at a fixed quit-rent equal to a moderate interest on its mere value as waste. It would, of course, be a necessary part of this measure to make compulsory on landlords the surrender of waste lands (not of an ornamental character) whenever required for reclamation. Another expedient, and one in which individuals could co-operate, would be to buy as much as possible of the land offered for sale, and sell it again in small portions as peasant properties. A society for this purpose was at one time projected (though the attempt to establish it proved unsuccessful) on the principles, so far as applicable, of the Freehold Land Societies which have been so successfully established in England, not primarily for agricultural, but for electoral purposes.

2. Thus far I had written in 1856. Since that time, the great crisis of Irish industry has made further progress, and it is necessary to consider how its present state affects the opinions, on prospects or on practical measures, expressed in the previous part of this chapter.

The principal change in the situation consists in the great diminution, holding out a hope of the entire extinction, of cottier tenure. . . . The greatest part of the soil of Ireland, there is reason to believe, is now farmed either by the landlords or by small capitalist farmers. . . .

But what, meanwhile, is the condition of the displaced cottiers, so far as they have not emigrated; and of the whole class who subsist by agricultural labour, without the occupation of any land? As yet, their state is one of great poverty, with but slight prospect of improvement. Money wages, indeed, have risen much above the wretched level of a generation ago; but the cost of subsistence has also risen so much above the old potato standard that the real improvement is not equal to the nominal; and according to the best information to which I have access, there is little appearance of an improved standard of living among the class. . . . Accordingly, the emigration, which for a time had fallen off, has, under the additional stimulus of bad seasons, revived in all its strength. It is calculated that within the year 1864, not less than 100,000 emigrants left the Irish shores. As far as regards the emigrants themselves and their posterity, or the general interests of the human race, it would be folly to regret this result. The children of the immigrant Irish receive the education of Americans, and enter, more rapidly and completely than would have been possible in the country of their descent, into the benefits of a higher state of civilization. In twenty or thirty years, they are not mentally distinguishable from other Americans. The loss and the disgrace are England's, and it is the English people and government whom it chiefly concerns to ask themselves how far it will be to their honour and advantage to retain the mere soil of Ireland, but to lose its inhabitants. . . .

Book II, Chapter XI

Of Wages

1. Under the head of *Wages* are to be considered, first, the causes which determine or influence the wages of labour generally, and secondly, the differences that exist between the wages of different employments. It is convenient to keep these two classes of considerations separate; and in discussing the law of wages, to proceed in the first instance as if there were no other kind of labour than common unskilled labour, of the average degree of hardness and disagreeableness.

Wages, like other things, may be regulated either by competition or by custom. In this country, there are few kinds of labour of which the remuneration would not be lower than it is, if the employer took the full advantage of competition. Competition, however, must be regarded, in the present state of society, as the principal regulator of wages, and custom or individual character only as a modifying circumstance, and that in a comparatively slight degree.

Wages, then, depend mainly upon the demand and supply of labour; or, as it is often expressed, on the proportion between population and capital. By population is here meant the number only of the labouring class, or rather of those who work for hire; and by capital only circulating capital, and not even the whole of that, but the part which is expended in the direct purchase of labour. . . .

Wages (meaning, of course, the general rate) cannot rise but by an increase of the aggregate funds employed in hiring labourers, or a diminution in the number of the competitors for hire; nor fall, except either by a diminution of the funds devoted to paying labour, or by an increase in the number of labourers to be paid.

2. There are, however, some facts in apparent contradiction to this doctrine, which it is incumbent on us to consider and explain. . . .

Another opinion often maintained is that wages (meaning, of course, money wages) vary with the price of food; rising when it rises, and falling when it falls. This opinion is, I conceive, only partially true; and insofar as true, in no way affects the dependence of wages on the proportion between capital and labour; since the price of food, when it affects wages at all, affects them through that law. Dear or cheap food, caused by variety of seasons, does not affect wages (unless they are artificially adjusted to it by law or charity); or rather, it has some tendency to affect them in the contrary way to that supposed; since in times of scarcity, people generally compete more violently for employment and lower the labour market against themselves. But dearness or cheapness of food, when of a permanent character, and capable of being calculated on beforehand, may affect wages. In the first place, if the labourers have, as is often the case, no more than enough to keep them in working condition, and enable them barely to support the ordinary number of children, it follows that if food grows permanently dearer without a rise of wages, a greater number of the children will prematurely die; and thus, wages will ultimately be higher, but only because the number of people will be smaller, than if food had remained cheap. But, secondly, even though wages were high enough to admit of food's becoming more costly without depriving the labourers and their families of necessaries; though they

could bear, physically speaking, to be worse off, perhaps they would not consent to be so. They might have habits of comfort which were to them as necessities, and sooner than forego which, they would put an additional restraint on their power of multiplication; so that wages would rise, not by increase of deaths, but by diminution of births. In these cases, then, wages do adapt themselves to the price of food, though after an interval of almost a generation. Mr. Ricardo considers these two cases to comprehend all cases. He assumes that there is, everywhere, a minimum rate of wages: either the lowest with which it is physically possible to keep up the population, or the lowest with which the people will choose to do so. To this minimum, he assumes that the general rate of wages always tends; that they can never be lower, beyond the length of time required for a diminished rate of increase to make itself felt, and can never long continue higher. This assumption contains sufficient truth to render it admissible for the purposes of abstract science; and the conclusion which Mr. Ricardo draws from it—namely, that wages in the long run rise and fall with the permanent price of food—is, like almost all his conclusions, true hypothetically; that is, granting the suppositions from which he sets out. But in the application to practice, it is necessary to consider that the minimum of which he speaks, especially when it is not a physical, but what may be termed a moral minimum, is itself liable to vary. If wages were previously so high that they could bear reduction, to which the obstacle was a high standard of comfort habitual among the labourers, a rise in the price of food, or any other disadvantageous change in their circumstances, may operate in two ways: it may correct itself by a rise of wages brought about through a gradual effect on the prudential check to population; or it may permanently lower the standard of living of the class, in case their previous habits in respect of population prove stronger than their previous habits in respect of comfort. In that case, the injury done to them will be permanent, and their deteriorated condition will become a new minimum, tending to perpetuate itself as the more ample minimum did before. It is to be feared that of the two modes in which the cause may operate, the last is the most frequent, or at all events sufficiently so, to render all propositions ascribing a self-repairing quality to the calamities which befall the labouring classes, practically of no validity. There is considerable evidence that the circumstances of the agricultural labourers in England have, more than once in our history, sustained great permanent deterioration, from causes which operated by diminishing the demand for labour, and which, if population had exercised its power of self-adjustment in obedience to the previ-

ous standard of comfort, could only have had a temporary effect; but unhappily, the poverty in which the class was plunged during a long series of years brought that previous standard into disuse; and the next generation, growing up without having possessed those pristine comforts, multiplied in turn without any attempt to retrieve them.

The converse case occurs when, by improvements in agriculture, the repeal of corn laws, or other such causes, the necessaries of the labourers are cheapened, and they are enabled, with the same wages, to command greater comforts than before. Wages will not fall immediately; it is even possible that they may rise; but they will fall at last, so as to leave the labourers no better off than before, unless, during this interval of prosperity, the standard of comfort regarded as indispensable by the class is permanently raised. Unfortunately, this salutary effect is by no means to be counted upon; it is a much more difficult thing to raise, than to lower, the scale of living which the labourer will consider as more indispensable than marrying and having a family. If they content themselves with enjoying the greater comfort while it lasts, but do not learn to require it, they will people down to their old scale of living. If, from poverty, their children had previously been insufficiently fed or improperly nursed, a greater number will now be reared, and the competition of these, when they grow up, will depress wages, probably in full proportion to the greater cheapness of food. If the effect is not produced in this mode, it will be produced by earlier and more numerous marriages, or by an increased number of births to a marriage. According to all experience, a great increase invariably takes place in the number of marriages, in seasons of cheap food and full employment. I cannot, therefore, agree in the importance so often attached to the repeal of the corn laws, considered merely as a labourers' question, or to any of the schemes, of which some one or other is at all times in vogue, for making the labourers a very little better off. Things which only affect them a very little make no permanent impression upon their habits and requirements, and they soon slide back into their former state. To produce permanent advantage, the temporary cause operating upon them must be sufficient to make a great change in their condition—a change such as will be felt for many years, notwithstanding any stimulus which it may give during one generation to the increase of people. When, indeed, the improvement is of this signal character, and a generation grows up which has always been used to an improved scale of comfort, the habits of this new generation, in respect to population, become formed upon a higher minimum, and the improvement in their condition becomes permanent.

Of cases in point, the most remarkable is France after the Revolution. The majority of the population being suddenly raised from misery to independence and comparative comfort; the immediate effect was that population, notwithstanding the destructive wars of the period, started forward with unexampled rapidity, partly because improved circumstances enabled many children to be reared who would otherwise have died, and partly from increase of births. The succeeding generation, however, grew up with habits considerably altered; and though the country was never before in so prosperous a state, the annual number of births is now nearly stationary, and the increase of population extremely slow.

3. Wages depend, then, on the proportion between the number of the labouring population, and the capital or other funds devoted to the purchase of labour; we will say, for shortness, the capital. If wages are higher at one time or place than at another, if the subsistence and comfort of the class of hired labourers are more ample, it is for no other reason than because capital bears a greater proportion to population. It is not the absolute amount of accumulation or of production that is of importance to the labouring class; it is not the amount even of the funds destined for distribution among the labourers: it is the proportion between those funds and the numbers among whom they are shared. The condition of the class can be bettered in no other way than by altering that proportion to their advantage; and every scheme for their benefit, which does not proceed on this as its foundation, is, for all permanent purposes, a delusion.

In countries like North America and the Australian colonies, where the knowledge and arts of civilized life, and a high effective desire of accumulation, co-exist with a boundless extent of unoccupied land, the growth of capital easily keeps pace with the utmost possible increase of population, and is chiefly retarded by the impracticability of obtaining labourers enough. All, therefore, who can possibly be born, can find employment without overstocking the market: every labouring family enjoys in abundance the necessaries, many of the comforts, and some of the luxuries of life; and, unless in case of individual misconduct or actual inability to work, poverty does not, and dependence need not, exist. . . .

But those circumstances of a country, or of an occupation, in which population can with impunity increase at its utmost rate, are rare, and transitory. Very few are the countries presenting the needful union of conditions. . . .

Except, therefore, in the very peculiar cases . . . of a new colony, or a country in circumstances equivalent to it; it is impossible that

population should increase at its utmost rate without lowering wages. Nor will the fall be stopped at any point short of that which, either by its physical or its moral operation, checks the increase of population. In no old country, therefore, does population increase at anything like its utmost rate; in most, at a very moderate rate; in some countries, not at all. These facts are only to be accounted for in two ways. Either the whole number of births which nature admits of, and which happen in some circumstances, do not take place; or if they do, a large proportion of those who are born, die. The retardation of increase results either from mortality or prudence; from Mr. Malthus's positive, or from his preventive check; and one or the other of these must and does exist, and very powerfully too, in all old societies. Wherever population is not kept down by the prudence either of individuals or of the State, it is kept down by starvation or disease.

Mr. Malthus has taken great pains to ascertain, for almost every country in the world, which of these checks it is that operates; and the evidence which he collected on the subject, in his *Essay on Population*, may even now be read with advantage. Throughout Asia, and formerly in most European countries in which the labouring classes were not in personal bondage, there is, or was, no restrainer of population but death. The mortality was not always the result of poverty: much of it proceeded from unskilful and careless management of children, from uncleanly and otherwise unhealthy habits of life among the adult population, and from the almost periodical occurrence of destructive epidemics. Throughout Europe, these causes of shortened life have much diminished, but they have not ceased to exist. . . . Nevertheless, it cannot now be said that in any part of Europe, population is principally kept down by disease; still less by starvation, either in a direct or in an indirect form. The agency by which it is limited is chiefly preventive, not (in the language of Mr. Malthus) positive. But the preventive remedy seldom, I believe, consists in the unaided operation of prudential motives on a class wholly or mainly composed of labourers for hire, and looking forward to no other lot. In England, for example, I much doubt if the generality of agricultural labourers practice any prudential restraint whatever. They generally marry as early, and have as many children to a marriage, as they would or could do if they were settlers in the United States. During the generation which preceded the enactment of the present Poor Law, they received the most direct encouragement to this sort of improvidence: being not only assured of support, on easy terms, whenever out of employment, but, even when in employment, very commonly receiving from the parish a weekly

allowance proportioned to their number of children; and the married with large families being always, from a short-sighted economy, employed in preference to the unmarried; which last premium on population still exists. Under such prompting, the rural labourers acquired habits of recklessness, which are so congenial to the uncultivated mind that in whatever manner produced, they in general long survive their immediate causes. There are so many new elements at work in society, even in those deeper strata which are inaccessible to the mere movements on the surface, that it is hazardous to affirm anything positive on the mental state or practical impulses of classes and bodies of men, when the same assertion may be true to-day, and may require great modification in a few years time. It does, however, seem, that if the rate of increase of population depended solely on the agricultural labourers, it would, as far as dependent on births, and unless repressed by deaths, be as rapid in the southern counties of England as in America. The restraining principle lies in the very great proportion of the population composed of the middle classes and the skilled artisans, who, in this country, almost equal in number the common labourers, and on whom prudential motives do, in a considerable degree, operate.

4. Where a labouring class who have no property but their daily wages, and no hope of acquiring it, refrain from over-rapid multiplication, the cause, I believe, has always hitherto been either actual legal restraint, or a custom of some sort, which, without intention on their part, insensibly moulds the conduct, or affords immediate inducements not to marry. It is not generally known in how many countries of Europe direct legal obstacles are opposed to improvident marriages. The communications made to the original Poor Law Commission by our foreign ministers and consuls in different parts of Europe, contain a considerable amount of information on this subject. Mr. Senior, in his preface to those communications, says that in the countries which recognize a legal right to relief, "marriage on the part of persons in the actual receipt of relief appears to be everywhere prohibited, and the marriage of those who are not likely to possess the means of independent support is allowed by very few. Thus we are told that in Norway no one can marry without 'showing to the satisfaction of the clergyman, that he is permanently settled in such a manner as to offer a fair prospect that he can maintain a family. . . .'"

"So strongly," says Mr. Kay [in his *Social Condition and Education of the People in England and Europe*], "do the people of Switzerland understand from experience the expediency of their sons and daughters postponing the time of their marriages, that the councils of state

of four or five of the most democratic of the cantons, elected, be it remembered, by universal suffrage, have passed laws by which all young persons who marry before they have proved to the magistrate of their district that they are able to support a family, are rendered liable to a heavy fine. In Lucerne, Argovie, Unterwalden, and, I believe, St. Gall, Schweitz, and Uri, laws of this character have been in force for many years.”

5. Where there is no general law restrictive of marriage, there are often customs equivalent to it. . . .

In England generally there is now scarcely a relic of these indirect checks to population; except that in parishes owned by one or a very small number of landowners, the increase of resident labourers is still occasionally obstructed, by preventing cottages from being built, or by pulling down those which exist; thus restraining the population liable to become locally chargeable. . . . The surrounding districts always feel themselves much aggrieved by this practice, against which they cannot defend themselves by similar means, since a single acre of land owned by anyone who does not enter into the combination, enables him to defeat the attempt, very profitably to himself, by covering that acre with cottages. To meet these complaints, an Act has, within the last few years, been passed by Parliament, by which the poor-rate is made a charge, not on the parish, but on the whole union. This enactment, in other respects very beneficial, removes the small remnant of what was once a check to population; the value of which, however, from the narrow limits of its operation, had become very trifling.

6. In the case, therefore, of the common agricultural labourer, the checks to population may almost be considered as non-existent. If the growth of the towns, and of the capital there employed, by which the factory operatives are maintained at their present average rate of wages notwithstanding their rapid increase, did not also absorb a great part of the annual addition to the rural population, there seems no reason in the present habits of the people why they should not fall into as miserable a condition as the Irish, previous to 1846; and if the market for our manufactures should, I do not say fall off, but even cease to expand at the rapid rate of the last fifty years, there is no certainty that this fate may not be reserved for us. Without carrying our anticipations forward to such a calamity, which the great and growing intelligence of the factory population would, it may be hoped, avert by an adaptation of their habits to their circumstances; the existing condition of the labourers of some of the most exclusively agricultural counties—Wiltshire, Somersetshire, Dorsetshire, Bedfordshire,

Buckinghamshire—is sufficiently painful to contemplate. The labourers of these counties, with large families, and eight or perhaps nine shillings for their weekly wages when in full employment, have, for some time, been one of the stock objects of popular compassion; it is time that they had the benefit also of some application of common sense.

Unhappily, sentimentality, rather than common sense, usually presides over the discussion of these subjects; and while there is a growing sensitiveness to the hardships of the poor, and a ready disposition to admit claims in them upon the good offices of other people, there is an all but universal unwillingness to face the real difficulty of their position, or advert at all to the conditions which nature has made indispensable to the improvement of their physical lot. Discussions on the condition of the labourers, lamentations over its wretchedness, denunciations of all who are supposed to be indifferent to it, projects of one kind or another for improving it, were, in no country and in no time of the world, so rife as in the present generation; but there is a tacit agreement to ignore totally the law of wages, or to dismiss it in a parenthesis, with such terms as “hard-hearted Malthusianism;” as if it were not a thousand times more hardhearted to tell human beings that they may, than that they may not, call into existence swarms of creatures who are sure to be miserable, and most likely to be depraved; and forgetting that the conduct, which it is reckoned so cruel to disapprove, is a degrading slavery to a brute instinct in one of the persons concerned, and most commonly, in the other, helpless submission to a revolting abuse of power. . . .

It is . . . evident that if the agricultural labourers were better off, they would both work more efficiently and be better citizens. I ask, then, is it true or not, that if their numbers were fewer, they would obtain higher wages? This is the question, and no other; and it is idle to divert attention from it by attacking any incidental position of Malthus or some other writer, and pretending that to refute that is to disprove the principle of population. . . .

It is not, however, against reason that the argument on this subject has to struggle; but against a feeling of dislike, which will only reconcile itself to the unwelcome truth when every device is exhausted by which the recognition of that truth can be evaded. . . .

Book II, Chapter XII

Of Popular Remedies for Low Wages

1. The simplest expedient which can be imagined for keeping the wages of labour up to the desirable point, would be to fix them by law. . . . No one probably ever suggested that wages should be absolutely fixed, since the interests of all concerned often require that they should be variable; but some have proposed to fix a minimum of wages, leaving the variations above that point to be adjusted by competition. Another plan which has found many advocates among the leaders of the operatives, is that councils should be formed . . . consisting of delegates from the work-people and from the employers, who, meeting in conference, should agree upon a rate of wages, and promulgate it from authority, to be binding generally on employers and workmen; the ground of decision being, not the state of the labour market, but natural equity; to provide that the workmen shall have *reasonable* wages, and the capitalist reasonable profits.

Others . . . fear that if law intervened, it would intervene rashly and ignorantly; they are convinced that two parties, with opposite interests, attempting to adjust those interests by negotiation through their representatives on principles of equity, when no rule could be laid down to determine what was equitable, would merely exasperate their differences instead of healing them; but what it is useless to attempt by the legal sanction, these persons desire to compass by the moral. Every employer, they think, *ought* to give *sufficient* wages; and if he does it not willingly, should be compelled to it by general opinion; the test of sufficient wages being their own feelings, or what they suppose to be those of the public. . . .

I desire to confine my remarks to the principle involved in all these suggestions, without taking into account practical difficulties, serious as these must at once be seen to be. I shall suppose that, by one or other of these contrivances, wages could be kept above the point to which they would be brought by competition. . . .

[T]he rate of wages which results from competition distributes the whole existing wages-fund among the whole labouring population; if law or opinion succeeds in fixing wages above this rate, some labourers are kept out of employment; and as it is not the intention of the philanthropists that these should starve, they must be provided for by a forced increase of the wages-fund; by a compulsory saving. It is nothing to fix a minimum of wages, unless there be a provision that work, or wages at least, be found for all who apply for it. This, accord-

ingly, is always part of the scheme; and is consistent with the ideas of more people than would approve of either a legal or a moral minimum of wages. Popular sentiment looks upon it as the duty of the rich, or of the State, to find employment for all the poor. If the moral influence of opinion does not induce the rich to spare from their consumption enough to set all the poor to work at “reasonable wages,” it is supposed to be incumbent on the State to lay on taxes for the purpose, either by local rates or votes of public money. The proportion between labour and the wages-fund would thus be modified to the advantage of the labourers, not by restriction of population, but by an increase of capital.

2. If this claim on society could be limited to the existing generation; if nothing more were necessary than a compulsory accumulation, sufficient to provide permanent employment at ample wages for the existing numbers of the people; such a proposition would have no more strenuous supporter than myself. Society mainly consists of those who live by bodily labour; and if society—that is, if the labourers—lend their physical force to protect individuals in the enjoyment of superfluities, they are entitled to do so, and have always done so, with the reservation of a power to tax those superfluities for purposes of public utility; among which purposes, the subsistence of the people is the foremost. Since no one is responsible for having been born, no pecuniary sacrifice is too great to be made by those who have more than enough, for the purpose of securing enough to all persons already in existence.

But it is another thing altogether when those who have produced and accumulated are called upon to abstain from consuming until they have given food and clothing, not only to all who now exist, but to all whom these or their descendants may think fit to call into existence. Such an obligation acknowledged and acted upon would suspend all checks, both positive and preventive; there would be nothing to hinder population from starting forward at its rapidest rate; and as the natural increase of capital would, at the best, not be more rapid than before, taxation, to make up the growing deficiency, must advance with the same gigantic strides. The attempt would, of course, be made to exact labour in exchange for support. But experience has shown the sort of work to be expected from recipients of public charity. When the pay is not given for the sake of the work, but the work found for the sake of the pay, inefficiency is a matter of certainty: to extract real work from day-labourers, without the power of dismissal, is only practicable by the power of the lash. It is conceivable, doubtless, that this objection might be got over. . . . But let them work ever

so efficiently, the increasing population could not, as we have so often shown, increase the produce proportionally: the surplus, after all were fed, would bear a less and less proportion to the whole produce, and to the population; and the increase of people going on in a constant ratio, while the increase of produce went on in a diminishing ratio, the surplus would, in time, be wholly absorbed; taxation for the support of the poor would engross the whole income of the country; the payers and the receivers would be melted down into one mass. The check to population, either by death or prudence, could not then be staved off any longer, but must come into operation suddenly and at once; everything which places mankind above a nest of ants or a colony of beavers having perished in the interval.

Everyone has a right to live. We will suppose this granted. But no one has a right to bring creatures into life to be supported by other people. Whoever means to stand upon the first of these rights must renounce all pretension to the last. If a man cannot support even himself unless others help him, those others are entitled to say that they do not also undertake the support of any offspring which it is physically possible for him to summon into the world. Yet there are abundance of writers and public speakers, including many of most ostentatious pretensions to high feeling, whose views of life are so truly brutish that they see hardship in preventing paupers from breeding hereditary paupers in the workhouse itself. Posterity will one day ask, with astonishment, what sort of people it could be among whom such preachers could find proselytes.

It would be possible for the State to guarantee employment at ample wages to all who are born. But if it does this, it is bound in self-protection, and for the sake of every purpose for which government exists, to provide that no person shall be born without its consent. If the ordinary and spontaneous motives to self-restraint are removed, others must be substituted. Restrictions on marriage, at least equivalent to those existing [1848] in some of the German states, or severe penalties on those who have children when unable to support them, would then be indispensable. Society can feed the necessitous, if it takes their multiplication under its control; or (if destitute of all moral feeling for the wretched offspring) it can leave the last to their discretion, abandoning the first to their own care. But it cannot, with impunity, take the feeding upon itself and leave the multiplying free.

To give profusely to the people, whether under the name of charity or of employment, without placing them under such influences that prudential motives shall act powerfully upon them, is to lavish the means of benefiting mankind without attaining the object. Leave

the people in a situation in which their condition manifestly depends upon their numbers, and the greatest permanent benefit may be derived from any sacrifice made to improve the physical well-being of the present generation, and raise, by that means, the habits of their children. But remove the regulation of their wages from their own control; guarantee to them a certain payment, either by law or by the feeling of the community; and no amount of comfort that you can give them will make either them or their descendants look to their own self-restraint as the proper means of preserving them in that state. You will only make them indignantly claim the continuance of your guarantee, to themselves and their full complement of possible posterity.

On these grounds, some writers have altogether condemned the English Poor Law, and any system of relief to the able-bodied, at least when uncombined with systematic legal precautions against overpopulation. The famous Act of the 43rd of Elizabeth undertook, on the part of the public, to provide work and wages for all the destitute able-bodied; and there is little doubt that if the intent of that Act had been fully carried out, and no means had been adopted by the administrators of relief to neutralize its natural tendencies, the poor-rate would, by this time, have absorbed the whole net produce of the land and labour of the country. It is not at all surprising, therefore, that Mr. Malthus and others should at first have concluded against all Poor Laws whatever. It required much experience, and careful examination of different modes of Poor Law management, to give assurance that the admission of an absolute right to be supported at the cost of other people, could exist in law and in fact, without fatally relaxing the springs of industry and the restraints of prudence. This, however, was fully substantiated by the investigations of the original Poor Law Commissioners. Hostile as they are unjustly accused of being to the principle of legal relief, they are the first who fully proved the compatibility of any Poor Law, in which a right to relief was recognized, with the permanent interests of the labouring class and of posterity. By a collection of facts, experimentally ascertained in parishes scattered throughout England, it was shown that the guarantee of support could be freed from its injurious effects upon the minds and habits of the people, if the relief, though ample in respect to necessaries, was accompanied with conditions which they disliked, consisting of some restraints on their freedom, and the privation of some indulgences. Under this proviso, it may be regarded as irrevocably established that the fate of no member of the community needs be abandoned to chance; that society can and therefore

ought to insure every individual belonging to it against the extreme of want; that the condition even of those who are unable to find their own support, needs not be one of physical suffering, or the dread of it, but only of restricted indulgence, and enforced rigidity of discipline. This is surely something gained for humanity, important in itself, and still more so as a step to something beyond; and humanity has no worse enemies than those who lend themselves, either knowingly or unintentionally, to bring odium on this law, or on the principles in which it originated.

3. Next to the attempts to regulate wages, and provide artificially that all who are willing to work shall receive an adequate price for their labour, we have to consider another class of popular remedies, which do not profess to interfere with freedom of contract; which leave wages to be fixed by the competition of the market, but, when they are considered insufficient, endeavour by some subsidiary resource to make up to the labourers for the insufficiency. Of this nature was the expedient resorted to by parish authorities during thirty or forty years previous to 1834, generally known as the Allowance System. . . . The principle of this scheme being avowedly that of adapting the means of every family to its necessities, it was a natural consequence that more should be given to the married than to the single, and to those who had large families than to those who had not: in fact, an allowance was usually granted for every child. . . .

[B]esides the objections common to all attempts to regulate wages without regulating population, the allowance system has a peculiar absurdity of its own. This is that it inevitably takes from wages with one hand what it adds to them with the other. . . . It is well known that [under] the allowance system . . . wages sank to a lower rate than had been known in England before. During the last century, under a rather rigid administration of the Poor Laws, population increased slowly, and agricultural wages were considerably above the starvation point. Under the allowance system, the people increased so fast, and wages sank so low, that with wages and allowance together, families were worse off than they had been before, with wages alone. When the labourer depends solely on wages, there is a virtual minimum. If wages fall below the lowest rate which will enable the population to be kept up, depopulation at least restores them to that lowest rate. But if the deficiency is to be made up by a forced contribution from all who have anything to give, wages may fall below starvation point; they may fall almost to zero. . . .

No remedies for low wages have the smallest chance of being efficacious, which do not operate on and through the minds and habits

of the people. While these are unaffected, any contrivance, even if successful, for temporarily improving the condition of the very poor, would but let slip the reins by which population was previously curbed; and could only, therefore, continue to produce its effect if, by the whip and spur of taxation, capital were compelled to follow at an equally accelerated pace. But this process could not possibly continue for long together, and whenever it stopped, it would leave the country with an increased number of the poorest class, and a diminished proportion of all except the poorest, or, if it continued long enough, with none at all. For “to this complexion must come at last” all social arrangements, which remove the natural checks to population without substituting any others.

Book II, Chapter XIII

The Remedies for Low Wages Further Considered

1. By what means, then, is poverty to be contended against? How is the evil of low wages to be remedied? If the expedients usually recommended for the purpose are not adapted to it, can no others be thought of? Is the problem incapable of solution? Can political economy do nothing, but only object to everything, and demonstrate that nothing can be done?

If this were so, political economy might have a needful, but would have a melancholy, and a thankless task. If the bulk of the human race are always to remain as at present, slaves to toil in which they *have* no interest, and therefore *feel* no interest—drudging from early morning till late at night for bare necessaries, and with all the intellectual and moral deficiencies which that implies—without resources either in mind or feelings—untaught, for they cannot be better taught than fed; selfish, for all their thoughts are required for themselves; without interests or sentiments as citizens and members of society, and with a sense of injustice rankling in their minds, equally for what they have not, and for what others have; I know not what there is which should make a person with any capacity of reason, concern himself about the destinies of the human race. There would be no wisdom for anyone but in extracting from life, with Epicurean indifference, as much personal satisfaction to himself and those with whom he sympathizes, as it can yield without injury to anyone, and letting the unmeaning bustle of so-called civilized existence roll by unheeded. But there is no ground for such a view of

human affairs. Poverty, like most social evils, exists because men follow their brute instincts without due consideration. But society is possible precisely because man is not necessarily a brute. Civilization, in every one of its aspects, is a struggle against the animal instincts. Over some even of the strongest of them, it has shown itself capable of acquiring abundant control. It has artificialized large portions of mankind to such an extent that of many of their most natural inclinations they have scarcely a vestige or a remembrance left. If it has not brought the instinct of population under as much restraint as is needful, we must remember that it has never seriously tried. What efforts it has made have mostly been in the contrary direction. Religion, morality, and statesmanship have vied with one another in incitements to marriage, and to the multiplication of the species, so it be but in wedlock. Religion has not even yet discontinued its encouragements. The Roman Catholic clergy (of any other clergy it is unnecessary to speak, since no other have any considerable influence over the poorer classes) everywhere think it their duty to promote marriage, in order to prevent fornication. There is still, in many minds, a strong religious prejudice against the true doctrine. The rich, provided the consequences do not touch themselves, think it impugns the wisdom of Providence to suppose that misery can result from the operation of a natural propensity: the poor think that "God never sends mouths but he sends meat." No one would guess from the language of either that man had any voice or choice in the matter. So complete is the confusion of ideas on the whole subject; owing in a great degree to the mystery in which it is shrouded by a spurious delicacy, which prefer that right and wrong should be mis-measured and confounded on one of the subjects most momentous to human welfare, rather than that the subject be freely spoken of and discussed. People are little aware of the cost to mankind of this scrupulosity of speech. The diseases of society can, no more than corporal maladies, be prevented or cured without being spoken about in plain language. All experience shows that the mass of mankind never judge of moral questions for themselves, never see anything to be right or wrong until they have been frequently told it; and who tells them that they have any duties in the matter in question, while they keep within matrimonial limits? Who meets with the smallest condemnation, or rather, who does not meet with sympathy and benevolence, for any amount of evil which he may have brought upon himself and those dependent on him, by this species of incontinence? While a man who is intemperate in drink is discountenanced and despised by all who profess to be moral people, it is one of the

chief grounds made use of in appeals to the benevolent that the applicant has a large family and is unable to maintain them.

One cannot wonder that silence on this great department of human duty should produce unconsciousness of moral obligations, when it produces oblivion of physical facts. That it is possible to delay marriage, and to live in abstinence while unmarried, most people are willing to allow; but when persons are once married, the idea, in this country, never seems to enter anyone's mind that having or not having a family, or the number of which it shall consist, is amenable to their own control. One would imagine that children were rained down upon married people, direct from heaven, without their being art or part in the matter; that it was really, as the common phrases have it, God's will, and not their own, which decided the numbers of their offspring. . . .

2. Those who think it hopeless that the labouring classes should be induced to practice a sufficient degree of prudence in regard to the increase of their families, because they have hitherto stopped short of that point, show an inability to estimate the ordinary principles of human action. Nothing more would probably be necessary to secure that result, than an opinion generally diffused that it was desirable. As a moral principle, such an opinion has never yet existed in any country. . . . Many causes may be assigned, besides the modern date of the doctrine, for its not having yet gained possession of the general mind. Its truth has, in some respects, been its detriment. One may be permitted to doubt whether, except among the poor themselves (for whose prejudices on this subject there is no difficulty in accounting), there has ever yet been, in any class of society, a sincere and earnest desire that wages should be high. There has been plenty of desire to keep down the poor-rate; but, that done, people have been very willing that the working classes should be ill off. Nearly all who are not labourers themselves, are employers of labour, and are not sorry to get the commodity cheap. . . . From the gentry, who are in less immediate contact and collision of interest with the labourers, better things might be expected, and the gentry of England are usually charitable. But charitable people have human infirmities, and would, very often, be secretly not a little dissatisfied if no one needed their charity: it is from them one oftenest hears the base doctrine that God has decreed there shall always be poor. When one adds to this that nearly every person who has had in him any active spring of exertion for a social object, has had some favourite reform to effect which he thought the admission of this great principle would throw into the shade; has had corn laws to repeal, or taxation to reduce, or small

notes to issue, or the charter to carry, or the church to revive or abolish, or the aristocracy to pull down, and looked upon everyone as an enemy who thought anything important except his object; it is scarcely wonderful that since the population doctrine was first promulgated, nine-tenths of the talk has always been against it, and the remaining tenth only audible at intervals; and that it has not yet penetrated far among those who might be expected to be the least willing recipients of it, the labourers themselves.

But let us try to imagine what would happen if the idea became general among the labouring class, that the competition of too great numbers was the special cause of their poverty; so that every labourer looked (with Sismondi) upon every other who had more than the number of children which the circumstances of society allowed to each, as doing him a wrong—as filling up the place which he was entitled to share. Anyone who supposes that this state of opinion would not have a great effect on conduct, must be profoundly ignorant of human nature; can never have considered how large a portion of the motives which induce the generality of men to take care even of their own interest, is derived from regard for opinion—from the expectation of being disliked or despised for not doing it. In the particular case in question, it is not too much to say that over-indulgence is as much caused by the stimulus of opinion as by the mere animal propensity; since opinion universally, and especially among the most uneducated classes, has connected ideas of spirit and power with the strength of the instinct, and of inferiority with its moderation or absence; a perversion of sentiment caused by its being the means, and the stamp, of a dominion exercised over other human beings. The effect would be great of merely removing this factitious stimulus; and when once opinion shall have turned itself into an adverse direction, a revolution will soon take place in this department of human conduct. . . . Men are seldom found to brave the general opinion of their class unless supported either by some principle higher than regard for opinion, or by some strong body of opinion elsewhere.

It must be borne in mind also that the opinion here in question, as soon as it attained any prevalence, would have powerful auxiliaries in the great majority of women. It is seldom by the choice of the wife that families are too numerous; on her devolves (along with all the physical suffering and at least a full share of the privations) the whole of the intolerable domestic drudgery resulting from the excess. To be relieved from it would be hailed as a blessing by multitudes of women who now never venture to urge such a claim, but who would urge it, if supported by the moral feelings of the commu-

nity. Among the barbarisms which law and morals have not yet ceased to sanction, the most disgusting surely is that any human being should be permitted to consider himself as having a *right* to the person of another.

If the opinion were once generally established among the labouring class that their welfare required a due regulation of the numbers of families, the respectable and well-conducted of the body would conform to the prescription, and only those would exempt themselves from it who were in the habit of making light of social obligations generally; and there would be then an evident justification for converting the moral obligation against bringing children into the world who are a burthen to the community, into a legal one. . . .

There would be no need, however, of legal sanctions, if women were admitted, as on all other grounds they have the clearest title to be, to the same rights of citizenship with men. Let them cease to be confined by custom to one physical function as their means of living and their source of influence, and they would have, for the first time, an equal voice with men in what concerns that function; and of all the improvements in reserve for mankind which it is now possible to foresee, none might be expected to be so fertile as this in almost every kind of moral and social benefit.

It remains to consider what chance there is that opinions and feelings, grounded on the law of the dependence of wages on population, will arise among the labouring classes; and by what means such opinions and feelings can be called forth. Before considering the grounds of hope on this subject, a hope which many persons, no doubt, will be ready, without consideration, to pronounce chimerical, I will remark that unless a satisfactory answer can be made to these two questions, the industrial system prevailing in this country, and regarded by many writers as the *ne plus ultra* of civilization—the dependence of the whole labouring class of the community on the wages of hired labour—is irrevocably condemned. The question we are considering is whether, of this state of things, overpopulation and a degraded condition of the labouring class are the inevitable consequence. If a prudent regulation of population be not reconcilable with the system of hired labour, the system is a nuisance, and the grand object of economical statesmanship should be (by whatever arrangements of property, and alterations in the modes of applying industry) to bring the labouring people under the influence of stronger and more obvious inducements to this kind of prudence than the relation of workmen and employers can afford.

But there exists no such incompatibility. The causes of poverty are not so obvious at first sight to a population of hired labourers as they are to one of proprietors, or as they would be to a Socialist community. They are, however, in no way mysterious. The dependence of wages on the number of the competitors for employment, is so far from hard of comprehension, or unintelligible to the labouring classes, that by great bodies of them it is already recognized and habitually acted on. It is familiar to all Trades Unions: every successful combination to keep up wages owes its success to contrivances for restricting the number of the competitors; all skilled trades are anxious to keep down their own numbers, and many impose, or endeavour to impose, as a condition upon employers, that they shall not take more than a prescribed number of apprentices. There is, of course, a great difference between limiting their numbers by excluding other people, and doing the same thing by a restraint imposed on themselves; but the one, as much as the other, shows a clear perception of the relation between their numbers and their remuneration. The principle is understood in its application to any one employment, but not to the general mass of employment. . . .

3. For the purpose, therefore, of altering the habits of the labouring people, there is need of a twofold action, directed simultaneously upon their intelligence and their poverty. An effective national education of the children of the labouring class is the first thing needful: and, coincidentally with this, a system of measures which shall (as the Revolution did in France) extinguish extreme poverty for one whole generation.

This is not the place for discussing, even in the most general manner, either the principles or the machinery of national education. . . . Without entering into disputable points, it may be asserted without scruple that the aim of all intellectual training for the mass of the people, should be to cultivate common sense; to qualify them for forming a sound practical judgment of the circumstances by which they are surrounded. Whatever, in the intellectual department, can be superadded to this, is chiefly ornamental; while this is the indispensable groundwork on which education must rest. Let this object be acknowledged and kept in view as the thing to be first aimed at, and there will be little difficulty in deciding either what to teach, or in what manner to teach it.

An education directed to diffuse good sense among the people, with such knowledge as would qualify them to judge of the tendencies of their actions, would be certain, even without any direct inculcation, to raise up a public opinion by which intemperance and

improvidence of every kind would be held discreditable, and the improvidence which overstocks the labour market would be severely condemned as an offence against the common weal. But though the sufficiency of such a state of opinion, supposing it formed, to keep the increase of population within proper limits, cannot, I think, be doubted; yet, for the formation of the opinion, it would not do to trust to education alone. Education is not compatible with extreme poverty. It is impossible effectually to teach an indigent population. And it is difficult to make those feel the value of comfort who have never enjoyed it, or those appreciate the wretchedness of a precarious subsistence who have been made reckless by always living from hand to mouth. Individuals often struggle upwards into a condition of ease; but the utmost that can be expected from a whole people is to maintain themselves in it; and improvement in the habits and requirements of the mass of unskilled day-labourers will be difficult and tardy, unless means can be contrived of raising the entire body to a state of tolerable comfort, and maintaining them in it until a new generation grows up.

Towards effecting this object, there are two resources available, without wrong to anyone, without any of the liabilities of mischief attendant on voluntary or legal charity, and not only without weakening, but on the contrary strengthening, every incentive to industry, and every motive to forethought.

4. The first is a great national measure of colonization. . . . [C]olonization on an adequate scale might be so conducted as to cost the country nothing, or nothing that would not be certainly repaid. . . . That portion of the income of the country which is habitually ineffective for any purpose of benefit to the labouring class, would bear any draught which it could be necessary to make on it for the amount of emigration which is here in view.

The second resource would be to devote all common land, hereafter brought into cultivation, to raising a class of small proprietors. . . . The machinery for administering it already exists, having been created by the General Inclosure Act. What I would propose (though, I confess, with small hope of its being soon adopted) is that in all future cases in which common land is permitted to be enclosed, such portion should first be sold or assigned as is sufficient to compensate the owners of manorial or common rights, and that the remainder should be divided into sections of five acres or thereabouts, to be conferred in absolute property on individuals of the labouring class who would reclaim and bring them into cultivation by their own labour. . . . The tools, the manure, and in some cases the subsistence also might be

supplied by the parish, or by the State. . . . These little landed estates might, if it were thought necessary, be made indivisible by law. . . .

It would, however, be of little avail that either or both of these measures of relief should be adopted, unless on such a scale as would enable the whole body of hired labourers remaining on the soil to obtain, not merely employment, but a large addition to the present wages—such an addition as would enable them to live and bring up their children in a degree of comfort and independence to which they have hitherto been strangers. When the object is to raise the permanent condition of a people, small means do not merely produce small effects, they produce no effect at all. Unless comfort can be made as habitual to a whole generation as indigence is now, nothing is accomplished; and feeble half-measures do but fritter away resources far better reserved until the improvement of public opinion and of education shall raise up politicians who will not think that merely because a scheme promises much, the part of statesmanship is to have nothing to do with it.

I have left the preceding paragraphs as they were written, since they remain true in principle, though it is no longer urgent to apply these specific recommendations to the present state of this country. The extraordinary cheapening of the means of transport, which is one of the great scientific achievements of the age, and the knowledge which nearly all classes of the people have now acquired, or are in the way of acquiring, of the condition of the labour market in remote parts of the world, have opened up a spontaneous emigration from these islands to the new countries beyond the ocean, which does not tend to diminish, but to increase; and which, without any national measure of systematic colonization, may prove sufficient to effect a material rise of wages in Great Britain, as it has already done in Ireland, and to maintain that rise unimpaired for one or more generations. Emigration, instead of an occasional vent, is becoming a steady outlet for superfluous numbers; and this new fact in modern history, together with the flush of prosperity occasioned by free trade, have granted to this overcrowded country a temporary breathing-time capable of being employed in accomplishing those moral and intellectual improvements in all classes of the people, the very poorest included, which would render improbable any relapse into the over-peopled state. Whether this golden opportunity will be properly used depends on the wisdom of our councils; and whatever depends on that is always, in a high degree, precarious. The grounds of hope are that there has been no time in our history when mental progress has depended so little on governments, and so much on the general dis-

position of the people; none in which the spirit of improvement has extended to so many branches of human affairs at once, nor in which all kinds of suggestions tending to the public good in every department, from the humblest physical to the highest moral or intellectual, were heard with so little prejudice, and had so good a chance of becoming known and being fairly considered.²

Book II, Chapter XIV

Of the Differences of Wages in Different Employments

1. In treating of wages, we have hitherto confined ourselves to the causes which operate on them generally, and *en masse* . . . without reference to the existence of different kinds of work which are habitually paid at different rates, depending in some degree on different laws. We will now take into consideration these differences. . . .

A well-known and very popular chapter of Adam Smith³ contains the best exposition yet given of this portion of the subject. I cannot indeed think his treatment so complete and exhaustive as it has sometimes been considered; but as far as it goes, his analysis is tolerably successful.

The differences, he says, arise partly from the policy of Europe, which nowhere leaves things at perfect liberty, and partly “from certain circumstances in the employments themselves, which either really, or at least in the imaginations of men, make up for a small pecuniary gain in some, and counterbalance a great one in others.” These circumstances he considers to be: “First, the agreeableness or disagreeableness of the employments themselves; secondly, the easiness and cheapness, or the difficulty and expense of learning them; thirdly, the constancy or inconstancy of employment in them; fourthly, the small or great trust which must be reposed in those who exercise them; and fifthly, the probability or improbability of success in them.”

Several of these points he has very copiously illustrated, though his examples are sometimes drawn from a state of facts now no longer existing. “The wages of labour vary with the ease or hardship, the

² [According to Ashley, this paragraph was added to the 6th edition of 1865.]

³ *Wealth of Nations*, book I., ch. 10.

cleanliness or dirtiness, the honourableness or dishonourableness of the employment. Thus, in most places, take the year round, a journeyman tailor earns less than a journeyman weaver. His work is much easier. . . . A journeyman weaver earns less than a journeyman smith. His work is not always easier, but it is much cleaner.” A more probable explanation is that it requires less bodily strength. “A journeyman blacksmith, though an artificer, seldom earns so much in twelve hours as a collier, who is only a labourer, does in eight. His work is not quite so dirty, is less dangerous, and is carried on in daylight, and above ground. Honour makes a great part of the reward of all honourable professions. In point of pecuniary gain, all things considered,” their recompense is, in his opinion, below the average. “Disgrace has the contrary effect. The trade of a butcher is a brutal and an odious business; but it is in most places more profitable than the greater part of common trades. The most detestable of all employments, that of public executioner, is, in proportion to the quantity of work done, better paid than any common trade whatever. . . .”

“Employment is much more constant,” continues Adam Smith, “in some trades than in others. No species of skilled labour . . . seems more easy to learn than that of masons and bricklayers. The high wages of those workmen, therefore, are not so much the recompense of their skill, as the compensation for the inconstancy of their employment. . . .”

These inequalities of remuneration, which are supposed to compensate for the disagreeable circumstances of particular employments, would, under certain conditions, be natural consequences of perfectly free competition; and as between employments of about the same grade, and filled by nearly the same description of people, they are, no doubt, for the most part, realized in practice. But it is altogether a false view of the state of facts, to present this as the relation which generally exists between agreeable and disagreeable employments. The really exhausting and the really repulsive labours, instead of being better paid than others, are almost invariably paid the worst of all, because performed by those who have no choice. It would be otherwise in a favourable state of the general labour market. If the labourers in the aggregate, instead of exceeding, fell short of the amount of employment, work which was generally disliked would not be undertaken, except for more than ordinary wages. But when the supply of labour so far exceeds the demand that to find employment at all is an uncertainty, and to be offered it on any terms a favour, the case is totally the reverse. Desirable labourers, those whom everyone is anxious to have, can still exercise a choice. The

undesirable must take what they can get. The more revolting the occupation, the more certain it is to receive the minimum of remuneration, because it devolves on the most helpless and degraded, on those who from squalid poverty, or from want of skill and education, are rejected from all other employments. Partly from this cause, and partly from the natural and artificial monopolies which will be spoken of presently, the inequalities of wages are generally in an opposite direction to the equitable principle of compensation erroneously represented by Adam Smith as the general law of the remuneration of labour. The hardships and the earnings, instead of being directly proportional, as in any just arrangements of society they would be, are generally in an inverse ratio to one another.

One of the points best illustrated by Adam Smith is the influence exercised on the remuneration of an employment by the uncertainty of success in it. If the chances are great of total failure, the reward in case of success must be sufficient to make up, in the general estimation, for those adverse chances. But, owing to another principle of human nature, if the reward comes in the shape of a few great prizes, it usually attracts competitors in such numbers that the average remuneration may be reduced not only to zero, but even to a negative quantity. The success of lotteries proves that this is possible, since the aggregate body of adventurers in lotteries necessarily loses. . . .

Even where there are no great prizes, the mere love of excitement is sometimes enough to cause an adventurous employment to be overstocked. This is apparent “in the readiness of the common people to enlist as soldiers, or to go to sea. . . . The dangers and hairbreadth escapes of a life of adventures, instead of disheartening young people, seem frequently to recommend a trade to them. . . .”

2. . . . [C]ases in which inequality of remuneration is necessary to produce equality of attractiveness . . . are examples of the equalizing effect of free competition. The following are cases of real inequality, and arise from a different principle.

The wages of labour vary according to the small or great trust which must be reposed in the workmen. The wages of goldsmiths and jewellers are everywhere superior to those of many other workmen, not only of equal, but of much superior ingenuity; on account of the precious materials with which they are intrusted. We trust our health to the physician, our fortune and sometimes our life and reputation to the lawyer and attorney. Such confidence could not safely be reposed in people of a very mean or low condition. Their reward must be such, therefore, as may give them that rank in society which so important a trust requires. . . .

Some employments require a much longer time to learn, and a much more expensive course of instruction than others; and to this extent there is, as explained by Adam Smith, an inherent reason for their being more highly remunerated. . . . But the fact that a course of instruction is required, of even a low degree of costliness, or that the labourer must be maintained for a considerable time from other sources, suffices everywhere to exclude the great body of the labouring people from the possibility of any such competition. Until lately, all employments which required even the humble education of reading and writing, could be recruited only from a select class, the majority having had no opportunity of acquiring those attainments. All such employments, accordingly, were immensely overpaid, as measured by the ordinary remuneration of labour. Since reading and writing have been brought within the reach of a multitude, the monopoly price of the lower grade of educated employments has greatly fallen, the competition for them having increased in an almost incredible degree. There is still, however, a much greater disparity than can be accounted for on the principle of competition. A clerk from whom nothing is required but the mechanical labour of copying, gains more than an equivalent for his mere exertion if he receives the wages of a bricklayer's labourer. His work is not a tenth part as hard, it is quite as easy to learn, and his condition is less precarious, a clerk's place being generally a place for life. The higher rate of his remuneration, therefore, must be partly ascribed to monopoly, the small degree of education required being not even yet so generally diffused as to call forth the natural number of competitors; and partly to the remaining influence of an ancient custom, which requires that clerks should maintain the dress and appearance of a more highly paid class. . . .

So complete, indeed, has hitherto been the separation, so strongly marked the line of demarcation, between the different grades of labourers, as to be almost equivalent to an hereditary distinction of caste; each employment being chiefly recruited from the children of those already employed in it, or in employments of the same rank with it in social estimation, or from the children of persons who, originally of a lower rank, have succeeded in raising themselves by their exertions. The liberal professions are mostly supplied by the sons of either the professional, or the idle classes; the more highly skilled manual employments are filled up from the sons of skilled artisans, or the class of tradesmen who rank with them: the lower classes of skilled employments are in a similar case; and unskilled labourers, with occasional exceptions, remain, from father to son, in their pristine condition. Consequently, the wages of each class have

hitherto been regulated by the increase of its own population, rather than of the general population of the country. . . . The changes, however, now so rapidly taking place in usages and ideas, are undermining all these distinctions; the habits or disabilities which chained people to their hereditary condition are fast wearing away, and every class is exposed to increased and increasing competition from at least the class immediately below it. The general relaxation of conventional barriers, and the increased facilities of education which already are, and will be in a much greater degree, brought within the reach of all, tend to produce, among many excellent effects, one which is the reverse; they tend to bring down the wages of skilled labour. The inequality of remuneration between the skilled and the unskilled is, without doubt, very much greater than is justifiable; but it is desirable that this should be corrected by raising the unskilled, not by lowering the skilled. If, however, the other changes taking place in society are not accompanied by a strengthening of the checks to population on the part of labourers generally, there will be a tendency to bring the lower grades of skilled labourers under the influence of a rate of increase regulated by a lower standard of living than their own, and thus to deteriorate their condition without raising that of the general mass; the stimulus given to the multiplication of the lowest class being sufficient to fill up, without difficulty, the additional space gained by them from those immediately above.

3. . . . While it is true, as a general rule, that the earnings of skilled labour, and especially of any labour which requires school education, are at a monopoly rate, from the impossibility, to the mass of the people, of obtaining that education; it is also true that the policy of nations, or the bounty of individuals, formerly did much to counteract the effect of this limitation of competition, by offering eleemosynary instruction to a much larger class of persons than could have obtained the same advantages by paying their price. Adam Smith has pointed out the operation of this cause in keeping down the remuneration of scholarly or bookish occupations generally, and in particular of clergymen, literary men, and schoolmasters, or other teachers of youth. . . .

That unprosperous race of men, commonly called men of letters, are pretty much in the situation which lawyers and physicians probably would be in upon the foregoing supposition. In every part of Europe, the greater part of them have been educated for the Church, but have been hindered by different reasons from entering into holy orders. They have generally, therefore, been educated at the public expense, and their numbers are everywhere so great as to reduce the price of their labour to a very paltry recompense. . . .

4. . . . Literary occupation is one of those pursuits in which success may be attained by persons, the greater part of whose time is taken up by other employments; and the education necessary for it is the common education of all cultivated persons. The inducements to it, independently of money, in the present state of the world, to all who have either vanity to gratify, or personal or public objects to promote, are strong. These motives now attract into this career a great and increasing number of persons who do not need its pecuniary fruits, and who would equally resort to it if it afforded no remuneration at all. In our own country (to cite known examples), the most influential and, on the whole, most eminent philosophical writer of recent times (Bentham), the greatest political economist (Ricardo), the most ephemerally celebrated, and the really greatest poets (Byron and Shelley), and the most successful writer of prose (Scott), were none of them authors by profession; and only two of the five, Scott and Byron, could have supported themselves by the works which they wrote. Nearly all the higher departments of authorship are, to a great extent, similarly filled. In consequence, although the highest pecuniary prizes of successful authorship are incomparably greater than at any former period, yet on any rational calculation of the chances, in the existing competition, scarcely any writer can hope to gain a living by books, and to do so by magazines and reviews becomes [1848] daily more difficult. It is only the more troublesome and disagreeable kinds of literary labour, and those which confer no personal celebrity, such as most of those connected with newspapers, or with the smaller periodicals, on which an educated person can now rely for subsistence. Of these, the remuneration is, on the whole, decidedly high. . . .

[T]hose trades are generally the worst paid, in which the wife and children of the artisan aid in the work. The income which the habits of the class demand, and down to which they are almost sure to multiply, is made up, in those trades, by the earnings of the whole family; while in others, the same income must be obtained by the labour of the man alone. . . . It cannot, however, be considered desirable as a *permanent* element in the condition of a labouring class, that the mother of the family (the case of a single woman is totally different) should be under the necessity of working for subsistence, at least elsewhere than in their place of abode. In the case of children, who are necessarily dependent, the influence of their competition in depressing the labour market is an important element in the question of limiting their labour, in order to provide better for their education.

5. It deserves consideration why the wages of women are generally lower, and very much lower, than those of men. They are not universally so. Where men and women work at the same employment, if it be one for which they are equally fitted in point of physical power, they are not always unequally paid. Women in factories sometimes earn as much as men; and so they do in handloom weaving, which, being paid by the piece, brings their efficiency to a sure test. When the efficiency is equal, but the pay unequal, the only explanation that can be given is custom; grounded either in a prejudice, or in the present constitution of society, which, making almost every woman, socially speaking, an appendage of some man, enables men to take systematically the lion's share of whatever belongs to both. But the principal question relates to the peculiar employments of women. The remuneration of these is always, I believe, greatly below that of employments of equal skill and equal disagreeableness carried on by men. In some of these cases, the explanation is evidently that already given: as in the case of domestic servants, whose wages, speaking generally, are not determined by competition, but are greatly in excess of the market value of the labour, and in this excess, as in almost all things which are regulated by custom, the male sex obtains by far the largest share. In the occupations in which employers take full advantage of competition, the low wages of women, as compared with the ordinary earnings of men, are a proof that the employments are overstocked; that although so much smaller a number of women than of men support themselves by wages, the occupations which law and usage make accessible to them are comparatively so few that the field of their employment is still more overcrowded. It must be observed that as matters now stand, a sufficient degree of overcrowding may depress the wages of women to a much lower minimum than those of men. The wages, at least of single women, must be equal to their support, but need not be more than equal to it; the minimum, in their case, is the pittance absolutely requisite for the sustenance of one human being. Now the lowest point to which the most superabundant competition can permanently depress the wages of a man is always somewhat more than this. Where the wife of a labouring man does not, by general custom, contribute to his earnings, the man's wages must be at least sufficient to support himself, a wife, and a number of children adequate to keep up the population, since if it were less, the population would not be kept up. And even if the wife earns something, their joint wages must be sufficient to support not only themselves, but (at least for some years) their children also. The *ne plus ultra* of low wages, therefore (except during some transitory

crisis, or in some decaying employment), can hardly occur in any occupation which the person employed has to live by, except the occupations of women.

6. Thus far, we have, throughout this discussion, proceeded on the supposition that competition is free, so far as regards human interference; being limited only by natural causes, or by the unintended effect of general social circumstances. But law or custom may interfere to limit competition. If apprentice laws, or the regulations of corporate bodies, make the access to a particular employment slow, costly, or difficult, the wages of that employment may be kept much above their natural proportion to the wages of common labour. They might be so kept without any assignable limit, were it not that wages which exceed the usual rate require corresponding prices, and that there is a limit to the price at which even a restricted number of producers can dispose of all they produce. In most civilized countries, the restrictions of this kind which once existed have been either abolished or very much relaxed, and will, no doubt, soon disappear entirely. In some trades, however, and to some extent, the combinations of workmen produce a similar effect. Those combinations always fail to uphold wages at an artificial rate, unless they also limit the number of competitors. But they do occasionally succeed in accomplishing this. In several trades, the workmen have been able to make it almost impracticable for strangers to obtain admission either as journeymen or as apprentices, except in limited numbers, and under such restrictions as they choose to impose. It was given in evidence to the Handloom Weavers Commission, that this is one of the hardships which aggravate the grievous condition of that depressed class. Their own employment is overstocked and almost ruined; but there are many other trades which it would not be difficult for them to learn; to this, however, the combinations of workmen in those other trades are said to interpose an obstacle hitherto insurmountable.

Notwithstanding, however, the cruel manner in which the exclusive principle of these combinations operates in a case of this peculiar nature, the question whether they are, on the whole, more useful or mischievous, requires to be decided on an enlarged consideration of consequences, among which such a fact as this is not one of the most important items. Putting aside the atrocities sometimes committed by workmen in the way of personal outrage or intimidation, which cannot be too rigidly repressed; if the present state of the general habits of the people were to remain forever unimproved, these partial combinations, insofar as they do succeed in keeping up

the wages of any trade by limiting its numbers, might be looked upon as simply intrenching around a particular spot against the inroads of over-population, and making the wages of the class depend upon their own rate of increase, instead of depending on that of a more reckless and improvident class than themselves. What at first sight seems the injustice of excluding the more numerous body from sharing the gains of a comparatively few, disappears when we consider that by being admitted, they would not be made better off for more than a short time. . . .

7. To conclude this subject, I must repeat an observation already made, that there are kinds of labour of which the wages are fixed by custom, and not by competition. Such are the fees or charges of professional persons: of physicians, surgeons, barristers, and even attorneys. . . . The cause of this, perhaps, has been the prevalence of an opinion that such persons are more trustworthy if paid highly in proportion to the work they perform; insomuch that if a lawyer or a physician offered his services at less than the ordinary rate, instead of gaining more practice, he would probably lose that which he already had. For analogous reasons, it is usual to pay greatly beyond the market price of their labour, all persons in whom the employer wishes to place peculiar trust, or from whom he requires something besides their mere services. For example, most persons who can afford it pay to their domestic servants higher wages than would purchase in the market the labour of persons fully as competent to the work required. . . . Similar feelings operate in the minds of persons in business, with respect to their clerks, and other employés. Liberality, generosity, and the credit of the employer are motives which, to whatever extent they operate, preclude taking the utmost advantage of competition; and doubtless, such motives might, and even now do, operate on employers of labour in all the great departments of industry; and most desirable is it that they should. But they can never raise the average wages of labour beyond the ratio of population to capital. By giving more to each person employed, they limit the power of giving employment to numbers; and however excellent their moral effect, they do little good economically, unless the pauperism of those who are shut out leads indirectly to a readjustment by means of an increased restraint on population.

Book II, Chapter XV

Of Profits

1. Having treated of the labourer's share of the produce, we next proceed to the share of the capitalist; the profits of capital or stock; the gains of the person who advances the expenses of production—who, from funds in his possession, pays the wages of the labourers, or supports them during the work; who supplies the requisite buildings, materials, and tools or machinery; and to whom, by the usual terms of the contract, the produce belongs, to be disposed of at his pleasure. After indemnifying him for his outlay, there commonly remains a surplus, which is his profit; the net income from his capital: the amount which he can afford to spend in necessaries or pleasures, or from which, by further saving, he can add to his wealth.

As the wages of the labourer are the remuneration of labour, so the profits of the capitalist are properly, according to Mr. Senior's well-chosen expression, the remuneration of abstinence. They are what he gains by forbearing to consume his capital for his own uses, and allowing it to be consumed by productive labourers for their uses. For this forbearance, he requires a recompense. Very often in personal enjoyment, he would be a gainer by squandering his capital, the capital amounting to more than the sum of the profits which it will yield during the years he can expect to live. . . .

Of the gains, however, which the possession of a capital enables a person to make, a part only is properly an equivalent for the use of the capital itself: namely, as much as a solvent person would be willing to pay for the loan of it. . . . The remuneration which is obtained in any country for mere abstinence, is measured by the current rate of interest on the best security. . . . The rate of profit greatly exceeds the rate of interest. The surplus is partly compensation for risk. . . . For this danger, he must be compensated; otherwise, he will not incur it. He must likewise be remunerated for the devotion of his time and labour. The control of the operations of industry usually belongs to the person who supplies the whole or the greatest part of the funds by which they are carried on. . . . To exercise this control with efficiency, if the concern is large and complicated, requires great assiduity, and often, no ordinary skill. This assiduity and skill must be remunerated.

The gross profits from capital, the gains returned to those who supply the funds for production, must suffice for these three purposes: they must afford a sufficient equivalent for abstinence, indemnity

for risk, and remuneration for the labour and skill required for superintendence. These different compensations may be either paid to the same, or to different persons. . . . Sometimes the capital is supplied and the risk incurred by one person, and the business carried on exclusively in his name, while the trouble of management is made over to another, who is engaged for that purpose at a fixed salary. . . . But under any or all of these arrangements, the same three things require their remuneration, and must obtain it from the gross profit: abstinence, risk, exertion. And the three parts into which profit may be considered as resolving itself, may be described respectively as interest, insurance, and wages of superintendence.

2. The lowest rate of profit which can permanently exist is that which is barely adequate, at the given place and time, to afford an equivalent for the abstinence, risk, and exertion implied in the employment of capital. . . .

Such, then, is the minimum of profits; but that minimum is exceedingly variable, and at some times and places extremely low; on account of the great variableness of two out of its three elements. That the rate of necessary remuneration for abstinence, or in other words, the effective desire of accumulation, differs widely in different states of society and civilization, has been seen in a former chapter. There is a still wider difference in the element which consists in compensation for risk. I am not now speaking of the differences in point of risk between different employments of capital in the same society, but of the very different degrees of security of property in different states of society. Where, as in many of the governments of Asia, property is in perpetual danger of spoliation from a tyrannical government, or from its rapacious and ill-controlled officers; where to possess or to be suspected of possessing wealth is to be a mark not only for plunder, but perhaps for personal ill treatment to extort the disclosure and surrender of hidden valuables; or where, as in the European Middle Ages, the weakness of the government, even when not itself inclined to oppress, leaves its subjects exposed, without protection or redress, to active spoliation, or audacious withholding of just rights, by any powerful individual; the rate of profit which persons of average dispositions will require to make them forego the immediate enjoyment of what they happen to possess, for the purpose of exposing it and themselves to these perils, must be something very considerable. . . .

4. After due allowance is made for . . . differences in the risk or agreeableness of different employments, and natural or artificial monopolies; the rate of profit on capital in all employments tends to

an equality. Such is the proposition usually laid down by political economists, and under proper explanations, it is true. . . .

It is far otherwise with gross profit; which, though (as will presently be seen) it does not vary much from employment to employment, varies very greatly from individual to individual, and can scarcely be in any two cases the same. It depends on the knowledge, talents, economy, and energy of the capitalist himself, or of the agents whom he employs; on the accidents of personal connexion; and even on chance. Hardly any two dealers in the same trade, even if their commodities are equally good and equally cheap, carry on their business at the same expense, or turn over their capital in the same time. That equal capitals give equal profits, as a general maxim of trade, would be as false as that equal age or size gives equal bodily strength, or that equal reading or experience gives equal knowledge. The effect depends as much upon twenty other things as upon the single cause specified.

But though profits thus vary, the parity on the whole, of different modes of employing capital (in the absence of any natural or artificial monopoly) is, in a certain and a very important sense, maintained. On an average (whatever may be the occasional fluctuations) the various employments of capital are on such a footing as to hold out not equal profits, but equal expectations of profit, to persons of average abilities and advantages. By equal, I mean after making compensation for any inferiority in the agreeableness or safety of an employment. If the case were not so; if there were, evidently, and to common experience, more favourable chances of pecuniary success in one business than in others, more persons would engage their capital in the business, or would bring up their sons to it; which in fact always happens when a business, like that of an engineer at present [1848], or like any newly established and prosperous manufacture, is seen to be a growing and thriving one. If, on the contrary, a business is not considered thriving; if the chances of profit in it are thought to be inferior to those in other employments; capital gradually leaves it, or at least new capital is not attracted to it; and by this change in the distribution of capital between the less profitable and the more profitable employments, a sort of balance is restored. The expectations of profit, therefore, in different employments, cannot long continue very different: they tend to a common average, though they are generally oscillating from one side to the other side of the medium. . . .

In general, then, although profits are very different to different individuals, and to the same individual in different years, there can-

not be much diversity at the same time and place in the average profits of different employments (other than the standing differences necessary to compensate for difference of attractiveness) except for short periods, or when some great permanent revulsion has overtaken a particular trade. If any popular impression exists that some trades are more profitable than others, independently of monopoly, or of such rare accidents as have been noticed in regard to the cotton trade, the impression is, in all probability, fallacious, since if it were shared by those who have greatest means of knowledge and motives to accurate examination, there would take place such an influx of capital as would soon lower the profits to the common level. It is true that, to persons with the same amount of original means, there is more chance of making a large fortune in some employments than in others. But it would be found that in those same employments, bankruptcies also are more frequent, and that the chance of greater success is balanced by a greater probability of complete failure. Very often, it is more than balanced; for, as was remarked in another case, the chance of great prizes operates with a greater degree of strength than arithmetic will warrant, in attracting competitors; and I doubt not that the average gains, in a trade in which large fortunes may be made, are lower than in those in which gains are slow, though comparatively sure, and in which nothing is to be ultimately hoped for beyond a competency. . . . In such points as this, much depends on the characters of nations, according as they partake more or less of the adventurous, or, as it is called when the intention is to blame it, the gambling spirit. This spirit is much stronger in the United States than in Great Britain; and in Great Britain than in any country of the Continent. . . .

It must not, however, be forgotten that even in the countries of most active competition, custom also has a considerable share in determining the profits of trade. . . .

5. . . . To popular apprehension, it seems as if the profits of business depended upon prices. A producer or dealer seems to obtain his profits by selling his commodity for more than it cost him. Profit altogether, people are apt to think, is a consequence of purchase and sale. It is only (they suppose) because there are purchasers for a commodity, that the producer of it is able to make any profit. Demand—customers—a market for the commodity, are the cause of the gains of capitalists. It is by the sale of their goods that they replace their capital and add to its amount.

This, however, is looking only at the outside surface of the economical machinery of society. In no case, we find, is the mere money

which passes from one person to another, the fundamental matter in any economical phenomenon. . . .

The cause of profit is that labour produces more than is required for its support. The reason why agricultural capital yields a profit is because human beings can grow more food than is necessary to feed them while it is being grown, including the time occupied in constructing the tools and making all other needful preparations; from which it is a consequence that if a capitalist undertakes to feed the labourers on condition of receiving the produce, he has some of it remaining for himself after replacing his advances. To vary the form of the theorem: the reason why capital yields a profit is because food, clothing, materials, and tools last longer than the time which was required to produce them; so that if a capitalist supplies a party of labourers with these things, on condition of receiving all they produce, they will, in addition to reproducing their own necessaries and instruments, have a portion of their time remaining, to work for the capitalist. We thus see that profit arises, not from the incident of exchange, but from the productive power of labour; and the general profit of the country is always what the productive power of labour makes it, whether any exchange takes place or not. . . .

7. It thus appears that the two elements on which, and which alone, the gains of the capitalists depend are, first, the magnitude of the produce; in other words, the productive power of labour; and secondly, the proportion of that produce obtained by the labourers themselves; the ratio, which the remuneration of the labourers bears to the amount they produce. . . .

We thus arrive at the conclusion of Ricardo and others, that the rate of profits depends on wages; rising as wages fall, and falling as wages rise. In adopting, however, this doctrine, I must insist upon making a most necessary alteration in its wording. Instead of saying that profits depend on wages, let us say (what Ricardo really meant) that they depend on the *cost of labour*. . . .

The cost of labour . . . is, in the language of mathematics, a function of three variables: the efficiency of labour, the wages of labour (meaning thereby the real reward of the labourer), and the greater or less cost at which the articles composing that real reward can be produced or procured. . . . If labour generally became more efficient, without being more highly rewarded; if, without its becoming less efficient, its remuneration fell, no increase taking place in the cost of the articles composing that remuneration; or if those articles became less costly, without the labourer's obtaining more of them; in any one of these three cases, profits would rise. If, on the contrary, labour

became less efficient (as it might do from diminished bodily vigour in the people, destruction of fixed capital, or deteriorated education); or if the labourer obtained a higher remuneration, without any increased cheapness in the things composing it; or if, without his obtaining more, that which he did obtain became more costly; profits, in all these cases, would suffer a diminution. And there is no other combination of circumstances in which the general rate of profit of a country, in all employments indifferently, can either fall or rise. . . .

Book III



EXCHANGE

Book III, Chapter I *Of Value*

1. The subject on which we are now about to enter fills so important and conspicuous a position in political economy, that in the apprehension of some thinkers, its boundaries confound themselves with those of the science itself. . . . It is nevertheless evident that of the two great departments of Political Economy, the production of wealth and its distribution, the consideration of Value has to do with the latter alone; and with that, only so far as competition, and not usage or custom, is the distributing agency. The conditions and laws of Production would be the same as they are if the arrangements of society did not depend on Exchange, or did not admit of it. . . . It is a case of the error too common in political economy, of not distinguishing between necessities arising from the nature of things, and those created by social arrangements: an error which appears to me to be, at all times, producing two opposite mischiefs; on the one hand, causing political economists to class the merely temporary truths of their subject among its permanent and universal laws; and on the other, leading many persons to mistake the permanent laws of Production (such as those on which the necessity is grounded of restraining population) for temporary accidents arising from the existing constitution of society—which those who would frame a new system of social arrangements are at liberty to disregard.

In a state of society, however, in which the industrial system is entirely founded on purchase and sale, each individual, for the most part, living not on things in the production of which he himself bears a part, but on things obtained by a double exchange, a sale followed

by a purchase—the question of Value is fundamental. . . . Happily, there is nothing in the laws of value which remains [1848] for the present or any future writer to clear up; the theory of the subject is complete; the only difficulty to be overcome is that of so stating it as to solve by anticipation the chief perplexities which occur in applying it; and to do this, some minuteness of exposition, and considerable demands on the patience of the reader, are unavoidable. . . .

2. We must begin by settling our phraseology. . . . Things . . . which have the greatest value in use have often little or no value in exchange . . . since that which can be obtained without labour or sacrifice will command no price, however useful or needful it may be. . . . Political economy has nothing to do with the comparative estimation of different uses in the judgment of a philosopher or of a moralist. The use of a thing, in political economy, means its capacity to satisfy a desire or serve a purpose. . . .

The word Value, when used without adjunct, always means, in political economy, value in exchange. . . .

Exchange value requires to be distinguished from Price. The words Value and Price were used as synonymous by the early political economists, and are not always discriminated even by Ricardo. But the most accurate modern writers, to avoid the wasteful expenditure of two good scientific terms on a single idea, have employed Price to express the value of a thing in relation to money; the quantity of money for which it will exchange. By the price of a thing, therefore, we shall henceforth understand its value in money; by the value, or exchange value of a thing, its general power of purchasing; the command which its possession gives over purchasable commodities in general. . . .

4. The distinction between Value and Price, as we have now defined them, is so obvious as scarcely to seem in need of any illustration. But in political economy, the greatest errors arise from overlooking the most obvious truths. Simple as this distinction is, it has consequences with which a reader unacquainted with the subject would do well to begin early by making himself thoroughly familiar. The following is one of the principal. There is such a thing as a general rise of prices. All commodities may rise in their money price. But there cannot be a general rise of values. . . . That the money prices of all things should rise or fall, provided they all rise or fall equally, is in itself, and apart from existing contracts, of no consequence. It affects nobody's wages, profits, or rent. Everyone gets more money in the one case and less in the other; but of all that is to be bought with money, they get neither more nor less than before. It makes no other

difference than that of using more or fewer counters to reckon by. The only thing, which in this case is really altered in value is money; and the only persons who either gain or lose are the holders of money, or those who have to receive or to pay fixed sums of it. There is a difference to annuitants and to creditors the one way, and to those who are burthened with annuities, or with debts, the contrary way. There is a disturbance, in short, of fixed money contracts; and this is an evil, whether it takes place in the debtor's favour or in the creditor's. But as to future transactions, there is no difference to anyone. Let it therefore be remembered (and occasions will often arise for calling it to mind) that a general rise or a general fall of values is a contradiction; and that a general rise or a general fall of prices is merely tantamount to an alteration in the value of money, and is a matter of complete indifference, save insofar as it affects existing contracts for receiving and paying fixed pecuniary amounts, and (it must be added) as it affects the interests of the producers of money.

5. Before commencing the inquiry into the laws of value and price, I have one further observation to make. I must give warning, once for all, that the cases I contemplate are those in which values and prices are determined by competition alone. Insofar only as they are thus determined, can they be reduced to any assignable law. The buyers must be supposed as studious to buy cheap, as the sellers to sell dear. The values and prices, therefore, to which our conclusions apply, are mercantile values and prices; such prices as are quoted in price-currents; prices in the wholesale markets, in which buying as well as selling is a matter of business; in which the buyers take pains to know, and generally do know, the lowest price at which an article of a given quality can be obtained; and in which, therefore, the axiom is true, that there cannot be for the same article, of the same quality, two prices in the same market. Our propositions will be true in a much more qualified sense of retail prices; the prices paid in shops for articles of personal consumption. For such things there often are not merely two, but many prices, in different shops, or even in the same shop; habit and accident having as much to do in the matter as general causes. Purchases for private use, even by people in business, are not always made on business principles: the feelings which come into play in the operation of getting, and in that of spending their income, are often extremely different. Either from indolence, or carelessness, or because people think it fine to pay and ask no questions, three-fourths of those who can afford it give much higher prices than necessary for the things they consume; while the poor often do the same from ignorance and defect of judgment, want

of time for searching and making inquiry, and not unfrequently from coercion, open or disguised. For these reasons, retail prices do not follow with all the regularity which might be expected, the action of the causes which determine wholesale prices. . . . In all reasoning about prices, the proviso must be understood, "supposing all parties to take care of their own interest." Inattention to these distinctions has led to improper applications of the abstract principles of political economy, and still oftener to an undue discrediting of those principles, through their being compared with a different sort of facts from those which they contemplate, or which can fairly be expected to accord with them.

Book III, Chapter XVII

On International Trade

1. . . . [T]here are many things which, though they could be produced at home without difficulty, and in any quantity, are yet imported from a distance. The explanation which would be popularly given of this would be that it is cheaper to import than to produce them; and this is the true reason. But this reason itself requires that a reason be given for it. Of two things produced in the same place, if one is cheaper than the other, the reason is that it can be produced with less labour and capital, or, in a word, at less cost. Is this also the reason as between things produced in different places? Are things never imported but from places where they can be produced with less labour (or less of the other element of cost, time) than in the place to which they are brought? Does the law, that permanent value is proportioned to cost of production, hold good between commodities produced in distant places, as it does between those produced in adjacent places?

We shall find that it does not. . . .

3. . . . [T]he benefit of international exchange, or in other words, foreign commerce . . . consists in a more efficient employment of the productive forces of the world. If two countries which trade together attempted, as far as was physically possible, to produce for themselves what they now import from one another, the labour and capital of the two countries would not be so productive, the two together would not obtain from their industry so great a quantity of commodities, as when each employs itself in producing, both for itself and for the other, the things in which its labour is relatively most efficient. The

addition thus made to the produce of the two combined, constitutes the advantage of the trade. It is possible that one of the two countries may be altogether inferior to the other in productive capacities, and that its labour and capital could be employed to greatest advantage by being removed bodily to the other. The labour and capital which have been sunk in rendering Holland habitable, would have produced a much greater return if transported to America or Ireland. The produce of the whole world would be greater, or the labour less, than it is, if everything were produced where there is the greatest absolute facility for its production. But nations do not, at least in modern times, emigrate *en masse*; and while the labour and capital of a country remain in the country, they are most beneficially employed in producing, for foreign markets as well as for its own, the things in which it lies under the least disadvantage, if there be none in which it possesses an advantage.

4. Before proceeding further, let us contrast this view of the benefits of international commerce with other theories which have prevailed, and which to a certain extent still prevail, on the same subject.

According to the doctrine now stated, the only direct advantage of foreign commerce consists in the imports. A country obtains things which it either could not have produced at all, or which it must have produced at a greater expense of capital and labour than the cost of the things which it exports to pay for them. It thus obtains a more ample supply of the commodities it wants, for the same labour and capital; or the same supply, for less labour and capital, leaving the surplus disposable to produce other things. The vulgar theory disregards this benefit, and deems the advantage of commerce to reside in the exports: as if not what a country obtains, but what it parts with by its foreign trade, was supposed to constitute the gain to it. . . .

There is much misconception in the common notion of what commerce does for a country. When commerce is spoken of as a source of national wealth, the imagination fixes itself upon the large fortunes acquired by merchants, rather than upon the saving of price to consumers. . . . Commerce is virtually a mode of cheapening production; and in all such cases, the consumer is the person ultimately benefited; the dealer, in the end, is sure to get his profit, whether the buyer obtains much or little for his money. This is said without prejudice to the effect (already touched upon, and to be hereafter fully discussed) which the cheapening of commodities may have in raising profits; in the case when the commodity cheapened, being one of those consumed by labourers, enters into the cost of labour, by which the rate of profits is determined.

5. Such, then, is the direct economical advantage of foreign trade. But there are, besides, indirect effects, which must be counted as benefits of a high order. One is the tendency of every extension of the market to improve the processes of production. A country which produces for a larger market than its own can introduce a more extended division of labour, can make greater use of machinery, and is more likely to make inventions and improvements in the processes of production. Whatever causes a greater quantity of anything to be produced in the same place, tends to the general increase of the productive powers of the world. There is another consideration, principally applicable to an early stage of industrial advancement. A people may be in a quiescent, indolent, uncultivated state, with all their tastes either fully satisfied or entirely undeveloped, and they may fail to put forth the whole of their productive energies for want of any sufficient object of desire. The opening of a foreign trade, by making them acquainted with new objects, or tempting them by the easier acquisition of things which they had not previously thought attainable, sometimes works a sort of industrial revolution in a country whose resources were previously undeveloped for want of energy and ambition in the people: inducing those who were satisfied with scanty comforts and little work, to work harder for the gratification of their new tastes, and even to save and accumulate capital for the still more complete satisfaction of those tastes at a future time.

But the economical advantages of commerce are surpassed in importance by those of its effects which are intellectual and moral. It is hardly possible to overrate the value, in the present low state of human improvement, of placing human beings in contact with persons dissimilar to themselves, and with modes of thought and action unlike those with which they are familiar. Commerce is now what war once was, the principal source of this contact. Commercial adventurers from more advanced countries have generally been the first civilizers of barbarians. And commerce is the purpose of the far greater part of the communication which takes place between civilized nations. Such communication has always been, and is peculiarly in the present age, one of the primary sources of progress. To human beings, who, as hitherto educated, can scarcely cultivate even a good quality without running it into a fault, it is indispensable to be perpetually comparing their own notions and customs with the experience and example of persons in different circumstances from themselves; and there is no nation which does not need to borrow from others, not merely particular arts or practices, but essential points of character in which its own type is inferior. Finally, commerce first

taught nations to see with good will the wealth and prosperity of one another. Before, the patriot, unless sufficiently advanced in culture to feel the world his country, wished all countries weak, poor, and ill-governed, but his own; he now sees in their wealth and progress a direct source of wealth and progress to his own country. It is commerce which is rapidly rendering war obsolete, by strengthening and multiplying the personal interests which are in natural opposition to it. And it may be said without exaggeration that the great extent and rapid increase of international trade, in being the principal guarantee of the peace of the world, is the great permanent security for the uninterrupted progress of the ideas, the institutions, and the character of the human race.

Book IV



INFLUENCE OF THE PROGRESS OF SOCIETY ON PRODUCTION AND DISTRIBUTION

Book IV, Chapter I *General Characteristics of a Progressive State of Wealth*

1. The three preceding parts include as detailed a view as our limits permit, of what, by a happy generalization of a mathematical phrase, has been called the Statics of the subject. We have surveyed the field of economical facts, and have examined how they stand related to one another as causes and effects; what circumstances determine the amount of production, of employment for labour, of capital and population; what laws regulate rent, profits, and wages; under what conditions and in what proportions commodities are interchanged between individuals and between countries. . . . All this, however, has only put us in possession of the economical laws of a stationary and unchanging society. We have still to consider the economical condition of mankind as liable to change. . . . We have to consider what these changes are, what are their laws, and what their ultimate tendencies; thereby adding a theory of motion to our theory of equilibrium—the Dynamics of political economy to the Statics.

. . . Whatever may be the other changes which the economy of society is destined to undergo, there is one actually in progress, concerning which there can be no dispute. In the leading countries of the world, and in all others as they come within the influence of those

leading countries, there is at least one progressive movement which continues with little interruption from year to year and from generation to generation; a progress in wealth; an advancement of what is called material prosperity. All the nations which we are accustomed to call civilized, increase gradually in production and in population; and there is no reason to doubt that, not only these nations will for some time continue so to increase, but that most of the other nations of the world, including some not yet founded, will successively enter upon the same career. It will, therefore, be our first object to examine the nature and consequences of this progressive change. . . .

2. Of the features which characterize this progressive economical movement of civilized nations, that which first excites attention, through its intimate connexion with the phenomena of Production, is the perpetual, and so far as human foresight can extend, the unlimited, growth of man's power over nature. Our knowledge of the properties and laws of physical objects shows no sign of approaching its ultimate boundaries: it is advancing more rapidly, and in a greater number of directions at once, than in any previous age or generation, and affording such frequent glimpses of unexplored fields beyond as to justify the belief that our acquaintance with nature is still almost in its infancy. This increasing physical knowledge is now, too, more rapidly than at any former period, converted, by practical ingenuity, into physical power. . . . From this union of conditions, it is impossible not to look forward to a vast multiplication and long succession of contrivances for economizing labour and increasing its produce; and to an ever wider diffusion of the use and benefit of those contrivances.

Another change, which has always hitherto characterized . . . the progress of civilized society, is a continual increase of the security of person and property. The people of every country in Europe, the most backward as well as the most advanced, are, in each generation, better protected against the violence and rapacity of one another, both by a more efficient judicature and police for the suppression of private crime, and by the decay and destruction of those mischievous privileges which enabled certain classes of the community to prey with impunity upon the rest. They are also, in every generation, better protected, either by institutions or by manners and opinion, against arbitrary exercise of the power of government. Even in semi-barbarous Russia, acts of spoliation directed against individuals, who have not made themselves politically obnoxious, are not supposed to be now so frequent as much to affect any person's feelings of security. Taxation, in all European countries, grows less arbitrary and oppressive, both in itself and in the manner of levying it. Wars, and

the destruction they cause, are now usually confined, in almost every country, to those distant and outlying possessions at which it comes into contact with savages. Even the vicissitudes of fortune which arise from inevitable natural calamities are more and more softened to those on whom they fall, by the continual extension of the salutary practice of insurance.

Of this increased security, one of the most unfailing effects is a great increase both of production and of accumulation. Industry and frugality cannot exist where there is not a preponderant probability that those who labour and spare will be permitted to enjoy. And the nearer this probability approaches to certainty, the more do industry and frugality become pervading qualities in a people. Experience has shown that a large proportion of the results of labour and abstinence may be taken away by fixed taxation, without impairing, and sometimes even with the effect of stimulating, the qualities from which a great production and an abundant capital take their rise. But those qualities are not proof against a high degree of uncertainty. The Government may carry off a part; but there must be assurance that it will not interfere, nor suffer anyone to interfere, with the remainder. One of the changes which most infallibly attend the progress of modern society, is an improvement in the business capacities of the general mass of mankind. I do not mean that the practical sagacity of an individual human being is greater than formerly. I am inclined to believe that economical progress has hitherto had even a contrary effect. A person of good natural endowments, in a rude state of society, can do a great number of things tolerably well, has a greater power of adapting means to ends, is more capable of extricating himself and others from an unforeseen embarrassment, than ninety-nine in a hundred of those who have known only what is called the civilized form of life. How far these points of inferiority of faculties are compensated, and by what means they might be compensated still more completely, to the civilized man as an individual being, is a question belonging to a different inquiry from the present. But to civilized human beings collectively considered, the compensation is ample. What is lost in the separate efficiency of each, is far more than made up by the greater capacity of united action. In proportion as they put off the qualities of the savage, they become amenable to discipline; capable of adhering to plans concerted beforehand, and about which they may not have been consulted; of subordinating their individual caprice to a preconceived determination, and performing severally the parts allotted to them in a combined undertaking. Works of all sorts, impracticable to the savage or the half-civilized, are daily

accomplished by civilized nations, not by any greatness of faculties in the actual agents, but through the fact that each is able to rely with certainty on the others for the portion of the work which they respectively undertake. The peculiar characteristic, in short, of civilized beings, is the capacity of co-operation; and this, like other faculties, tends to improve by practice, and becomes capable of assuming a constantly wider sphere of action.

Accordingly there is no more certain incident of the progressive change taking place in society, than the continual growth of the principle and practice of co-operation. . . .

The progress which is to be expected . . . afford[s] space and scope for an indefinite increase of capital and production, and for the increase of population which is its ordinary accompaniment. That the growth of population will overpass the increase of production, there is not much reason to apprehend; and that it should even keep pace with it, is inconsistent with the supposition of any real improvement in the poorest classes of the people. It is, however, quite possible that there might be a great progress in industrial improvement, and in the signs of what is commonly called national prosperity; a great increase of aggregate wealth, and even, in some respects, a better distribution of it; that not only the rich might grow richer, but many of the poor might grow rich, that the intermediate classes might become more numerous and powerful, and the means of enjoyable existence be more and more largely diffused, while yet the great class at the base of the whole might increase in numbers only, and not in comfort nor in cultivation. We must, therefore, in considering the effects of the progress of industry, admit as a supposition, however greatly we deprecate as a fact, an increase of population as long-continued, as indefinite, and possibly even as rapid, as the increase of production and accumulation. . . .

Book IV, Chapter II

Influence of the Progress of Industry and Population on Values and Prices

1. The changes which the progress of industry causes or presupposes in the circumstances of production, are necessarily attended with changes in the values of commodities.

The permanent values of all things which are neither under a natural nor under an artificial monopoly depend, as we have seen, on

their cost of production. But the increasing power which mankind are constantly acquiring over nature increases more and more the efficiency of human exertion, or, in other words, diminishes cost of production. . . .

Improvements in production are not the only circumstance accompanying the progress of industry which tends to diminish the cost of producing, or at least of obtaining, commodities. Another circumstance is the increase of intercourse between different parts of the world. As commerce extends, and the ignorant attempts to restrain it by tariffs become obsolete, commodities tend more and more to be produced in the places in which their production can be carried on at the least expense of labour and capital to mankind. As civilization spreads, and security of person and property becomes established, in parts of the world which have not hitherto had that advantage, the productive capabilities of those places are called into fuller activity, for the benefit both of their own inhabitants and of foreigners. The ignorance and misgovernment in which many of the regions most favoured by nature are still grovelling, afford work, probably, for many generations before those countries will be raised even to the present level of the most civilized parts of Europe. Much will also depend on the increasing migration of labour and capital to unoccupied parts of the earth, of which the soil, climate, and situation are found, by the ample means of exploration now possessed, to promise not only a large return to industry, but great facilities of producing commodities suited to the markets of old countries. Much as the collective industry of the earth is likely to be increased in efficiency by the extension of science and of the industrial arts, a still more active source of increased cheapness of production will be found, probably, for some time to come, in the gradually unfolding consequences of Free Trade, and in the increasing scale on which Emigration and Colonization will be carried on.

From the causes now enumerated, unless counteracted by others, the progress of things enables a country to obtain, at less and less of real cost, not only its own productions but those of foreign countries. Indeed, whatever diminishes the cost of its own productions, when of an exportable character, enables it, as we have already seen, to obtain its imports at less real cost.

2. But is it the fact, that these tendencies are not counteracted? Has the progress of wealth and industry no effect in regard to cost of production, but to diminish it? Are no causes of an opposite character brought into operation by the same progress, sufficient . . . [to] convert the descending movement of cost of production into an

ascending movement? We are already aware that there are such causes, and that, in the case of the most important classes of commodities, food and materials, there is a tendency diametrically opposite to that of which we have been speaking. The cost of production of these commodities tends to increase.

This is not a property inherent in the commodities themselves. If population were stationary, and the produce of the earth never needed to be augmented in quantity, there would be no cause for greater cost of production. . . . The only products of industry which, if population did not increase, would be liable to a real increase of cost of production, are those which, depending on a material which is not renewed, are either wholly or partially exhaustible; such as coal, and most if not all metals; for even iron, the most abundant as well as most useful of metallic products, which forms an ingredient of most minerals and of almost all rocks, is susceptible of exhaustion so far as regards its richest and most tractable ores.

When, however, population increases, as it has never yet failed to do when the increase of industry and of the means of subsistence made room for it, the demand for most of the productions of the earth, and particularly for food, increases in a corresponding proportion. And then comes into effect that fundamental law of production from the soil, on which we have so frequently had occasion to expatiate: the law that increased labour, in any given state of agricultural skill, is attended with a less than proportional increase of produce. The cost of production of the fruits of the earth increases, *cæteris paribus*, with every increase of the demand.

No tendency of a like kind exists with respect to manufactured articles. The tendency is in the contrary direction. The larger the scale on which manufacturing operations are carried on, the more cheaply they can, in general, be performed. . . .

As manufactures, however, depend for their materials either upon agriculture, or mining, or the spontaneous produce of the earth, manufacturing industry is subject, in respect of one of its essentials, to the same law as agriculture. But the crude material generally forms so small a portion of the total cost, that any tendency which may exist to a progressive increase in that single item, is much over-balanced by the diminution continually taking place in all the other elements; to which diminution it is impossible, at present, to assign any limit.

The tendency, then, being to a perpetual increase of the productive power of labour in manufactures, while in agriculture and mining there is a conflict between two tendencies, the one towards an increase of productive power, the other towards a diminution of it,

the cost of production being lessened by every improvement in the processes, and augmented by every addition to population; it follows that the exchange values of manufactured articles, compared with the products of agriculture and of mines, have, as population and industry advance, a certain and decided tendency to fall. . . .

Book IV, Chapter IV

Of the Tendency of Profits to a Minimum

1. The tendency of profits to fall as society advances . . . was early recognized by writers on industry and commerce; but the laws which govern profits not being understood, the phenomenon was ascribed to a wrong cause. . . .

3. There is, at every time and place, some particular rate of profit which is the lowest that will induce the people of that country and time to accumulate savings, and to employ those savings productively. This minimum rate of profit varies according to circumstances. It depends on two elements. One is the strength of the effective desire of accumulation; the comparative estimate, made by the people of that place and era, of future interests when weighed against present. This element chiefly affects the inclination to save. The other element, which affects not so much the willingness to save as the disposition to employ savings productively, is the degree of security of capital engaged in industrial operations. A state of general insecurity no doubt affects also the disposition to save. A hoard may be a source of additional danger to its reputed possessor. But as it may also be a powerful means of averting dangers, the effects in this respect may perhaps be looked upon as balanced. But in employing any funds which a person may possess as capital on his own account, or in lending it to others to be so employed, there is always some additional risk, over and above that incurred by keeping it idle in his own custody. This extra risk is great in proportion as the general state of society is insecure: it may be equivalent to twenty, thirty, or fifty per cent, or to no more than one or two; something, however, it must always be; and for this, the expectation of profit must be sufficient to compensate.

There would be adequate motives for a certain amount of saving, even if capital yielded no profit. There would be an inducement to lay by, in good times, a provision for bad; to reserve something for sickness and infirmity, or as a means of leisure and independence in the latter part of life, or a help to children in the outset of it. Savings,

however, which have only these ends in view, have not much tendency to increase the amount of capital permanently in existence. These motives only prompt persons to save at one period of life what they purpose to consume at another, or what will be consumed by their children before they can completely provide for themselves. The savings by which an addition is made to the national capital usually emanate from the desire of persons to improve what is termed their condition in life, or to make a provision for children or others, independent of their exertions. Now, to the strength of these inclinations it makes a very material difference how much of the desired object can be effected by a given amount and duration of self-denial; which again depends on the rate of profit. And there is, in every country, some rate of profit, below which persons in general will not find sufficient motive to save for the mere purpose of growing richer, or of leaving others better off than themselves. Any accumulation, therefore, by which the general capital is increased, requires as its necessary condition a certain rate of profit; a rate which an average person will deem to be an equivalent for abstinence, with the addition of a sufficient insurance against risk. There are always some persons in whom the effective desire of accumulation is above the average, and to whom less than this rate of profit is a sufficient inducement to save; but these merely step into the place of others whose taste for expense and indulgence is beyond the average, and who, instead of saving, perhaps even dissipate what they have received.

I have already observed that this minimum rate of profit, less than which is not consistent with the further increase of capital, is lower in some states of society than in others; and I may add that the kind of social progress characteristic of our present civilization tends to diminish it. In the first place, one of the acknowledged effects of that progress is an increase of general security. Destruction by wars, and spoliation by private or public violence, are less and less to be apprehended; and the improvements which may be looked for in education and in the administration of justice, or, in their default, increased regard for opinion, afford a growing protection against fraud and reckless mismanagement. The risks attending the investment of savings in productive employment require, therefore, a smaller rate of profit to compensate for them than was required a century ago, and will hereafter require less than at present. In the second place, it is also one of the consequences of civilization that mankind become less the slaves of the moment, and more habituated to carry their desires and purposes forward into a distant future. This increase of providence is a natural result of the increased assurance

with which futurity can be looked forward to; and is, besides, favoured by most of the influences which an industrial life exercises over the passions and inclinations of human nature. In proportion as life has fewer vicissitudes, as habits become more fixed, and great prizes are less and less to be hoped for by any other means than long perseverance, mankind become more willing to sacrifice present indulgence for future objects. This increased capacity of forethought and self-control may assuredly find other things to exercise itself upon than increase of riches, and some considerations connected with this topic will shortly be touched upon. The present kind of social progress, however, decidedly tends, though not perhaps to increase the desire of accumulation, yet to weaken the obstacles to it, and to diminish the amount of profit which people absolutely require as an inducement to save and accumulate. For these two reasons, diminution of risk and increase of providence, a profit or interest of three or four per cent is as sufficient a motive to the increase of capital in England at the present day as thirty or forty per cent in the Burmese Empire, or in England at the time of King John. In Holland during the last century, a return of two per cent on government security was consistent with an undiminished, if not with an increasing, capital. But though the minimum rate of profit is thus liable to vary, and though to specify exactly what it is would at any given time be impossible, such a minimum always exists; and whether it be high or low, when once it is reached, no further increase of capital can, for the present, take place. The country has then attained what is known to political economists under the name of the stationary state.

4. We now arrive at the fundamental proposition which this chapter is intended to inculcate. When a country has long possessed a large production, and a large net income to make savings from, and when, therefore, the means have long existed of making a great annual addition to capital (the country not having, like America [1848], a large reserve of fertile land still unused); it is one of the characteristics of such a country that the rate of profit is habitually within, as it were, a hand's breadth of the minimum, and the country therefore on the very verge of the stationary state. By this I do not mean that this state is likely, in any of the great countries of Europe, to be soon actually reached, or that capital does not still yield a profit considerably greater than what is barely sufficient to induce the people of those countries to save and accumulate. My meaning is that it would require but a short time to reduce profits to the minimum, if capital continued to increase at its present rate, and no circumstances having a tendency to raise the rate of profit occurred in the meantime. The

expansion of capital would soon reach its ultimate boundary, if the boundary itself did not continually open and leave more space. . . . On the whole, therefore, we may assume that in such a country as England, if the present annual amount of savings were to continue, without any of the counteracting circumstances which now keep in check the natural influence of those savings in reducing profit, the rate of profit would speedily attain the minimum, and all further accumulation of capital would, for the present, cease.

5. What, then, are these counteracting circumstances, which . . . prevent the great annual savings which take place in this country from depressing the rate of profit much nearer to that lowest point to which it is always tending, and which, left to itself, it would so promptly attain? The resisting agencies are of several kinds.

First among them . . . [is] the waste of capital in periods of over-trading and rash speculation, and in the commercial revulsions by which such times are always followed. It is true that a great part of what is lost at such periods is not destroyed, but merely transferred, like a gambler's losses, to more successful speculators. But even of these mere transfers, a large portion is always to foreigners, by the hasty purchase of unusual quantities of foreign goods at advanced prices. And much also is absolutely wasted. Mines are opened, railways or bridges made, and many other works of uncertain profit commenced, and in these enterprises much capital is sunk which yields either no return, or none adequate to the outlay. Factories are built and machinery erected beyond what the market requires, or can keep in employment. Even if they are kept in employment, the capital is no less sunk; it has been converted from circulating into fixed capital, and has ceased to have any influence on wages or profits. Besides this, there is a great unproductive consumption of capital, during the stagnation which follows a period of general over-trading. Establishments are shut up or kept working without any profit, hands are discharged, and numbers of persons in all ranks, being deprived of their income, and thrown for support on their savings, find themselves, after the crisis has passed away, in a condition of more or less impoverishment. Such are the effects of a commercial revulsion; and that such revulsions are almost periodical is a consequence of the very tendency of profits which we are considering. By the time a few years have passed over without a crisis, so much additional capital has been accumulated that it is no longer possible to invest it at the accustomed profit: all public securities rise to a high price, the rate of interest on the best mercantile security falls very low, and the complaint is general among persons in business that no money is to be made.

Does not this demonstrate how speedily profit would be at the minimum, and the stationary condition of capital would be attained, if these accumulations went on without any counteracting principle? But the diminished scale of all safe gains inclines persons to give a ready ear to any projects which hold out, though at the risk of loss, the hope of a higher rate of profit; and speculations ensue, which, with the subsequent revulsions, destroy, or transfer to foreigners, a considerable amount of capital, produce a temporary rise of interest and profit, make room for fresh accumulations, and the same round is recommenced. . . .

6. This brings us to the second of the counter-agencies: namely, improvements in production. These evidently . . . enable a greater amount of capital to be accumulated and employed without depressing the rate of profit; provided always that they do not raise, to a proportional extent, the habits and requirements of the labourer. If the labouring class gains the full advantage of the increased cheapness—in other words, if money wages do not fall—profits are not raised, nor their fall retarded. But if the labourers people up to the improvement in their condition, and so relapse to their previous state, profits will rise. All inventions which cheapen any of the things consumed by the labourers, unless their requirements are raised in an equivalent degree, in time lower money wages; and by doing so, enable a greater capital to be accumulated and employed before profits fall back to what they were previously. . . .

7. Equivalent in effect to improvements in production is the acquisition of any new power of obtaining cheap commodities from foreign countries. If necessaries are cheapened, whether they are so by improvements at home or importation from abroad is exactly the same thing to wages and profits. Unless the labourer obtains, and by an improvement of his habitual standard, keeps, the whole benefit, the cost of labour is lowered, and the rate of profit raised. . . .

8. This brings us to the last of the counter-forces which check the downward tendency of profits, in a country whose capital increases faster than that of its neighbours, and whose profits are therefore nearer to the minimum. This is the perpetual overflow of capital into colonies or foreign countries, to seek higher profits than can be obtained at home. I believe this to have been, for many years, one of the principal causes by which the decline of profits in England has been arrested. . . .

Book IV, Chapter VI

Of the Stationary State

1. The preceding chapters comprise the general theory of the economical progress of society, in the sense in which those terms are commonly understood; the progress of capital, of population, and of the productive arts. But in contemplating any progressive movement, not in its nature unlimited, the mind is not satisfied with merely tracing the laws of the movement; it cannot but ask the further question, to what goal? Towards what ultimate point is society tending by its industrial progress? When the progress ceases, in what condition are we to expect that it will leave mankind?

It must always have been seen, more or less distinctly, by political economists, that the increase of wealth is not boundless: that at the end of what they term the progressive state lies the stationary state, that all progress in wealth is but a postponement of this, and that each step in advance is an approach to it. . . .

This impossibility of ultimately avoiding the stationary state—this irresistible necessity that the stream of human industry should finally spread itself out into an apparently stagnant sea—must have been, to the political economists of the last two generations, an unpleasing and discouraging prospect; for the tone and tendency of their speculations goes completely to identify all that is economically desirable with the progressive state, and with that alone. . . . Adam Smith always assumes that the condition of the mass of the people, though it may not be positively distressed, must be pinched and stinted in a stationary condition of wealth, and can only be satisfactory in a progressive state. The doctrine that, to however distant a time incessant struggling may put off our doom, the progress of society must “end in shallows and in miseries,” far from being, as many people still believe, a wicked invention of Mr. Malthus, was either expressly or tacitly affirmed by his most distinguished predecessors. . . .

Even in a progressive state of capital, in old countries, a conscientious or prudential restraint on population is indispensable, to prevent the increase of numbers from outstripping the increase of capital, and the condition of the classes who are at the bottom of society from being deteriorated. . . . The same determination would be equally effectual to keep up their condition in the stationary state, and would be quite as likely to exist. . . . Where there is an indefinite prospect of employment for increased numbers, there is apt to appear less necessity for prudential restraint. If it were evident that a new

hand could not obtain employment but by displacing, or succeeding to, one already employed, the combined influences of prudence and public opinion might, in some measure, be relied on for restricting the coming generation within the numbers necessary for replacing the present.

2. I cannot, therefore, regard the stationary state of capital and wealth with the unaffected aversion so generally manifested towards it by political economists of the old school. I am inclined to believe that it would be, on the whole, a very considerable improvement on our present condition. I confess I am not charmed with the ideal of life held out by those who think that the normal state of human beings is that of struggling to get on; that the trampling, crushing, elbowing, and treading on each other's heels, which form the existing type of social life, are the most desirable lot of human kind, or anything but the disagreeable symptoms of one of the phases of industrial progress. It may be a necessary stage in the progress of civilization, and those European nations which have hitherto been so fortunate as to be preserved from it, may have it yet to undergo. . . . But it is not a kind of social perfection which philanthropists to come will feel any very eager desire to assist in realizing.¹ Most fitting, indeed, is it that while riches are power, and to grow as rich as possible the universal object of ambition, the path to its attainment should be open to all, without favour or partiality. But the best state for human nature is that in which, while no one is poor, no one desires to be richer, nor has any reason to fear being thrust back by the efforts of others to push themselves forward.

That the energies of mankind should be kept in employment by the struggle for riches, as they were formerly by the struggle of war, until the better minds succeed in educating the others into better things, is undoubtedly more desirable than that they should rust and stagnate. While minds are coarse, they require coarse stimuli, and

¹ [In the original edition of 1848, this paragraph contained the following text: "The northern and middle states of America are a specimen of this stage of civilization in very favourable circumstances; having, apparently, got rid of all social injustices and inequalities that affect persons of Caucasian race and of the male sex, while the proportion of population to capital and land is such as to ensure abundance to every able-bodied member of the community who does not forfeit it by misconduct. They have the six points of Chartism, and they have no poverty: and all that these advantages seem to have done for them is that the life of the whole of one sex is devoted to dollar-hunting, and of the other to breeding dollar-hunters."]

let them have them. In the meantime, those who do not accept the present very early stage of human improvement as its ultimate type, may be excused for being comparatively indifferent to the kind of economical progress which excites the congratulations of ordinary politicians; the mere increase of production and accumulation. For the safety of national independence, it is essential that a country should not fall much behind its neighbours in these things. But in themselves, they are of little importance, so long as either the increase of population or anything else prevents the mass of the people from reaping any part of the benefit of them. I know not why it should be matter of congratulation that persons who are already richer than anyone needs to be, should have doubled their means of consuming things which give little or no pleasure except as representative of wealth; or that numbers of individuals should pass over, every year, from the middle classes into a richer class, or from the class of the occupied rich to that of the unoccupied. It is only in the backward countries of the world that increased production is still an important object: in those most advanced, what is economically needed is a better distribution, of which one indispensable means is a stricter restraint on population. Levelling institutions, either of a just or of an unjust kind, cannot alone accomplish it; they may lower the heights of society, but they cannot, of themselves, permanently raise the depths.

On the other hand, we may suppose this better distribution of property attained by the joint effect of the prudence and frugality of individuals, and of a system of legislation favouring equality of fortunes, so far as is consistent with the just claim of the individual to the fruits, whether great or small, of his or her own industry. We may suppose, for instance (according to the suggestion thrown out in a former chapter), a limitation of the sum which any one person may acquire by gift or inheritance to the amount sufficient to constitute a moderate independence. Under this twofold influence, society would exhibit these leading features: a well-paid and affluent body of labourers; no enormous fortunes, except what were earned and accumulated during a single lifetime; but a much larger body of persons than at present, not only exempt from the coarser toils, but with sufficient leisure, both physical and mental, from mechanical details, to cultivate freely the graces of life, and afford examples of them to the classes less favourably circumstanced for their growth. This condition of society, so greatly preferable to the present, is not only perfectly compatible with the stationary state, but, it would seem, more naturally allied with that state than with any other.

There is room in the world, no doubt, and even in old countries, for a great increase of population, supposing the arts of life to go on improving, and capital to increase. But even if innocuous, I confess I see very little reason for desiring it. The density of population necessary to enable mankind to obtain, in the greatest degree, all the advantages both of co-operation and of social intercourse, has, in all the most populous countries, been attained. A population may be too crowded, though all be amply supplied with food and raiment. It is not good for man to be kept perforce at all times in the presence of his species. A world from which solitude is extirpated is a very poor ideal. Solitude, in the sense of being often alone, is essential to any depth of meditation or of character; and solitude in the presence of natural beauty and grandeur, is the cradle of thoughts and aspirations which are not only good for the individual, but which society could ill do without. Nor is there much satisfaction in contemplating the world with nothing left to the spontaneous activity of nature; with every rood of land brought into cultivation, which is capable of growing food for human beings; every flowery waste or natural pasture ploughed up, all quadrupeds or birds which are not domesticated for man's use exterminated as his rivals for food, every hedgerow or superfluous tree rooted out, and scarcely a place left where a wild shrub or flower could grow without being eradicated as a weed in the name of improved agriculture. If the earth must lose that great portion of its pleasantness which it owes to things that the unlimited increase of wealth and population would extirpate from it, for the mere purpose of enabling it to support a larger, but not a better or a happier population, I sincerely hope, for the sake of posterity, that they will be content to be stationary, long before necessity compels them to it.

It is scarcely necessary to remark that a stationary condition of capital and population implies no stationary state of human improvement. There would be as much scope as ever for all kinds of mental culture, and moral and social progress; as much room for improving the Art of Living, and much more likelihood of its being improved, when minds ceased to be engrossed by the art of getting on. Even the industrial arts might be as earnestly and as successfully cultivated, with this sole difference: that instead of serving no purpose but the increase of wealth, industrial improvements would produce their legitimate effect, that of abridging labour. Hitherto [1848] it is questionable if all the mechanical inventions yet made have lightened the day's toil of any human being. They have enabled a greater population to live the same life of drudgery and imprisonment, and an increased number of manufacturers and others to make fortunes.

They have increased the comforts of the middle classes. But they have not yet begun to effect those great changes in human destiny, which it is in their nature and in their futurity to accomplish. Only when, in addition to just institutions, the increase of mankind shall be under the deliberate guidance of judicious foresight, can the conquests made from the powers of nature by the intellect and energy of scientific discoverers become the common property of the species, and the means of improving and elevating the universal lot.

Book IV, Chapter VII

On the Probable Futurity of the Labouring Classes

1. . . . When I speak, either in this place or elsewhere, of “the labouring classes,” or of labourers as a “class,” I use those phrases in compliance with custom, and as descriptive of an existing, but by no means a necessary or permanent, state of social relations. I do not recognize as either just or salutary, a state of society in which there is any “class” which is not labouring; any human beings exempt from bearing their share of the necessary labours of human life, except those unable to labour, or who have fairly earned rest by previous toil. So long, however, as the great social evil exists of a non-labouring class, labourers also constitute a class, and may be spoken of, though only provisionally, in that character.

Considered in its moral and social aspect, the state of the labouring people has latterly been a subject of much more speculation and discussion than formerly; and the opinion that it is not now what it ought to be has become very general. The suggestions which have been promulgated, and the controversies which have been excited, on detached points rather than on the foundations of the subject, have put in evidence the existence of two conflicting theories, respecting the social position desirable for manual labourers. The one may be called the theory of dependence and protection, the other that of self-dependence.

According to the former theory, the lot of the poor, in all things which affect them collectively, should be regulated *for* them, not *by* them. They should not be required or encouraged to think for themselves, or give to their own reflection or forecast an influential voice in the determination of their destiny. It is supposed to be the duty of the higher classes to think for them, and to take the responsibility of their lot, as the commander and officers of an army take that of the

soldiers composing it. . . . The relation between rich and poor, according to this theory (a theory also applied to the relation between men and women), should be only partly authoritative; it should be amiable, moral, and sentimental: affectionate tutelage on the one side, respectful and grateful deference on the other. The rich should be *in loco parentis* to the poor, guiding and restraining them like children. Of spontaneous action on their part, there should be no need. They should be called on for nothing but to do their day's work, and to be moral and religious. Their morality and religion should be provided for them by their superiors, who should see them properly taught it, and should do all that is necessary to ensure their being, in return for labour and attachment, properly fed, clothed, housed, spiritually edified, and innocently amused.

This is the ideal of the future, in the minds of those whose dissatisfaction with the Present assumes the form of affection and regret towards the Past. Like other ideals, it exercises an unconscious influence on the opinions and sentiments of numbers who never consciously guide themselves by any ideal. It has also this in common with other ideals, that it has never been historically realized. It makes its appeal to our imaginative sympathies in the character of a restoration of the good times of our forefathers. But no times can be pointed out in which the higher classes of this or any other country performed a part even distantly resembling the one assigned to them in this theory. It is an idealization, grounded on the conduct and character of here and there an individual. All privileged and powerful classes, as such, have used their power in the interest of their own selfishness, and have indulged their self-importance in despising, and not in lovingly caring for, those who were, in their estimation, degraded by being under the necessity of working for their benefit. I do not affirm that what has always been must always be, or that human improvement has no tendency to correct the intensely selfish fillings engendered by power; but though the evil may be lessened, it cannot be eradicated until the power itself is withdrawn. This, at least, seems to me undeniable, that long before the superior classes could be sufficiently improved to govern in the tutelary manner supposed, the inferior classes would be too much improved to be so governed.

I am quite sensible of all that is seductive in the picture of society which this theory presents. . . . As the idea is essentially repulsive of a society only held together by the relations and feelings arising out of pecuniary interests, so there is something naturally attractive in a form of society abounding in strong personal attachments and disinterested self-devotion. Of such feelings, it must be admitted that

the relation of protector and protected has hitherto been the richest source. The strongest attachments of human beings in general are towards the things or the persons that stand between them and some dreaded evil. Hence, in an age of lawless violence and insecurity, and general hardness and roughness of manners, in which life is beset with dangers and sufferings at every step . . . a generous giving of protection, and a grateful receiving of it, are the strongest ties which connect human beings; the feelings arising from that relation are their warmest feelings; all the enthusiasm and tenderness of the most sensitive natures gather round it; loyalty on the one part and chivalry on the other are principles exalted into passions. I do not desire to depreciate these qualities. The error lies in not perceiving that these virtues and sentiments . . . can no longer have this beautiful and endearing character where there are no longer any serious dangers from which to protect. What is there in the present state of society to make it natural that human beings, of ordinary strength and courage, should glow with the warmest gratitude and devotion in return for protection? The laws protect them, wherever the laws do not criminally fail in their duty. To be under the power of someone, instead of being, as formerly, the sole condition of safety, is now, speaking generally, the only situation which exposes to grievous wrong. The so-called protectors are now the only persons against whom, in any ordinary circumstances, protection is needed. The brutality and tyranny with which every police report is filled are those of husbands to wives, of parents to children. That the law does not prevent these atrocities, that it is only now making a first timid attempt to repress and punish them, is no matter of necessity, but the deep disgrace of those by whom the laws are made and administered. No man or woman who either possesses or is able to earn an independent livelihood, requires any other protection than that which the law could and ought to give. This being the case, it argues great ignorance of human nature to continue taking for granted that relations founded on protection must always subsist, and not to see that the assumption of the part of protector, and of the power which belongs to it, without any of the necessities which justify it, must engender feelings opposite to loyalty.

Of the working men, at least in the more advanced countries of Europe, it may be pronounced certain that the patriarchal or paternal system of government is one to which they will not again be subject. That question was decided when they were taught to read, and allowed access to newspapers and political tracts; when dissenting preachers were suffered to go among them, and appeal to their facul-

ties and feelings in opposition to the creeds professed and countenanced by their superiors; when they were brought together in numbers, to work socially under the same roof; when railways enabled them to shift from place to place, and change their patrons and employers as easily as their coats; when they were encouraged to seek a share in the government, by means of the electoral franchise. The working classes have taken their interests into their own hands, and are perpetually showing that they think the interests of their employers not identical with their own, but opposite to them. . . .

2. . . . The poor have come out of leading-strings, and cannot any longer be governed or treated like children. To their own qualities must now be commended the care of their destiny. Modern nations will have to learn the lesson that the well-being of a people must exist by means of the justice and self-government . . . of the individual citizens. . . . Whatever advice, exhortation, or guidance is held out to the labouring classes, must henceforth be tendered to them as equals, and accepted by them with their eyes open. The prospect of the future depends on the degree in which they can be made rational beings.

There is no reason to believe that prospect other than hopeful. The progress indeed has hitherto been, and still is, slow. But there is a spontaneous education going on in the minds of the multitude. . . . The instruction obtained from newspapers and political tracts may not be the most solid kind of instruction, but it is an immense improvement upon none at all. . . . [T]here is reason to hope that great improvements . . . in . . . school education will be effected by the exertions either of government or of individuals, and that the progress of the mass of the people in mental cultivation, and in the virtues which are dependent on it, will take place more rapidly. . . .

From this increase of intelligence, several effects may be confidently anticipated. First: that they will become even less willing than at present to be led and governed, and directed into the way they should go, by the mere authority and *prestige* of superiors. If they have not now, still less will they have hereafter, any deferential awe or religious principle of obedience, holding them in mental subjection to a class above them. The theory of dependence and protection will be more and more intolerable to them, and they will require that their conduct and condition shall be essentially self-governed. It is, at the same time, quite possible that they may demand, in many cases, the intervention of the legislature in their affairs, and the regulation by law of various things which concern them, often under very mistaken ideas of their interest. Still, it is their own will, their own ideas and suggestions, to which they will demand that effect should be

given, and not rules laid down for them by other people. It is quite consistent with this that they should feel respect for superiority of intellect and knowledge, and defer much to the opinions, on any subject, of those whom they think well acquainted with it. Such deference is deeply grounded in human nature; but they will judge for themselves of the persons who are and are not entitled to it.

3. It appears to me impossible but that the increase of intelligence, of education, and of the love of independence among the working classes, must be attended with a corresponding growth of the good sense which manifests itself in provident habits of conduct; and that population, therefore, will bear a gradually diminishing ratio to capital and employment. This most desirable result would be much accelerated by another change, which lies in the direct line of the best tendencies of the time; the opening of industrial occupations freely to both sexes. The same reasons which make it no longer necessary that the poor should depend on the rich, make it equally unnecessary that women should depend on men; and the least which justice requires is that law and custom should not enforce dependence (when the correlative protection has become superfluous) by ordaining that a woman, who does not happen to have a provision by inheritance, shall have scarcely any means open to her of gaining a livelihood, except as a wife and mother. Let women who prefer that occupation adopt it; but that there should be no option, no other *carrière* possible for the great majority of women, except in the humbler departments of life, is a flagrant social injustice. The ideas and institutions by which the accident of sex is made the groundwork of an inequality of legal rights, and a forced dissimilarity of social functions, must ere long be recognized as the greatest hindrance to moral, social, and even intellectual improvement. On the present occasion, I shall only indicate, among the probable consequences of the industrial and social independence of women, a great diminution of the evil of over-population. It is by devoting one-half of the human species to that exclusive function, by making it fill the entire life of one sex and interweave itself with almost all the objects of the other, that the animal instinct in question is nursed into the disproportionate preponderance which it has hitherto exercised in human life.

4. . . . In the present stage of human progress, when ideas of equality are daily spreading more widely among the poorer classes, and can no longer be checked by anything short of the entire suppression of printed discussion and even of freedom of speech, it is not to be expected that the division of the human race into two hereditary classes, employers and employed, can be permanently

maintained. The relation is nearly as unsatisfactory to the payer of wages as to the receiver. If the rich regard the poor as, by a kind of natural law, their servants and dependents, the rich, in their turn, are regarded as a mere prey and pasture for the poor; the subject of demands and expectations wholly indefinite, increasing in extent with every concession made to them. The total absence of regard for justice or fairness in the relations between the two, is as marked on the side of the employed as on that of the employers. We look in vain among the working classes in general for the just pride which will choose to give good work for good wages; for the most part, their sole endeavour is to receive as much, and return as little in the shape of service, as possible. It will sooner or later become insupportable to the employing classes, to live in close and hourly contact with persons whose interests and feelings are in hostility to them. Capitalists are almost as much interested as labourers in placing the operations of industry on such a footing, that those who labour for them may feel the same interest in the work, which is felt by those who labour on their own account.

The opinion expressed in a former part of this treatise, respecting small landed properties and peasant proprietors, may have made the reader anticipate that a wide diffusion of property in land is the resource on which I rely for exempting at least the agricultural labourers from exclusive dependence on labour for hire. Such, however, is not my opinion. . . .

[A] people who have once adopted the large system of production, either in manufactures or in agriculture, are not likely to recede from it; and when population is kept in due proportion to the means of support, it is not desirable that they should. Labour is unquestionably more productive on the system of large industrial enterprises; the produce, if not greater absolutely, is greater in proportion to the labour employed: the same number of persons can be supported equally well with less toil and greater leisure; which will be wholly an advantage, as soon as civilization and improvement have so far advanced that what is a benefit to the whole shall be a benefit to each individual composing it. And in the moral aspect of the question, which is still more important than the economical, something better should be aimed at as the goal of industrial improvement, than to disperse mankind over the earth in single families, each ruled internally, as families now are, by a patriarchal despot, and having scarcely any community of interest, or necessary mental communion, with other human beings. The domination of the head of the family over the other members, in this state of things, is absolute; while the effect on

his own mind tends towards concentration of all interests in the family, considered as an expansion of self, and absorption of all passions in that of exclusive possession, of all cares in those of preservation and acquisition. As a step out of the merely animal state into the human, out of reckless abandonment to brute instincts into prudential foresight and self-government, this moral condition may be seen without displeasure. But if public spirit, generous sentiments, or true justice and equality are desired, association, not isolation, of interests, is the school in which these excellences are nurtured. The aim of improvement should be not solely to place human beings in a condition in which they will be able to do without one another, but to enable them to work with or for one another in relations not involving dependence. Hitherto there has been no alternative for those who lived by their labour, but that of labouring either each for himself alone, or for a master. But the civilizing and improving influences of association, and the efficiency and economy of production on a large scale, may be obtained without dividing the producers into two parties with hostile interests and feelings, the many who do the work being mere servants under the command of the one who supplies the funds, and having no interest of their own in the enterprise except to earn their wages with as little labour as possible. The speculations and discussions of the last fifty years, and the events of the last thirty, are abundantly conclusive on this point. . . . [T]he relation of masters and work-people will be gradually superseded by partnership, in one of two forms: in some cases, association of the labourers with the capitalist; in others, and perhaps finally in all, association of labourers among themselves.

5. The first of these forms of association has long been practiced, not indeed as a rule, but as an exception. In several departments of industry, there are already cases in which everyone who contributes to the work, either by labour or by pecuniary resources, has a partner's interest in it, proportional to the value of his contribution. It is already a common practice to remunerate those in whom peculiar trust is reposed, by means of a percentage on the profits; and cases exist in which the principle is, with excellent success, carried down to the class of mere manual labourers. . . .

Mr. Babbage,² who also gives an account of this system, observes that the payment to the crews of whaling ships is governed by a sim-

² [Mill cites Babbage's *Economy of Machinery and Manufactures*, 3rd ed., chapter 26.]

ilar principle; and that “the profits arising from fishing with nets on the south coast of England are thus divided: one-half the produce belongs to the owner of the boat and net; the other half is divided in equal portions between the persons using it, who are also bound to assist in repairing the net when required.” Mr. Babbage has the great merit of having pointed out the practicability, and the advantage, of extending the principle to manufacturing industry generally. . . .

6. The form of association, however, which if mankind continues to improve, must be expected in the end to predominate, is not that which can exist between a capitalist as chief and work-people without a voice in the management, but the association of the labourers themselves on terms of equality, collectively owning the capital with which they carry on their operations, and working under managers elected and removable by themselves. So long as this idea remained in a state of theory, in the writings of Owen or of Louis Blanc, it may have appeared, to the common modes of judgment, incapable of being realized, and not likely to be tried, unless by seizing on the existing capital and confiscating it for the benefit of the labourers; which is even now imagined by many persons, and pretended by more, both in England and on the Continent, to be the meaning and purpose of Socialism. But there is a capacity of exertion and self-denial in the masses of mankind, which is never known but on the rare occasions on which it is appealed to in the name of some great idea or elevated sentiment. Such an appeal was made by the French Revolution of 1848. For the first time, it then seemed to the intelligent and generous of the working classes of a great nation, that they had obtained a government who sincerely desired the freedom and dignity of the many, and who did not look upon it as their natural and legitimate state to be instruments of production, worked for the benefit of the possessors of capital. Under this encouragement, the ideas sown by Socialist writers of an emancipation of labour to be effected by means of association, thrived and fructified; and many working people came to the resolution, not only that they would work for one another, instead of working for a master tradesman or manufacturer, but that they would also free themselves, at whatever cost of labour or privation, from the necessity of paying, out of the produce of their industry, a heavy tribute for the use of capital; that they would extinguish this tax, not by robbing the capitalists of what they or their predecessors had acquired by labour and preserved by economy, but by honestly acquiring capital for themselves. If only a few operatives had attempted this arduous task, or if, while many attempted it, a few only had succeeded, their success might have been deemed to fur-

nish no argument for their system as a permanent mode of industrial organization. But, excluding all the instances of failure, there exist, or existed a short time ago, upwards of a hundred successful, and many eminently prosperous, associations of operatives in Paris alone, besides a considerable number in the departments. . . .

The capital of most of the associations was originally confined to the few tools belonging to the founders, and the small sums which could be collected from their savings, or which were lent to them by other workpeople as poor as themselves. In some cases, however, loans of capital were made to them by the republican government; but the associations which obtained these advances, or at least which obtained them before they had already achieved success, are, it appears, in general by no means the most prosperous. The most striking instances of prosperity are in the case of those who have had nothing to rely on but their own slender means and the small loans of fellow workmen, and who lived on bread and water while they devoted the whole surplus of their gains to the formation of a capital. . . .

The same admirable qualities by which the associations were carried through their early struggles, maintained them in their increasing prosperity. Their rules of discipline, instead of being more lax, are stricter than those of ordinary workshops; but being rules self-imposed, for the manifest good of the community, and not for the convenience of an employer regarded as having an opposite interest, they are far more scrupulously obeyed, and the voluntary obedience carries with it a sense of personal worth and dignity. With wonderful rapidity, the associated workpeople have learnt to correct those of the ideas they set out with which are in opposition to the teaching of reason and experience. Almost all the associations, at first, excluded piece-work, and gave equal wages whether the work done was more or less. Almost all have abandoned this system, and after allowing to everyone a fixed minimum, sufficient for subsistence, they apportion all further remuneration according to the work done: most of them even dividing the profits at the end of the year, in the same proportion as the earnings.

It is the declared principle of most of these associations that they do not exist for the mere private benefit of the individual members, but for the promotion of the co-operative cause. With every extension, therefore, of their business, they take in additional members, not (when they remain faithful to their original plan) to receive wages from them as hired labourers, but to enter at once into the full benefits of the association, without being required to bring anything in except their labour: the only condition imposed is that of receiving,

during a few years, a smaller share in the annual division of profits, as some equivalent for the sacrifices of the founders. When members quit the association, which they are always at liberty to do, they carry none of the capital with them: it remains an indivisible property, of which the members, for the time being, have the use, but not the arbitrary disposal; by the stipulations of most of the contracts, even if the association breaks up, the capital cannot be divided, but must be devoted entire to some work of beneficence or of public utility. A fixed, and generally a considerable, proportion of the annual profits is not shared among the members, but added to the capital of the association, or devoted to the repayment of advances previously made to it; another portion is set aside to provide for the sick and disabled, and another to form a fund for extending the practice of association, or aiding other associations in their need. The managers are paid, like other members, for the time which is occupied in management, usually at the rate of the highest paid labour; but the rule is adhered to, that the exercise of power shall never be an occasion of profit. . . .

The vitality of these associations must indeed be great, to have enabled about twenty of them to survive not only the anti-socialist reaction, which for the time discredited all attempts to enable workpeople to be their own employers—not only the *tracasseries* of the police, and the hostile policy of the government since the usurpation—but in addition to these obstacles, all the difficulties arising from the trying condition of financial and commercial affairs from 1854 to 1858. Of the prosperity attained by some of them even while passing through this difficult period, I have given examples which must be conclusive to all minds as to the brilliant future reserved for the principle of co-operation. . . .

It is hardly possible to take any but a hopeful view of the prospects of mankind when, in two leading countries of the world, the obscure depths of society contain simple working men whose integrity, good sense, self-command, and honourable confidence in one another, have enabled them to carry these noble experiments to the triumphant issue which the facts recorded in the preceding pages attest.³

From the progressive advance of the co-operative movement, a great increase may be looked for even in the aggregate productiveness of industry. . . .

³ [Ed.—I have omitted the many specific examples described by Mill.]

[C]o-operation tends . . . to increase the productiveness of labour . . . by placing the labourers, as a mass, in a relation to their work which would make it their principle and their interest—at present it is neither—to do the utmost, instead of the least possible, in exchange for their remuneration. It is scarcely possible to rate too highly this material benefit, which yet is as nothing compared with the moral revolution in society that would accompany it: the healing of the standing feud between capital and labour; the transformation of human life, from a conflict of classes struggling for opposite interests, to a friendly rivalry in the pursuit of a good common to all; the elevation of the dignity of labour; a new sense of security and independence in the labouring class; and the conversion of each human being's daily occupation into a school of the social sympathies and the practical intelligence.

Such is the noble idea which the promoters of Co-operation should have before them. But to attain, in any degree, these objects, it is indispensable that all, and not some only, of those who do the work should be identified in interest with the prosperity of the undertaking. . . .

Under the most favourable supposition, it will be desirable, and perhaps for a considerable length of time, that individual capitalists, associating their work-people in the profits, should coexist with even those co-operative societies which are faithful to the co-operative principle. Unity of authority makes many things possible, which could not or would not be undertaken subject to the chance of divided councils or changes in the management. A private capitalist, exempt from the control of a body, if he is a person of capacity, is considerably more likely than almost any association to run judicious risks, and originate costly improvements. Co-operative societies may be depended on for adopting improvements after they have been tested by success, but individuals are more likely to commence things previously untried. Even in ordinary business, the competition of capable persons who, in the event of failure, are to have all the loss, and in the case of success, the greater part of the gain, will be very useful in keeping the managers of co-operative societies up to the due pitch of activity and vigilance.

When, however, co-operative societies shall have sufficiently multiplied, it is not probable that any but the least valuable work-people will any longer consent to work all their lives for wages merely; both private capitalists and associations will gradually find it necessary to make the entire body of labourers participants in profits. Eventually, and in perhaps a less remote future than may be supposed, we may,

through the co-operative principle, see our way to a change in society, which would combine the freedom and independence of the individual with the moral, intellectual, and economical advantages of aggregate production; and which, without violence or spoliation, or even any sudden disturbance of existing habits and expectations, would realize, at least in the industrial department, the best aspirations of the democratic spirit, by putting an end to the division of society into the industrious and the idle, and effacing all social distinctions but those fairly earned by personal services and exertions. Associations like those which we have described, by the very process of their success, are a course of education in those moral and active qualities by which alone success can be either deserved or attained. As associations multiplied, they would tend more and more to absorb all work-people, except those who have too little understanding, or too little virtue, to be capable of learning to act on any other system than that of narrow selfishness. As this change proceeded, owners of capital would gradually find it to their advantage, instead of maintaining the struggle of the old system with work-people of only the worst description, to lend their capital to the associations; to do this at a diminishing rate of interest, and at last, perhaps, even to exchange their capital for terminable annuities. In this or some such mode, the existing accumulations of capital might honestly, and by a kind of spontaneous process, become in the end the joint property of all who participate in their productive employment: a transformation which, thus effected, (and assuming, of course, that both sexes participate equally in the rights and in the government of the association) would be the nearest approach to social justice, and the most beneficial ordering of industrial affairs for the universal good, which it is possible at present to foresee.

7. I agree, then, with the Socialist writers in their conception of the form which industrial operations tend to assume in the advance of improvement; and I entirely share their opinion that the time is ripe for commencing this transformation, and that it should, by all just and effectual means, be aided and encouraged. But while I agree and sympathize with Socialists in this practical portion of their aims, I utterly dissent from the most conspicuous and vehement part of their teaching, their declamations against competition. . . . They forget that wherever competition is not, monopoly is; and that monopoly, in all its forms, is the taxation of the industrious for the support of indolence, if not of plunder. They forget, too, that with the exception of competition among labourers, all other competition is for the benefit of the labourers, by cheapening the articles they consume;

that competition even in the labour market is a source not of low but of high wages, wherever the competition *for* labour exceeds the competition *of* labour, as in America, in the colonies, and in the skilled trades; and never could be a cause of low wages, save by the overstocking of the labour market through the too great numbers of the labourers' families; while, if the supply of labourers is excessive, not even Socialism can prevent their remuneration from being low. Besides, if association were universal, there would be no competition between labourer and labourer; and that between association and association would be for the benefit of the consumers—that is, of the associations; of the industrious classes generally.

I do not pretend that there are no inconveniences in competition, or that the moral objections urged against it by Socialist writers, as a source of jealousy and hostility among those engaged in the same occupation, are altogether groundless. But if competition has its evils, it prevents greater evils. . . . It is the common error of Socialists to overlook the natural indolence of mankind; their tendency to be passive, to be the slaves of habit, to persist indefinitely in a course once chosen. Let them once attain any state of existence which they consider tolerable, and the danger to be apprehended is that they will thenceforth stagnate; will not exert themselves to improve, and by letting their faculties rust, will lose even the energy required to preserve them from deterioration. Competition may not be the best conceivable stimulus, but it is at present a necessary one, and no one can foresee the time when it will not be indispensable to progress. . . .

Book V



ON THE INFLUENCE OF GOVERNMENT

Book V, Chapter I

Of the Functions of Government in General

1. One of the most disputed questions both in political science and in practical statesmanship at this particular period relates to the proper limits of the functions and agency of governments. At other times, it has been a subject of controversy how governments should be constituted, and according to what principles and rules they should exercise their authority; but it is now almost equally a question to what departments of human affairs that authority should extend. And when the tide sets so strongly towards changes in government and legislation, as a means of improving the condition of mankind, this discussion is more likely to increase than to diminish in interest. On the one hand, impatient reformers, thinking it easier and shorter to get possession of the government than of the intellects and dispositions of the public, are under a constant temptation to stretch the province of government beyond due bounds; while, on the other, mankind have been so much accustomed by their rulers to interference for purposes other than the public good, or under an erroneous conception of what that good requires, and so many rash proposals are made by sincere lovers of improvement, for attempting, by compulsory regulation, the attainment of objects which can only be effectually or only usefully compassed by opinion and discussion, that there has grown up a spirit of resistance *in limine* to the interference of government, merely as such, and a disposition to restrict its sphere of action within the narrowest bounds. From differences in the historical development of dif-

ferent nations, not necessary to be here dwelt upon, the former excess, that of exaggerating the province of government, prevails most, both in theory and in practice, among the Continental nations, while in England, the contrary spirit has hitherto been predominant.

The general principles of the question, insofar as it is a question of principle, I shall make an attempt to determine in a later chapter of this Book, after first considering the effects produced by the conduct of government in the exercise of the functions universally acknowledged to belong to it. For this purpose, there must be a specification of the functions which are either inseparable from the idea of a government, or are exercised habitually and without objection by all governments; as distinguished from those respecting which it has been considered questionable whether governments should exercise them or not. The former may be termed the *necessary*, the latter the *optional*, functions of government. By the term optional, it is not meant to imply that it can ever be a matter of indifference, or of arbitrary choice, whether the government should or should not take upon itself the functions in question; but only that the expediency of its exercising them does not amount to necessity, and is a subject on which diversity of opinion does or may exist.

2. In attempting to enumerate the necessary functions of government, we find them to be considerably more multifarious than most people are at first aware of, and not capable of being circumscribed by those very definite lines of demarcation, which, in the inconsiderateness of popular discussion, it is often attempted to draw round them. We sometimes, for example, hear it said that governments ought to confine themselves to affording protection against force and fraud; that, these two things apart, people should be free agents, able to take care of themselves, and that so long as a person practices no violence or deception to the injury of others in person or property, legislatures and governments are in no way called on to concern themselves about him. But why should people be protected by their government—that is, by their own collective strength—against violence and fraud, and not against other evils, except that the expediency is more obvious? If nothing but what people cannot possibly do for themselves, can be fit to be done for them by government, people might be required to protect themselves by their skill and courage even against force, or to beg or buy protection against it, as they actually do where the government is not capable of protecting them; and against fraud, everyone has the protection of his own wits. But without further anticipating the discussion of principles, it is sufficient on the present occasion to consider facts.

Under which of these heads, the repression of force or of fraud, are we to place the operation, for example, of the laws of inheritance? Some such laws must exist in all societies. It may be said, perhaps, that in this matter, government has merely to give effect to the disposition which an individual makes of his own property by will. This, however, is at least extremely disputable; there is probably no country by whose laws the power of testamentary disposition is perfectly absolute. And suppose the very common case of there being no will: does not the law—that is, the government—decide, on principles of general expediency, who shall take the succession? And in case the successor is in any manner incompetent, does it not appoint persons, frequently officers of its own, to collect the property and apply it to his benefit? There are many other cases in which the government undertakes the administration of property, because the public interest, or perhaps only that of the particular persons concerned, is thought to require it. This is often done in case of litigated property; and in cases of judicially declared insolvency. It has never been contended that in doing these things, a government exceeds its province.

Nor is the function of the law in defining property itself so simple a thing as may be supposed. It may be imagined, perhaps, that the law has only to declare and protect the right of everyone to what he has himself produced, or acquired by the voluntary consent, fairly obtained, of those who produced it. But is there nothing recognized as property except what has been produced? Is there not the earth itself, its forests and waters, and all other natural riches, above and below the surface? These are the inheritance of the human race, and there must be regulations for the common enjoyment of it. What rights, and under what conditions, a person shall be allowed to exercise over any portion of this common inheritance cannot be left undecided. No function of government is less optional than the regulation of these things, or more completely involved in the idea of civilized society.

Again, the legitimacy is conceded of repressing violence or treachery; but under which of these heads are we to place the obligation imposed on people to perform their contracts? Non-performance does not necessarily imply fraud; the person who entered into the contract may have sincerely intended to fulfil it; and the term fraud, which can scarcely admit of being extended even to the case of voluntary breach of contract when no deception was practiced, is certainly not applicable when the omission to perform is a case of negligence. Is it no part of the duty of governments to enforce contracts? Here, the doctrine of non-interference would no doubt be stretched

a little, and it would be said that enforcing contracts is not regulating the affairs of individuals at the pleasure of government, but giving effect to their own expressed desire. Let us acquiesce in this enlargement of the restrictive theory, and take it for what it is worth. But governments do not limit their concern with contracts to a simple enforcement. They take upon themselves to determine what contracts are fit to be enforced. It is not enough that one person, not being either cheated or compelled, makes a promise to another. There are promises by which it is not for the public good that persons should have the power of binding themselves. To say nothing of engagements to do something contrary to law, there are engagements which the law refuses to enforce, for reasons connected with the interest of the promiser, or with the general policy of the State. A contract by which a person sells himself to another as a slave would be declared void by the tribunals of this and of most other European countries. There are few nations whose laws enforce a contract for what is looked upon as prostitution, or any matrimonial engagement of which the conditions vary in any respect from those which the law has thought fit to prescribe. But when once it is admitted that there are any engagements which for reasons of expediency, the law ought not to enforce, the same question is necessarily opened with respect to all engagements. Whether, for example, the law should enforce a contract to labour, when the wages are too low or the hours of work too severe; whether it should enforce a contract by which a person binds himself to remain, for more than a very limited period, in the service of a given individual; whether a contract of marriage, entered into for life, should continue to be enforced against the deliberate will of the persons, or of either of the persons, who entered into it. Every question which can possibly arise as to the policy of contracts, and of the relations which they establish among human beings, is a question for the legislator; and one which he cannot escape from considering, and in some way or other deciding.

Again, the prevention and suppression of force and fraud afford appropriate employment for soldiers, policemen, and criminal judges; but there are also civil tribunals. The punishment of wrong is one business of an administration of justice, but the decision of disputes is another. Innumerable disputes arise between persons, without *mala fides* on either side, through misconception of their legal rights, or from not being agreed about the facts, on the proof of which those rights are legally dependent. Is it not for the general interest that the State should appoint persons to clear up these uncertainties and terminate these disputes? It cannot be said to be a case of absolute

necessity. People might appoint an arbitrator, and engage to submit to his decision; and they do so where there are no courts of justice, or where the courts are not trusted, or where their delays and expenses, or the irrationality of their rules of evidence, deter people from resorting to them. Still, it is universally thought right that the State should establish civil tribunals; and if their defects often drive people to have recourse to substitutes, even then the power held in reserve of carrying the case before a legally constituted court, gives to the substitutes their principal efficacy.

Not only does the State undertake to decide disputes, it takes precautions beforehand that disputes may not arise. The laws of most countries lay down rules for determining many things, not because it is of much consequence in what way they are determined, but in order that they may be determined somehow, and there may be no question on the subject. The law prescribes forms of words for many kinds of contract, in order that no dispute or misunderstanding may arise about their meaning; it makes provision that if a dispute does arise, evidence shall be procurable for deciding it, by requiring that the document be attested by witnesses and executed with certain formalities. The law preserves authentic evidence of facts to which legal consequences are attached, by keeping a registry of such facts; as of births, deaths, and marriages, of wills and contracts, and of judicial proceedings. In doing these things, it has never been alleged that government oversteps the proper limits of its functions.

Again, however wide a scope we may allow to the doctrine that individuals are the proper guardians of their own interests, and that government owes nothing to them but to save them from being interfered with by other people, the doctrine can never be applicable to any persons but those who are capable of acting in their own behalf. The individual may be an infant, or a lunatic, or fallen into imbecility. The law surely must look after the interests of such persons. It does not necessarily do this through officers of its own. It often devolves the trust upon some relative or connexion. But in doing so, is its duty ended? Can it make over the interests of one person to the control of another, and be excused from supervision, or from holding the person thus trusted responsible for the discharge of the trust?

There is a multitude of cases in which governments, with general approbation, assume powers and execute functions for which no reason can be assigned except the simple one, that they conduce to general convenience. We may take, as an example, the function (which is a monopoly too) of coining money. This is assumed for no more recondite purpose than that of saving to individuals the trouble,

delay, and expense of weighing and assaying. No one, however, even of those most jealous of State interference, has objected to this as an improper exercise of the powers of government. Prescribing a set of standard weights and measures is another instance. Paving, lighting, and cleansing the streets and thoroughfares is another; whether done by the general government, or, as is more usual, and generally more advisable, by a municipal authority. Making or improving harbours, building lighthouses, making surveys in order to have accurate maps and charts, raising dykes to keep the sea out, and embankments to keep rivers in, are cases in point.

Examples might be indefinitely multiplied without intruding on any disputed ground. But enough has been said to show that the admitted functions of government embrace a much wider field than can easily be included within the ring-fence of any restrictive definition, and that it is hardly possible to find any ground of justification common to them all, except the comprehensive one of general expediency; nor to limit the interference of government by any universal rule, save the simple and vague one, that it should never be admitted but when the case of expediency is strong.

3. Some observations, however, may be usefully bestowed on the nature of the considerations on which the question of government interference is most likely to turn, and on the mode of estimating the comparative magnitude of the expediencies involved. This will form the last of the three parts, into which our discussion of the principles and effects of government interference may conveniently be divided. The following will be our division of the subject.

We shall first consider the economical effects arising from the manner in which governments perform their necessary and acknowledged functions.

We shall then pass to certain governmental interferences of what I have termed the optional kind (i.e., overstepping the boundaries of the universally acknowledged functions), which have heretofore taken place, and in some cases still take place, under the influence of false general theories.

It will lastly remain to inquire whether, independently of any false theory, and consistently with a correct view of the laws which regulate human affairs, there be any cases of the optional class in which governmental interference is really advisable, and what are those cases.

The first of these divisions is of an extremely miscellaneous character; since the necessary functions of government, and those which are so manifestly expedient that they have never or very rarely been objected to, are, as already pointed out, too various to be brought

under any very simple classification. Those, however, which are of principal importance, which alone it is necessary here to consider, may be reduced to the following general heads.

First, the means adopted by governments to raise the revenue which is the condition of their existence.

Secondly, the nature of the laws which they prescribe on the two great subjects of Property and Contracts.

Thirdly, the excellences or defects of the system of means by which they enforce generally the execution of their laws: namely, their judicature and police.

We commence with the first head—that is, with the theory of Taxation.

Book V, Chapter II

On the General Principles of Taxation

1. The qualities desirable, economically speaking, in a system of taxation, have been embodied by Adam Smith in four maxims or principles, which, having been generally concurred by subsequent writers, may be said to have become classical, and this chapter cannot be better commenced than by quoting them.

1. The subjects of every state ought to contribute to the support of the government, as nearly as possible in proportion to their respective abilities: that is, in proportion to the revenue which they respectively enjoy under the protection of the State. In the observation or neglect of this maxim consists what is called the equality or inequality of taxation.

2. The tax which each individual is bound to pay ought to be certain, and not arbitrary. The time of payment, the manner of payment, the quantity to be paid, ought all to be clear and plain to the contributor, and to every other person. Where it is otherwise, every person subject to the tax is put more or less in the power of the tax-gatherer, who can either aggravate the tax upon any obnoxious contributor, or extort, by the terror of such aggravation, some present or perquisite to himself. . . .

3. Every tax ought to be levied at the time, or in the manner, in which it is most likely to be convenient for the contributor to pay it. A tax upon the rent of land or of houses, payable at the same term at which such rents are usually paid, is levied at a time when it is most likely to be convenient for the contributor to pay; or when he is most likely to have wherewithal to pay. . . .

4. Every tax ought to be so contrived as both to take out and to keep out of the pockets of the people as little as possible over and above what it brings into the public treasury of the State. A tax may either take out or keep out of the pockets of the people a great deal more than it brings into the public treasury, in the four following ways. First, the levying of it may require a great number of officers, whose salaries may eat up the greater part of the produce of the tax. . . .

Secondly, it may divert a portion of the labour and capital of the community from a more to a less productive employment.

Thirdly, by the forfeitures and other penalties which those unfortunate individuals incur who attempt unsuccessfully to evade the tax, it may frequently ruin them, and thereby put an end to the benefit which the community might have derived from the employment of their capitals. An injudicious tax offers a great temptation to smuggling. Fourthly, by subjecting the people to the frequent visits and the odious examination of the tax-gatherers, it may expose them to much unnecessary trouble, vexation, and oppression.

To which may be added, that the restrictive regulations to which trades and manufactures are often subjected to prevent evasion of a tax, are not only in themselves troublesome and expensive, but often oppose insuperable obstacles to making improvements in the processes.

The last three of these four maxims require little other explanation. . . . But the first of the four points, equality of taxation, requires to be more fully examined, being a thing often imperfectly understood, and on which many false notions have become, to a certain degree, accredited, through the absence of any definite principles of judgment in the popular mind.

2. For what reason ought equality to be the rule in matters of taxation? For the reason that it ought to be so in all affairs of government. As a government ought to make no distinction of persons or classes in the strength of their claims on it, whatever sacrifices it requires from them should be made to bear as nearly as possible with the same pressure upon all, which, it must be observed, is the mode by which least sacrifice is occasioned on the whole. If anyone bears less than his fair share of the burthen, some other person must suffer more than his share, and the alleviation to the one is not, *cæteris paribus*, so great a good to him, as the increased pressure upon the other is an evil. Equality of taxation, therefore, as a maxim of politics, means equality of sacrifice. It means apportioning the contribution of each person towards the expenses of government so that he shall feel neither more nor less inconvenience from his share of the

payment than every other person experiences from his. This standard, like other standards of perfection, cannot be completely realized; but the first object in every practical discussion should be to know what perfection is.

There are persons, however, who are not content with the general principles of justice as a basis to ground a rule of finance upon, but must have something, as they think, more specifically appropriate to the subject. What best pleases them is to regard the taxes paid by each member of the community as an equivalent for value received, in the shape of service to himself; and they prefer to rest the justice of making each contribute in proportion to his means, upon the ground that he who has twice as much property to be protected receives, on an accurate calculation, twice as much protection, and ought, on the principles of bargain and sale, to pay twice as much for it. Since, however, the assumption that government exists solely for the protection of property, is not one to be deliberately adhered to; some consistent adherents of the *quid pro quo* principle go on to observe that protection being required for person as well as property, and everybody's person receiving the same amount of protection, a poll-tax of a fixed sum per head is a proper equivalent for this part of the benefits of government, while the remaining part, protection to property, should be paid for in proportion to property. There is, in this adjustment, a false air of nice adaptation, very acceptable to some minds. But in the first place, it is not admissible that the protection of persons and that of property are the sole purposes of government. The ends of government are as comprehensive as those of the social union. They consist of all the good, and all the immunity from evil, which the existence of government can be made either directly or indirectly to bestow. In the second place, the practice of setting definite values on things essentially indefinite, and making them a ground of practical conclusions, is peculiarly fertile in false views of social questions. It cannot be admitted that to be protected in the ownership of ten times as much property is to be ten times as much protected. Neither can it be truly said that the protection of 1,000£ a year costs the State ten times as much as that of 100£ a year, rather than twice as much, or exactly as much. The same judges, soldiers, and sailors who protect the one protect the other, and the larger income does not necessarily, though it may sometimes, require even more policemen. Whether the labour and expense of the protection, or the feelings of the protected person, or any other definite thing be made the standard, there is no such proportion as the one supposed, nor any other definable proportion. If

we wanted to estimate the degrees of benefit which different persons derive from the protection of government, we should have to consider who would suffer most if that protection were withdrawn; to which question, if any answer could be made, it must be that those would suffer most who were weakest in mind or body, either by nature or by position. Indeed, such persons would almost infallibly be slaves. If there were any justice, therefore, in the theory of justice now under consideration, those who are least capable of helping or defending themselves, being those to whom the protection of government is the most indispensable, ought to pay the greatest share of its price: the reverse of the true idea of distributive justice, which consists, not in imitating, but in redressing the inequalities and wrongs of nature.

Government must be regarded as so pre-eminently a concern of all, that to determine who are most interested in it is of no real importance. If a person or class of persons receives so small a share of the benefit as makes it necessary to raise the question, there is something else than taxation which is amiss, and the thing to be done is to remedy the defect, instead of recognizing it and making it a ground for demanding less taxes. As, in a case of voluntary subscription for a purpose in which all are interested, all are thought to have done their part fairly when each has contributed according to his means—that is, has made an equal sacrifice for the common object—in like manner should this be the principle of compulsory contributions; and it is superfluous to look for a more ingenious or recondite ground to rest the principle upon.

3. Setting out, then, from the maxim that equal sacrifices ought to be demanded from all, we have next to inquire whether this is in fact done by making each contribute the same percentage on his pecuniary means. Many persons maintain the negative, saying that a tenth part taken from a small income is a heavier burthen than the same fraction deducted from one much larger; and on this is grounded the very popular scheme of what is called a graduated property tax, viz. an income tax in which the percentage rises with the amount of the income.

On the best consideration I am able to give to this question, it appears to me that the portion of truth which the doctrine contains, arises principally from the difference between a tax which can be saved from luxuries, and one which trenches, in ever so small a degree, upon the necessaries of life. To take 1,000 a year from the possessor of 10,000 would not deprive him of anything really conducive either to the support or to the comfort of existence; and if

such *would* be the effect of taking 5£ from one whose income is fifty, the sacrifice required from the last is not only greater than, but entirely incommensurable with, that imposed upon the first. The mode of adjusting these inequalities of pressure, which seems to be the most equitable, is that recommended by Bentham, of leaving a certain minimum of income, sufficient to provide the necessaries of life, untaxed. Suppose 50£ a year to be sufficient to provide the number of persons ordinarily supported from a single income with the requisites of life and health, and with protection against habitual bodily suffering, but not with any indulgence. This, then, should be made the minimum, and incomes exceeding it should pay taxes, not upon their whole amount, but upon the surplus. If the tax be ten per cent, an income of 60£ should be considered as a net income of 10£, and charged with 1£ a year, while an income of 1,000£ should be charged as one of 950£. Each would then pay a fixed proportion, not of his whole means, but of his superfluities. An income not exceeding 50£ should not be taxed at all, either directly or by taxes on necessaries; for as, by supposition, this is the smallest income which labour ought to be able to command, the government ought not to be a party to making it smaller. This arrangement, however, would constitute a reason, in addition to others which might be stated, for maintaining taxes on articles of luxury consumed by the poor. The immunity extended to the income required for necessaries, should depend on its being actually expended for that purpose; and the poor who, not having more than enough for necessaries, divert any part of it to indulgences, should, like other people, contribute their quota out of those indulgences to the expenses of the State.

The exemption in favour of the smaller incomes should not, I think, be stretched further than to the amount of income needful for life, health, and immunity from bodily pain. If 50£ a year is sufficient (which may be doubted) for these purposes, an income of 100£ a year would, as it seems to me, obtain all the relief it is entitled to, compared with one of 1,000£, by being taxed only on 50£ of its amount. It may be said, indeed, that to take 100£ from 1,000£ (even giving back 5£) is a heavier impost than 1,000£ taken from 10,000£ (giving back the same 5£). But this doctrine seems to me too disputable altogether, and even if true at all, not true to a sufficient extent to be made the foundation of any rule of taxation. Whether the person with 10,000£ a year cares less for 1,000£ than the person with only 1,000£ a year cares for 100£, and if so, how much less, does not appear to me capable of being decided with the degree of certainty on which a legislator or a financier ought to act.

Some indeed contend that the rule of proportional taxation bears harder upon the moderate than upon the large incomes, because the same proportional payment has more tendency in the former case than in the latter, to reduce the payer to a lower grade of social rank. The fact appears to me more than questionable. But even admitting it, I object to its being considered incumbent on government to shape its course by such considerations, or to recognize the notion that social importance is or can be determined by amount of expenditure. Government ought to set an example of rating all things at their true value, and riches, therefore, at the worth, for comfort or pleasure, of the things which they will buy; and ought not to sanction the vulgarity of prizing them for the pitiful vanity of being known to possess them, or the paltry shame of being suspected to be without them, the presiding motives of three-fourths of the expenditure of the middle classes. The sacrifices of real comfort or indulgence which government requires, it is bound to apportion among all persons with as much equality as possible; but their sacrifices of the imaginary dignity dependent on expense, it may spare itself the trouble of estimating.

Both in England and on the Continent, a graduated property tax (*l'impôt progressif*) has been advocated, on the avowed ground that the State should use the instrument of taxation as a means of mitigating the inequalities of wealth. I am as desirous as any one that means should be taken to diminish those inequalities, but not so as to relieve the prodigal at the expense of the prudent. To tax the larger incomes at a higher percentage than the smaller is to lay a tax on industry and economy; to impose a penalty on people for having worked harder and saved more than their neighbours. It is not the fortunes which are earned, but those which are unearned, that it is for the public good to place under limitation. A just and wise legislation would abstain from holding out motives for dissipating, rather than saving, the earnings of honest exertion. Its impartiality between competitors would consist in endeavouring that they should all start fair, and not in hanging a weight upon the swift to diminish the distance between them and the slow. Many, indeed, fail with greater efforts than those with which others succeed, not from difference of merits, but difference of opportunities; but if all were done which it would be in the power of a good government to do, by instruction and by legislation, to diminish this inequality of opportunities, the differences of fortune arising from people's own earnings could not justly give umbrage. With respect to the large fortunes acquired by gift or inheritance, the power of bequeathing is one of those privileges of property which are fit subjects for regulation on grounds of

general expediency; and I have already suggested, as a possible mode of restraining the accumulation of large fortunes in the hands of those who have not earned them by exertion, a limitation of the amount which any one person should be permitted to acquire by gift, bequest, or inheritance. Apart from this, and from the proposal of Bentham (also discussed in a former chapter) that collateral inheritance *ab intestato* should cease, and the property escheat to the State, I conceive that inheritances and legacies, exceeding a certain amount, are highly proper subjects for taxation; and that the revenue from them should be as great as it can be made without giving rise to evasions, by donation *inter vivos* or concealment of property, such as it would be impossible adequately to check. The principle of graduation (as it is called)—that is, of levying a larger percentage on a larger sum—though its application to general taxation would be in my opinion objectionable, seems to me both just and expedient as applied to legacy and inheritance duties. . . .

4. Whether the profits of trade may not rightfully be taxed at a lower rate than incomes derived from interest or rent, is part of the more comprehensive question . . . whether salaries, for example, or annuities, or the gains of professions, should pay the same percentage as the income from inheritable property.

The existing tax treats all kinds of incomes exactly alike, taking its sevenpence (now [1871] fourpence) in the pound, as well from the person whose income dies with him, as from the landholder, stockholder, or mortgagee, who can transmit his fortune undiminished to his descendants. This is a visible injustice; yet it does not arithmetically violate the rule that taxation ought to be in proportion to means. . . .

All attempts to establish a claim in favour of terminable incomes on numerical grounds—to make out, in short, that a proportional tax is not a proportional tax—are manifestly absurd. The claim does not rest on grounds of arithmetic, but of human wants and feelings. It is not because the temporary annuitant has smaller means, but because he has greater necessities, that he ought to be assessed at a lower rate.

In spite of the nominal equality of income, A, an annuitant of 1,000£ a year, cannot so well afford to pay 100£ out of it as B, who derives the same annual sum from heritable property; A having usually a demand on his income which B has not: namely, to provide by saving for children or others; to which, in the case of salaries or professional gains, must generally be added a provision for his own later years; while B may expend his whole income without injury to his old age, and still have it all to bestow on others after his death. . . .

The principle, therefore, of equality of taxation, interpreted in its only just sense, equality of sacrifice, requires that a person who has no means of providing for old age, or for those in whom he is interested, except by saving from income, should have the tax remitted on all that part of his income which is really and *bonâ fide* applied to that purpose.

If, indeed, reliance could be placed on the conscience of the contributors, or sufficient security taken for the correctness of their statements by collateral precautions, the proper mode of assessing an income tax would be to tax only the part of income devoted to expenditure, exempting that which is saved. For when saved and invested (and all savings, speaking generally, are invested), it thenceforth pays income tax on the interest or profit which it brings, notwithstanding that it has already been taxed on the principal. Unless, therefore, savings are exempted from income tax, the contributors are twice taxed on what they save, and only once on what they spend. . . . The difference thus created to the disadvantage of prudence and economy, is not only impolitic but unjust. To tax the sum invested, and afterwards to tax also the proceeds of the investment, is to tax the same portion of the contributor's means twice over.

It has been urged, as an objection to exempting savings from taxation, that the law ought not to disturb, by artificial interference, the natural competition between the motives for saving and those for spending. But we have seen that the law disturbs this natural competition when it taxes savings, not when it spares them; for as the savings pay at any rate the full tax as soon as they are invested, their exemption from payment in the earlier stage is necessary to prevent them from paying twice, while money spent in unproductive consumption pays only once. It has been further objected that since the rich have the greatest means of saving, any privilege given to savings is an advantage bestowed on the rich at the expense of the poor. I answer that it is bestowed on them only in proportion as they abdicate the personal use of their riches; in proportion as they divert their income from the supply of their own wants, to a productive investment, through which, instead of being consumed by themselves, it is distributed in wages among the poor. If this be favouring the rich, I should like to have it pointed out, what mode of assessing taxation can deserve the name of favouring the poor.

No income tax is really just from which savings are not exempted; and no income tax ought to be voted without that provision, if the form of the returns, and the nature of the evidence required, could be so arranged as to prevent the exemption from being taken fraudu-

lent advantage of. . . . But if no plan can be devised for the exemption of actual savings, sufficiently free from liability to fraud, it is necessary, as the next thing in point of justice, to take into account in assessing the tax, what the different classes of contributors *ought* to save. And there would probably be no other mode of doing this than the rough expedient of two different rates of assessment. . . . It would probably be necessary to be content with one uniform rate for all incomes of inheritance, and another uniform rate for all those which necessarily terminate with the life of the individual. In fixing the proportion between the two rates, there must inevitably be something arbitrary; perhaps a deduction of one-fourth in favour of life-incomes would be as little objectionable as any which could be made, it being thus assumed that one-fourth of a life-income is, on the average of all ages and states of health, a suitable proportion to be laid by as a provision for successors and for old age.

Of the net profits of persons in business, a part, as before observed, may be considered as interest on capital, and of a perpetual character, and the remaining part as remuneration for the skill and labour of superintendence. . . .

These are the chief cases, of ordinary occurrence, in which any difficulty arises in interpreting the maxim of equality of taxation. The proper sense to be put upon it, as we have seen in the preceding example, is, that people should be taxed, not in proportion to what they have, but to what they can afford to spend. It is no objection to this principle that we cannot apply it consistently to all cases. A person with a life-income and precarious health, or who has many persons depending on his exertions, must, if he wishes to provide for them after his death, be more rigidly economical than one who has a life-income of equal amount, with a strong constitution, and few claims upon him; and if it be conceded that taxation cannot accommodate itself to these distinctions, it is argued that there is no use in attending to any distinctions where the absolute amount of income is the same. But the difficulty of doing perfect justice is no reason against doing as much as we can. . . .

5. Before leaving the subject of Equality of Taxation, I must remark that there are cases in which exceptions may be made to it, consistently with that equal justice which is the groundwork of the rule. Suppose that there is a kind of income which constantly tends to increase, without any exertion or sacrifice on the part of the owners; those owners constituting a class in the community, whom the natural course of things progressively enriches, consistently with complete passiveness on their own part. In such a case, it would be

no violation of the principles on which private property is grounded, if the State should appropriate this increase of wealth, or part of it, as it arises. This would not properly be taking anything from anybody; it would merely be applying an accession of wealth, created by circumstances, to the benefit of society, instead of allowing it to become an unearned appendage to the riches of a particular class.

Now this is actually the case with rent. The ordinary progress of a society which increases in wealth, is at all times tending to augment the incomes of landlords; to give them both a greater amount and a greater proportion of the wealth of the community, independently of any trouble or outlay incurred by themselves. They grow richer, as it were, in their sleep, without working, risking, or economizing. What claim have they, on the general principle of social justice, to this accession of riches? In what would they have been wronged if society had, from the beginning, reserved the right of taxing the spontaneous increase of rent, to the highest amount required by financial exigencies? I admit that it would be unjust to come upon each individual estate, and lay hold of the increase which might be found to have taken place in its rental; because there would be no means of distinguishing, in individual cases, between an increase owing solely to the general circumstances of society, and one which was the effect of skill and expenditure on the part of the proprietor. The only admissible mode of proceeding would be by a general measure. The first step should be a valuation of all the land in the country. The present value of all land should be exempt from the tax; but after an interval had elapsed, during which society had increased in population and capital, a rough estimate might be made of the spontaneous increase which had accrued to rent since the valuation was made. Of this the average price of produce would be some criterion: if that had risen, it would be certain that rent had increased, and (as already shown) even in a greater ratio than the rise of price. On this and other data, an approximate estimate might be made of how much value had been added to the land of the country by natural causes; and in laying on a general land-tax, which, for fear of miscalculation, should be considerably within the amount thus indicated, there would be an assurance of not touching any increase of income which might be the result of capital expended or industry exerted by the proprietor.

But though there could be no question as to the justice of taxing the increase of rent, if society had avowedly reserved the right, has not society waived that right by not exercising it? In England, for example, have not all who bought land for the last century or more,

given value not only for the existing income, but for the prospects of increase, under an implied assurance of being only taxed in the same proportion with other incomes? This objection, insofar as valid, has a different degree of validity in different countries; depending on the degree of desuetude into which society has allowed a right to fall, which, as no one can doubt, it once fully possessed. In most countries of Europe, the right to take by taxation, as exigency might require, an indefinite portion of the rent of land, has never been allowed to slumber. In several parts of the Continent, the land-tax forms a large proportion of the public revenues, and has always been confessedly liable to be raised or lowered without reference to other taxes. In these countries, no one can pretend to have become the owner of land on the faith of never being called upon to pay an increased land-tax. In England, the land-tax has not varied since the early part of the last century. The last act of the legislature in relation to its amount was to diminish it; and though the subsequent increase in the rental of the country has been immense, not only from agriculture, but from the growth of towns and the increase of buildings, the ascendancy of landholders in the legislature has prevented any tax from being imposed, as it so justly might, upon the very large portion of this increase which was unearned, and, as it were, accidental. For the expectations thus raised, it appears to me that an amply sufficient allowance is made, if the whole increase of income which has accrued during this long period from a mere natural law, without exertion or sacrifice, is held sacred from any peculiar taxation. From the present date, or any subsequent time at which the legislature may think fit to assert the principle, I see no objection to declaring that the future increment of rent should be liable to special taxation; in doing which all injustice to the landlords would be obviated, if the present market-price of their land were secured to them; since that includes the present value of all future expectations. With reference to such a tax, perhaps a safer criterion than either a rise of rents or a rise of the price of corn, would be a general rise in the price of land. It would be easy to keep the tax within the amount which would reduce the market value of land below the original valuation: and up to that point, whatever the amount of the tax might be, no injustice would be done to the proprietors.

6. But whatever may be thought of the legitimacy of making the State a sharer in all future increase of rent from natural causes, the existing land-tax (which in this country unfortunately is very small) ought not to be regarded as a tax, but as a rent-charge in favour of the public; a portion of the rent reserved from the beginning by the State,

which has never belonged to or formed part of the income of the landlords, and should not therefore be counted to them as part of their taxation, so as to exempt them from their fair share of every other tax. . . . The landlords originally held their estates subject to feudal burthens, for which the present land-tax is an exceedingly small equivalent, and for their relief from which they should have been required to pay a much higher price. All who have bought land since the tax existed have bought it subject to the tax. There is not the smallest pretence for looking upon it as a payment exacted from the existing race of landlords. . . .

7. In addition to the preceding rules, another general rule of taxation is sometimes laid down: namely, that it should fall on income, and not on capital. That taxation should not encroach upon the amount of the national capital, is indeed of the greatest importance; but this encroachment, when it occurs, is not so much a consequence of any particular mode of taxation, as of its excessive amount. . . . But if these errors be avoided, and the amount of taxation be not greater than it is at present even in the most heavily taxed country of Europe, there is no danger lest it should deprive the country of a portion of its capital.

To provide that taxation shall fall entirely on income, and not at all on capital, is beyond the power of any system of fiscal arrangements. There is no tax which is not partly paid from what would otherwise have been saved; no tax, the amount of which, if remitted, would be wholly employed in increased expenditure, and no part whatever laid by as an addition to capital. All taxes, therefore, are in some sense partly paid out of capital; and in a poor country, it is impossible to impose any tax which will not impede the increase of the national wealth. But in a country where capital abounds, and the spirit of accumulation is strong, this effect of taxation is scarcely felt. . . .

I cannot, therefore, attach any importance, in a wealthy country, to the objection made against taxes on legacies and inheritances, that they are taxes on capital. . . . The amount which would be derived, even from a very high legacy duty, in each year, is but a small fraction of the annual increase of capital in such a country; and its abstraction would but make room for saving to an equivalent amount; while the effect of not taking it, is to prevent that amount of saving, or cause the savings, when made, to be sent abroad for investment. A country which, like England, accumulates capital, not only for itself, but for half the world, may be said to defray the whole of its public expenses from its overflowings; and its wealth is probably, at

this moment, as great as if it had no taxes at all. What its taxes really do is to subtract from its means, not of production, but of enjoyment; since whatever anyone pays in taxes, he could, if it were not taken for that purpose, employ in indulging his ease, or in gratifying some want or taste which at present remains unsatisfied.

Book V, Chapter III

Of Direct Taxes

1. Taxes are either direct or indirect. A direct tax is one which is demanded from the very persons who, it is intended or desired, should pay it. Indirect taxes are those which are demanded from one person in the expectation and intention that he shall indemnify himself at the expense of another: such as the excise or customs. The producer or importer of a commodity is called upon to pay a tax on it, not with the intention to levy a peculiar contribution upon him, but to tax through him the consumers of the commodity, from whom it is supposed that he will recover the amount by means of an advance in price. . . .

5. We now pass from taxes on the separate kinds of income, to a tax attempted to be assessed fairly upon all kinds; in other words, an Income Tax. The discussion of the conditions necessary for making this tax consistent with justice, has been anticipated in the last chapter. We shall suppose, therefore, that these conditions are complied with. They are, first, that incomes below a certain amount should be altogether untaxed. This minimum should not be higher than the amount which suffices for the necessaries of the existing population. The exemption from the present [1857] income tax, of all incomes under 100£, a year, and the lower percentage formerly levied on those between 100£, and 150£, are only defensible on the ground that almost all the indirect taxes press more heavily on incomes between 50£, and 150£, than on any others whatever. The second condition is that incomes above the limit should be taxed only in proportion to the surplus by which they exceed the limit. Thirdly, that all sums saved from income and invested, should be exempt from the tax; or, if this be found impracticable, that life-incomes, and incomes from business and professions, should be less heavily taxed than inheritable incomes, in a degree as nearly as possible equivalent to the increased need of economy arising from their terminable character; allowance being also made, in the case of variable incomes, for their precariousness.

An income tax, fairly assessed on these principles, would be, in point of justice, the least exceptionable of all taxes. The objection to it, in the present low state of public morality, is the impossibility of ascertaining the real incomes of the contributors. The supposed hardship of compelling people to disclose the amount of their incomes ought not, in my opinion, to count for much. One of the social evils of this country is the practice, amounting to a custom, of maintaining, or attempting to maintain, the appearance to the world of a larger income than is possessed; and it would be far better for the interest of those who yield to this weakness, if the extent of their means were universally and exactly known, and the temptation removed to expending more than they can afford, stinting real wants in order to make a false show externally. At the same time, the reason of the case, even on this point, is not so exclusively on one side of the argument as is sometimes supposed. So long as the vulgar of any country are in the debased state of mind which this national habit presupposes—so long as their respect (if such a word can be applied to it) is proportioned to what they suppose to be each person's pecuniary means—it may be doubted whether anything which would remove all uncertainty as to that point would not considerably increase the presumption and arrogance of the vulgar rich, and their insolence towards those above them in mind and character, but below them in fortune.

Notwithstanding, too, what is called the inquisitorial nature of the tax, no amount of inquisitorial power which would be tolerated by a people the most disposed to submit to it, could enable the revenue officers to assess the tax from actual knowledge of the circumstances of contributors. Rent, salaries, annuities, and all fixed incomes can be exactly ascertained. But the variable gains of professions, and still more the profits of business, which the person interested cannot always himself exactly ascertain, can still less be estimated with any approach to fairness by a tax-collector. The main reliance must be placed, and always has been placed, on the returns made by the person himself. No production of accounts is of much avail, except against the more flagrant cases of falsehood; and even against these, the check is very imperfect, for if fraud is intended, false accounts can generally be framed which it will baffle any means of inquiry possessed by the revenue officers to detect: the easy resource of omitting entries on the credit side being often sufficient without the aid of fictitious debts or disbursements. The tax, therefore, on whatever principles of equality it may be imposed, is in practice unequal in one of the worst ways, falling heaviest on the most conscientious. The

unscrupulous succeed in evading a great proportion of what they should pay; even persons of integrity in their ordinary transactions are tempted to palter with their consciences, at least to the extent of deciding in their own favour all points on which the smallest doubt or discussion could arise; while the strictly veracious may be made to pay more than the State intended, by the powers of arbitrary assessment necessarily intrusted to the Commissioners, as the last defense against the tax-payer's power of concealment.

It is to be feared, therefore, that the fairness which belongs to the principle of an income tax cannot be made to attach to it in practice; and that this tax, while apparently the most just of all modes of raising a revenue, is, in effect, more unjust than many others which are *primâ facie* more objectionable. This consideration would lead us to concur in the opinion which, until of late, has usually prevailed—that direct taxes on income should be reserved as an extraordinary resource for great national emergencies, in which the necessity of a large additional revenue overrules all objections.

The difficulties of a fair income tax have elicited a proposition for a direct tax of so much per cent, not on income, but on expenditure; the aggregate amount of each person's expenditure being ascertained, as the amount of income now is, from statements furnished by the contributors themselves. The author of this suggestion, Mr. Revans, in a clever pamphlet on the subject, contends that the returns which persons would furnish of their expenditure would be more trustworthy than those which they now make of their income, inasmuch as expenditure is, in its own nature, more public than income, and false representations of it more easily detected. He cannot, I think, have sufficiently considered how few of the items in the annual expenditure of most families can be judged of with any approximation to correctness from the external signs. The only security would still be the veracity of individuals, and there is no reason for supposing that their statements would be more trustworthy on the subject of their expenses than that of their revenues; especially as, the expenditure of most persons being composed of many more items than their income, there would be more scope for concealment and suppression in the detail of expenses than even of receipts.

The taxes on expenditure at present in force, either in this or in other countries, fall only on particular kinds of expenditure, and differ no otherwise from taxes on commodities than in being paid directly by the person who consumes or uses the article, instead of being advanced by the producer or seller, and reimbursed in the price. The taxes on horses and carriages, on dogs, on servants, are all

of this nature. They evidently fall on the persons from whom they are levied—those who use the commodity taxed. A tax of a similar description, and more important, is a house-tax. . . .

Insofar as it falls on the occupier, if justly proportioned to the value of the house, it is one of the fairest and most unobjectionable of all taxes. No part of a person's expenditure is a better criterion of his means, or bears, on the whole, more nearly the same proportion to them. A house-tax is a nearer approach to a fair income tax than a direct assessment on income can easily be; having the great advantage that it makes spontaneously all the allowances which it is so difficult to make, and so impracticable to make exactly, in assessing an income tax: for if what a person pays in house-rent is a test of anything, it is a test not of what he possesses, but of what he thinks he can afford to spend. The equality of this tax can only be seriously questioned on two grounds. The first is that a miser may escape it. This objection applies to all taxes on expenditure: nothing but a direct tax on income can reach a miser. But as misers do not now hoard their treasure, but invest it in productive employments, it not only adds to the national wealth, and consequently to the general means of paying taxes, but the payment claimable from itself is only transferred from the principal sum to the income afterwards derived from it, which pays taxes as soon as it comes to be expended. The second objection is that a person may require a larger and more expensive house, not from having greater means, but from having a larger family. Of this, however, he is not entitled to complain; since having a large family is at a person's own choice; and, so far as concerns the public interest, is a thing rather to be discouraged than promoted.

A large portion of the taxation of this country is raised by a house-tax. The parochial taxation of the towns entirely, and of the rural districts partially, consists of an assessment on house-rent. The window-tax, which was also a house-tax, but of a bad kind, operating as a tax on light, and a cause of deformity in building, was exchanged in 1851 for a house-tax properly so called, but on a much lower scale than that which existed previously to 1834. It is to be lamented that the new tax retains the unjust principle on which the old house-tax was assessed, and which contributed quite as much as the selfishness of the middle classes to produce the outcry against the tax. The public were justly scandalized on learning that residences like Chatsworth or Belvoir were only rated on an imaginary rent of perhaps 200£ a year, under the pretext that, owing to the great expense of keeping them up, they could not be let for more. Probably, indeed, they could not be let even for that, and if the argument were a fair one,

they ought not to have been taxed at all. But a house-tax is not intended as a tax on incomes derived from houses, but on expenditure incurred for them. The thing which it is wished to ascertain is what a house costs to the person who lives in it, not what it would bring in if let to someone else. When the occupier is not the owner, and does not hold on a repairing lease, the rent he pays is the measure of what the house costs him; but when he is the owner, some other measure must be sought. A valuation should be made of the house, not at what it would sell for, but at what would be the cost of rebuilding it, and this valuation might be periodically corrected by an allowance for what it had lost in value by time, or gained by repairs and improvements. The amount of the amended valuation would form a principal sum, the interest of which, at the current price of the public funds, would form the annual value at which the building should be assessed to the tax.

As incomes below a certain amount ought to be exempt from income tax, so ought houses below a certain value from house-tax, on the universal principle of sparing from all taxation the absolute necessities of healthful existence. In order that the occupiers of lodgings, as well as of houses, might benefit, as in justice they ought, by this exemption, it might be optional with the owners to have every portion of a house which is occupied by a separate tenant, valued and assessed separately, as is now usually the case with chambers.

Book V, Chapter IV

Of Taxes on Commodities

1. By taxes on commodities are commonly meant those which are levied either on the producers, or on the carriers or dealers who intervene between them and the final purchasers for consumption. Taxes imposed directly on the consumers of particular commodities, such as a house-tax, or the tax in this country on horses and carriages, might be called taxes on commodities, but are not; the phrase being, by custom, confined to indirect taxes, those which are advanced by one person, to be, as is expected and intended, reimbursed by another. Taxes on commodities are either on production within the country, or on importation into it, or on conveyance or sale within it; and are classed respectively as excise, customs, or tolls and transit duties. To whichever class they belong, and at whatever stage in the progress of the community they may be imposed, they are equivalent to an

increase of the cost of production; using that term in its most enlarged sense, which includes the cost of transport and distribution, or, in common phrase, of bringing the commodity to market. . . .

2. A tax on any one commodity, whether laid on its production, its importation, its carriage from place to place, or its sale, and whether the tax be a fixed sum of money for a given quantity of the commodity, or an *ad valorem* duty, will, as a general rule, raise the value and price of the commodity by at least the amount of the tax. There are few cases in which it does not raise them by more than that amount. In the first place, there are few taxes on production, on account of which it is not found or deemed necessary to impose restrictive regulations on the manufacturers or dealers, in order to check evasions of the tax. These regulations are always sources of trouble and annoyance, and generally of expense, for all of which, being peculiar disadvantages, the producers or dealers must have compensation in the price of their commodity. These restrictions also frequently interfere with the processes of manufacture, requiring the producer to carry on his operations in the way most convenient to the revenue, though not the cheapest or most efficient for purposes of production. Any regulations whatever, enforced by law, make it difficult for the producer to adopt new and improved processes. Further, the necessity of advancing the tax obliges producers and dealers to carry on their business with larger capitals than would otherwise be necessary, on the whole of which they must receive the ordinary rate of profit, though a part only is employed in defraying the real expenses of production or importation. The price of the article must be such as to afford a profit on more than its natural value, instead of a profit on only its natural value. A part of the capital of the country, in short, is not employed in production, but in advances to the State, repaid in the price of goods; and the consumers must give an indemnity to the sellers, equal to the profit which they could have made on the same capital if really employed in production. Neither ought it to be forgotten that whatever renders a larger capital necessary in any trade or business, limits the competition in that business; and by giving something like a monopoly to a few dealers, may enable them either to keep up the price beyond what would afford the ordinary rate of profit, or to obtain the ordinary rate of profit with a less degree of exertion for improving and cheapening their commodity. In these several modes, taxes on commodities often cost to the consumer, through the increased price of the article, much more than they bring into the treasury of the State. There is still another consideration. The higher price necessitated by the tax almost always checks the demand for

the commodity; and since there are many improvements in production which, to make them practicable, require a certain extent of demand, such improvements are obstructed, and many of them prevented altogether. It is a well-known fact that the branches of production in which fewest improvements are made are those with which the revenue officer interferes; and that nothing, in general, gives a greater impulse to improvements in the production of a commodity, than taking off a tax which narrowed the market for it.

3. Such are the effects of taxes on commodities, considered generally; but as there are some commodities (those composing the necessaries of the labourer) of which the values have an influence on the distribution of wealth among different classes of the community, it is requisite to trace the effects of taxes on those particular articles somewhat farther. If a tax be laid, say on corn, and the price rises in proportion to the tax, the rise of price may operate in two ways. First, it may lower the condition of the labouring classes; temporarily indeed it can scarcely fail to do so. If it diminishes their consumption of the produce of the earth, or makes them resort to a food which the soil produces more abundantly, and therefore more cheaply, it to that extent contributes to throw back agriculture upon more fertile lands or less costly processes, and to lower the value and price of corn; which therefore ultimately settles at a price, increased not by the whole amount of the tax, but by only a part of its amount. Secondly, however, it may happen that the dearness of the taxed food does not lower the habitual standard of the labourer's requirements, but that wages, on the contrary, through an action on population, rise, in a shorter or longer period, so as to compensate the labourers for their portion of the tax; the compensation being, of course, at the expense of profits. Taxes on necessaries must thus have one of two effects. Either they lower the condition of the labouring classes; or they exact from the owners of capital, in addition to the amount due to the State on their own necessaries, the amount due on those consumed by the labourers. In the last case, the tax on necessaries, like a tax on wages, is equivalent to a peculiar tax on profits; which is, like all other partial taxation, unjust, and is specially prejudicial to the increase of the national wealth. . . .

5. We have hitherto inquired into the effects of taxes on commodities, on the assumption that they are levied impartially on every mode in which the commodity can be produced or brought to market. Another class of considerations is opened if we suppose that this impartiality is not maintained, and that the tax is imposed, not on the commodity, but on some particular mode of obtaining it.

Suppose that a commodity is capable of being made by two different processes; as a manufactured commodity may be produced either by hand or by steam-power; sugar may be made either from the sugar-cane or from beet-root. . . . Suppose, however, that a tax is laid on one of the processes, and no tax at all, or one of smaller amount, on the other. If the taxed process is the one which the producers would not have adopted, the measure is simply nugatory. But if the tax falls, as it is of course intended to do, upon the one which they would have adopted, it creates an artificial motive for preferring the untaxed process, though the inferior of the two. If, therefore, it has any effect at all, it causes the commodity to be produced of worse quality, or at a greater expense of labour; it causes so much of the labour of the community to be wasted, and the capital employed in supporting and remunerating the labour to be expended as uselessly as if it were spent in hiring men to dig holes and fill them up again. This waste of labour and capital constitutes an addition to the cost of production of the commodity, which raises its value and price in a corresponding ratio, and thus the owners of the capital are indemnified. The loss falls on the consumers; though the capital of the country is also eventually diminished, by the diminution of their means of saving, and in some degree, of their inducements to save.

The kind of tax, therefore, which comes under the general denomination of a discriminating duty, transgresses the rule that taxes should take as little as possible from the tax-payer, beyond what they bring into the treasury of the State. A discriminating duty makes the consumer pay two distinct taxes, only one of which is paid to the government, and that frequently the less onerous of the two. . . .

One of the commonest cases of discriminating duties is that of a tax on the importation of a commodity capable of being produced at home, unaccompanied by an equivalent tax on the home production. A commodity is never permanently imported unless it can be obtained from abroad at a smaller cost of labour and capital, on the whole, than is necessary for producing it. If, therefore, by a duty on the importation, it is rendered cheaper to produce the article than to import it, an extra quantity of labour and capital is expended, without any extra result. The labour is useless, and the capital is spent in paying people for laboriously doing nothing. All custom duties which operate as an encouragement to the home production of the taxed article, are thus an eminently wasteful mode of raising a revenue. . . .

Book V, Chapter V *Of Some Other Taxes*

1. Besides direct taxes on income, and taxes on consumption, the financial systems of most countries comprise a variety of miscellaneous imposts, not strictly included in either class. The modern European systems retain many such taxes, though in much less number and variety than those semi-barbarous governments which European influence has not yet reached. In some of these, scarcely any incident of life has escaped being made an excuse for some fiscal exaction; hardly any act, not belonging to daily routine, can be performed by anyone without obtaining leave from some agent of government, which is only granted in consideration of a payment; especially when the act requires the aid or the peculiar guarantee of a public authority. In the present treatise, we may confine our attention to such taxes as lately existed, or still exist, in countries usually classed as civilized.

In almost all nations, a considerable revenue is drawn from taxes on contracts. These are imposed in various forms. One expedient is that of taxing the legal instrument which serves as evidence of the contract, and which is commonly the only evidence legally admissible. In England, scarcely any contract is binding unless executed on stamped paper, which has paid a tax to government; and until very lately, when the contract related to property, the tax was proportionally much heavier on the smaller than on the larger transactions; which is still true of some of those taxes. There are also stamp-duties on the legal instruments which are evidence of the fulfilment of contracts; such as acknowledgments of receipt and deeds of release. Taxes on contracts are not always levied by means of stamps. The duty on sales by auction, abrogated by Sir Robert Peel, was an instance in point. The taxes on transfers of landed property, in France, are another; in England, there are stamp-duties. In some countries, contracts of many kinds are not valid unless registered, and their registration is made an occasion for a tax.

Of taxes on contracts, the most important are those on the transfer of property; chiefly on purchases and sales. Taxes on the sale of consumable commodities are simply taxes on those commodities. If they affect only some particular commodities, they raise the prices of those commodities, and are paid by the consumer. If the attempt were made to tax all purchases and sales, which, however absurd, was for centuries the law of Spain, the tax, if it could be enforced, would

be equivalent to a tax on all commodities, and would not affect prices; if levied from the sellers, it would be a tax on profits; if from the buyers, a tax on consumption; and neither class could throw the burthen upon the other. If confined to some one mode of sale, as for example by auction, it discourages recourse to that mode, and if of any material amount, prevents it from being adopted at all, unless in a case of emergency; in which case as the seller is under a necessity to sell, but the buyer under no necessity to buy, the tax falls on the seller; and this was the strongest of the objections to the auction duty: it almost always fell on a necessitous person, and in the crisis of his necessities.

Taxes on the purchase and sale of land are, in most countries, liable to the same objection. Landed property in old countries is seldom parted with, except from reduced circumstances, or some urgent need; the seller, therefore, must take what he can get, while the buyer, whose object is an investment, makes his calculations on the interest which he can obtain for his money in other ways, and will not buy if he is charged with a government tax on the transaction. . . .

All taxes must be condemned which throw obstacles in the way of the sale of land, or other instruments of production. Such sales tend naturally to render the property more productive. The seller, whether moved by necessity or choice, is probably someone who is either without the means, or without the capacity, to make the most advantageous use of the property for productive purposes; while the buyer, on the other hand, is at any rate not needy, and is frequently both inclined and able to improve the property; since, as it is worth more to such a person than to any other, he is likely to offer the highest price for it. All taxes, therefore, and all difficulties and expenses, annexed to such contracts, are decidedly detrimental; especially in the case of land, the source of subsistence, and the original foundation of all wealth, on the improvement of which, therefore, so much depends. . . . All taxes on the transfer of landed property should be abolished; but . . . an annual impost equivalent to the average produce of these taxes should be distributed over the land generally, in the form of a land-tax. . . .

2. Nearly allied to the taxes on contracts are those on communication. The principal of these is the postage tax; to which may be added taxes on advertisements, and on newspapers, which are taxes on the communication of information.

The common mode of levying a tax on the conveyance of letters is by making the government the sole authorized carrier of them, and demanding a monopoly price. When this price is so moderate as it is

in this country under the uniform penny postage, scarcely if at all exceeding what would be charged under the freest competition by any private company, it can hardly be considered as taxation, but rather as the profits of a business; whatever excess there is, above the ordinary profits of stock, being a fair result of the saving of expense, caused by having only one establishment and one set of arrangements for the whole country, instead of many competing ones. The business, too, being one which both can and ought to be conducted on fixed rules, is one of the few businesses which it is not unsuitable to a government to conduct. The post office, therefore, is at present one of the best of the sources from which this country derives its revenue. But a postage much exceeding what would be paid for the same service in a system of freedom, is not a desirable tax. Its chief weight falls on letters of business, and increases the expense of mercantile relations between distant places. It is like an attempt to raise a large revenue by heavy tolls: it obstructs all operations by which goods are conveyed from place to place, and discourages the production of commodities in one place for consumption in another; which is not only, in itself, one of the greatest sources of economy of labour, but is a necessary condition of almost all improvements in production, and one of the strongest stimulants to industry, and promoters of civilization.

The tax on advertisements was not free from the same objection, since in whatever degree advertisements are useful to business, by facilitating the coming together of the dealer or producer and the consumer, in that same degree, if the tax be high enough to be a serious discouragement to advertising, it prolongs the period during which goods remain unsold, and capital locked up in idleness.

A tax on newspapers is objectionable, not so much where it does fall as where it does not—that is, where it prevents newspapers from being used. To the generality of those who buy them, newspapers are a luxury which they can as well afford to pay for as any other indulgence, and which is as unexceptionable a source of revenue. But to that large part of the community who have been taught to read, but have received little other intellectual education, newspapers are the source of nearly all the general information which they possess, and of nearly all their acquaintance with the ideas and topics current among mankind; and an interest is more easily excited in newspapers than in books or other more recondite sources of instruction. Newspapers contribute so little, in a direct way, to the origination of useful ideas, that many persons undervalue the importance of their office in disseminating them. They correct many prejudices and superstitions, and keep up a habit of discussion, and interest in public

concerns, the absence of which is a great cause of stagnation of mind usually found in the lower and middle, if not in all, ranks, of those countries where newspapers of an important or interesting character do not exist. There ought to be no taxes (as in this country there now are not) which render this great diffuser of information, of mental excitement and mental exercise, less accessible to that portion of the public which most needs to be carried into a region of ideas and interests beyond its own limited horizon.

3. In the enumeration of bad taxes, a conspicuous place must be assigned to law taxes; which extract a revenue for the State from the various operations involved in an application to the tribunals. Like all needless expenses attached to law proceedings, they are a tax on redress, and therefore a premium on injury. Although such taxes have been abolished in this country as a general source of revenue, they still exist in the form of fees of court, for defraying the expense of the courts of justice; under the idea, apparently, that those may fairly be required to bear the expenses of the administration of justice, who reap the benefit of it. The fallacy of this doctrine was powerfully exposed by Bentham. As he remarked, those who are under the necessity of going to law are those who benefit least, not most, by the law and its administration. To them, the protection which the law affords has not been complete, since they have been obliged to resort to a court of justice to ascertain their rights, or maintain those rights against infringement; while the remainder of the public have enjoyed the immunity from injury conferred by the law and the tribunals, without the inconvenience of an appeal to them.

4. Besides the general taxes of the State, there are, in all or most countries, local taxes, to defray any expenses of a public nature which it is thought best to place under the control or management of a local authority. Some of these expenses are incurred for purposes in which the particular locality is solely or chiefly interested; as the paving, cleansing, and lighting of the streets; or the making and repairing of roads and bridges, which may be important to people from any part of the country, but only insofar as they, or goods in which they have an interest, pass along the roads or over the bridges. In other cases again, the expenses are of a kind as nationally important as any others, but are defrayed locally because supposed more likely to be well administered by local bodies; as, in England, the relief of the poor, and the support of gaols, and in some other countries, of schools. To decide for what public objects local superintendence is best suited, and what are those which should be kept immediately under the central government, or under a mixed system of local management and

central superintendence, is a question, not of political economy, but of administration. It is an important principle, however, that taxes imposed by a local authority, being less amenable to publicity and discussion than the acts of the government, should always be special—laid on for some definite service, and not exceeding the expense actually incurred in rendering the service. Thus limited, it is desirable, whenever practicable, that the burthen should fall on those to whom the service is rendered; that the expense, for instance, of roads and bridges, should be defrayed by a toll on passengers and goods conveyed by them, thus dividing the cost between those who use them for pleasure or convenience, and the consumers of the goods which they enable to be brought to and from the market at a diminished expense. When, however, the tolls have repaid with interest the whole of the expenditure, the road or bridge should be thrown open free of toll, that it may be used also by those to whom, unless open gratuitously, it would be valueless; provision being made for repairs either from the funds of the State, or by a rate levied on the localities which reap the principal benefit. . . .

Book V, Chapter VI

Comparison between Direct and Indirect Taxation

1. Are direct or indirect taxes the most eligible? This question, at all times interesting, has of late excited a considerable amount of discussion. In England, there is a popular feeling, of old standing, in favour of indirect, or it should rather be said, in opposition to direct, taxation. The feeling is not grounded on the merits of the case, and is of a puerile kind. An Englishman dislikes, not so much the payment, as the act of paying. He dislikes seeing the face of the tax-collector, and being subjected to his peremptory demand. Perhaps, too, the money which he is required to pay directly out of his pocket is the only taxation which he is quite sure that he pays at all. That a tax of one shilling per pound on tea, or of two shillings per bottle on wine, raises the price of each pound of tea and bottle of wine which he consumes by that and more than that amount, cannot indeed be denied; it is the fact, and is intended to be so, and he himself, at times, is perfectly aware of it; but it makes hardly any impression on his practical feelings and associations, serving to illustrate the distinction between what is merely known to be true and what is felt to be so. The unpopularity of direct taxation, contrasted with the easy manner in which

the public consent to let themselves be fleeced in the prices of commodities, has generated, in many friends of improvement; a directly opposite mode of thinking to the foregoing. They contend that the very reason which makes direct taxation disagreeable, makes it preferable. Under it, everyone knows how much he really pays; and if he votes for a war, or any other expensive national luxury, he does so with his eyes open to what it costs him. If all taxes were direct, taxation would be much more perceived than at present; and there would be a security which now there is not, for economy in the public expenditure.

Although this argument is not without force, its weight is likely to be constantly diminishing. The real incidence of indirect taxation is every day more generally understood and more familiarly recognized; and whatever else may be said of the changes which are taking place in the tendencies of the human mind, it can scarcely, I think, be denied that things are more and more estimated according to their calculated value, and less according to their non-essential accompaniments. The mere distinction between paying money directly to the tax-collector, and contributing the same sum through the intervention of the tea-dealer or the wine-merchant, no longer makes the whole difference between dislike or opposition and passive acquiescence. But further, while any such infirmity of the popular mind subsists, the argument grounded on it tells partly on the other side of the question. If our present revenue of about seventy [1862] million were all raised by direct taxes, an extreme dissatisfaction would certainly arise at having to pay so much; but while men's minds are so little guided by reason, as such a change of feeling from so irrelevant a cause would imply, so great an aversion to taxation might not be an unqualified good. Of the seventy million in question, nearly thirty are pledged, under the most binding obligations, to those whose property has been borrowed and spent by the State; and while this debt remains unredeemed, a greatly increased impatience of taxation would involve no little danger of a breach of faith, similar to that which, in the defaulting states of America, has been produced, and in some of them still continues, from the same cause. That part, indeed, of the public expenditure, which is devoted to the maintenance of civil and military establishments, (that is, all except the interest of the national debt) affords, in many of its details, ample scope for retrenchment. But while much of the revenue is wasted under the mere pretence of public service, so much of the most important business of government is left undone, that whatever can be rescued from useless expenditure is urgently required for useful.

Whether the object be education; a more efficient and accessible administration of justice; reforms of any kind which, like the Slave Emancipation, require compensation to individual interests; or what is as important as any of these, the entertainment of a sufficient staff of able and educated public servants, to conduct in a better than the present awkward manner the business of legislation and administration; every one of these things implies considerable expense, and many of them have again and again been prevented by the reluctance which existed to apply to Parliament for an increased grant of public money, though (besides that the existing means would probably be sufficient if applied to the proper purposes) the cost would be repaid, often a hundredfold, in mere pecuniary advantage to the community generally. If so great an addition were made to the public dislike of taxation as might be the consequence of confining it to the direct form, the classes who profit by the misapplication of public money might probably succeed in saving that by which they profit, at the expense of that which would only be useful to the public.

There is, however, a frequent plea in support of indirect taxation, which must be altogether rejected, as grounded on a fallacy. We are often told that taxes on commodities are less burthensome than other taxes, because the contributor can escape from them by ceasing to use the taxed commodity. He certainly can, if that be his object, deprive the government of the money; but he does so by a sacrifice of his own indulgences, which (if he chose to undergo it) would equally make up to him for the same amount taken from him by direct taxation. Suppose a tax laid on wine, sufficient to add 5£ to the price of the quantity of wine which he consumes in a year. He has only (we are told) to diminish his consumption of wine by 5£, and he escapes the burthen. True: but if the 5£, instead of being laid on wine, had been taken from him by an income tax, he could, by expending 5£ less in wine, equally save the amount of the tax, so that the difference between the two cases is really illusory. If the government takes from the contributor 5£ a year, whether in one way or another, exactly that amount must be retrenched from his consumption to leave him as well off as before; and in either way, the same amount of sacrifice, neither more nor less, is imposed on him.

On the other hand, it is some advantage on the side of indirect taxes, that what they exact from the contributor is taken at a time and in a manner likely to be convenient to him. It is paid at a time when he has, at any rate, a payment to make; it causes, therefore, no additional trouble, nor (unless the tax be on necessaries) any inconvenience but what is inseparable from the payment of the amount. He can

also, except in the case of very perishable articles, select his own time for laying in a stock of the commodity, and consequently for payment of the tax. The producer or dealer who advances these taxes is, indeed, sometimes subjected to inconvenience; but, in the case of imported goods, this inconvenience is reduced to a minimum by what is called the Warehousing System, under which, instead of paying the duty at the time of importation, he is only required to do so when he takes out the goods for consumption, which is seldom done until he has either actually found, or has the prospect of immediately finding, a purchaser.

The strongest objection, however, to raising the whole or the greater part of a large revenue by direct taxes, is the impossibility of assessing them fairly without a conscientious co-operation on the part of the contributors, not to be hoped for in the present low state of public morality. In the case of an income tax, we have already seen that unless it be found practicable to exempt savings altogether from the tax, the burthen cannot be apportioned with any tolerable approach to fairness upon those whose incomes are derived from business or professions; and this is, in fact, admitted by most of the advocates of direct taxation, who, I am afraid, generally get over the difficulty by leaving those classes untaxed, and confining their projected income tax to "realized property," in which form it certainly has the merit of being a very easy form of plunder. But enough has been said in condemnation of this expedient. We have seen, however, that a house-tax is a form of direct taxation not liable to the same objections as an income tax, and indeed liable to as few objections of any kind as perhaps any of our indirect taxes. But it would be impossible to raise, by a house tax alone, the greatest part of the revenue of Great Britain, without producing a very objectionable overcrowding of the population, through the strong motive which all persons would have to avoid the tax by restricting their house accommodation. Besides, even a house tax has inequalities, and consequent injustices; no tax is exempt from them, and it is neither just nor politic to make all the inequalities fall in the same places, by calling upon one tax to defray the whole or the chief part of the public expenditure. So much of the local taxation in this country, being already in the form of a house tax, it is probable that ten million a year would be fully as much as could beneficially be levied, through this medium, for general purposes.

A certain amount of revenue may, as we have seen, be obtained without injustice by a peculiar tax on rent. Besides the present land-tax, and an equivalent for the revenue now derived from stamp-

duties on the conveyance of land, some further taxation might, I have contended, at some future period be imposed, to enable the State to participate in the progressive increase of the incomes of landlords from natural causes. Legacies and inheritances, we have also seen, ought to be subjected to taxation sufficient to yield a considerable revenue. With these taxes, and a house-tax of suitable amount; we should, I think, have reached the prudent limits of direct taxation, save in a national emergency so urgent as to justify the government in disregarding the amount of inequality and unfairness which may ultimately be found inseparable from an income tax. The remainder of the revenue would have to be provided by taxes on consumption, and the question is, which of these are the least objectionable.

2. There are some forms of indirect taxation which must be peremptorily excluded. Taxes on commodities, for revenue purposes, must not operate as protecting duties, but must be levied impartially on every mode in which the articles can be obtained, whether produced in the country itself or imported. An exclusion must also be put upon all taxes on the necessaries of life, or on the materials or instruments employed in producing those necessaries. Such taxes are always liable to encroach on what should be left untaxed, the incomes barely sufficient for healthful existence; and on the most favourable supposition, namely, that wages rise to compensate the labourers for the tax, it operates as a peculiar tax on profits, which is at once unjust and detrimental to national wealth. What remain are taxes on luxuries. And these have some properties which strongly recommend them. In the first place, they can never, by any possibility, touch those whose whole income is expended on necessaries; while they do reach those by whom what is required for necessaries is expended on indulgences. In the next place, they operate, in some cases, as an useful, and the only useful, kind of sumptuary law. I disclaim all asceticism, and by no means wish to see discouraged, either by law or opinion, any indulgence (consistent with the means and obligations of the person using it) which is sought from a genuine inclination for, and enjoyment of, the thing itself; but a great portion of the expenses of the higher and middle classes in most countries, and the greatest in this, is not incurred for the sake of the pleasure afforded by the things on which the money is spent, but from regard to opinion, and an idea that certain expenses are expected from them, as an appendage of station; and I cannot but think that expenditure of this sort is a most desirable subject of taxation. If taxation discourages it, some good is done, and if not, no harm; for insofar as taxes are levied on things which are desired and possessed

from motives of this description, nobody is the worse for them. When a thing is bought not for its use but for its costliness, cheapness is no recommendation. As Sismondi remarks, the consequence of cheapening articles of vanity is not that less is expended on such things, but that the buyers substitute for the cheapened article some other which is more costly, or a more elaborate quality of the same thing; and as the inferior quality answered the purpose of vanity equally well when it was equally expensive, a tax on the article is really paid by nobody: it is a creation of public revenue by which nobody loses.

3. In order to reduce as much as possible the inconveniences, and increase the advantages, incident to taxes on commodities, the following are the practical rules which suggest themselves. First: to raise as large a revenue as conveniently may be, from those classes of luxuries which have most connexion with vanity, and least with positive enjoyment; such as the more costly qualities of all kinds of personal equipment and ornament. Secondly: whenever possible, to demand the tax, not from the producer, but directly from the consumer, since when levied on the producer, it raises the price always by more, and often by much more, than the mere amount of the tax. Most of the minor assessed taxes in this country are recommended by both these considerations. But with regard to horses and carriages, as there are many persons to whom, from health or constitution, these are not so much luxuries as necessities, the tax paid by those who have but one riding horse, or but one carriage, especially of the cheaper descriptions, should be low; while taxation should rise very rapidly with the number of horses and carriages, and with their costliness. Thirdly: but as the only indirect taxes which yield a large revenue are those which fall on articles of universal or very general consumption, and as it is therefore necessary to have some taxes on real luxuries—that is, on things which afford pleasure in themselves, and are valued on that account rather than for their cost—these taxes should, if possible, be so adjusted as to fall with the same proportional weight on small, on moderate, and on large incomes. This is not an easy matter; since the things which are the subjects of the more productive taxes are, in proportion, more largely consumed by the poorer members of the community than by the rich. Tea, coffee, sugar, tobacco, fermented drinks, can hardly be so taxed that the poor shall not bear more than their due share of the burthen. Something might be done by making the duty on the superior qualities, which are used by the richer consumers, much higher in proportion to the value (instead of much lower, as is almost universally the practice, under the present

[1848] English system); but in some cases, the difficulty of at all adjusting the duty to the value, so as to prevent evasion, is said, with what truth I know not, to be insuperable; so that it is thought necessary to levy the same fixed duty on all the qualities alike: a flagrant injustice to the poorer class of contributors, unless compensated by the existence of other taxes from which, as from the present income tax, they are altogether exempt. Fourthly: as far as is consistent with the preceding rules, taxation should rather be concentrated on a few articles than diffused over many, in order that the expenses of collection may be smaller, and that as few employments as possible may be burthensomely and vexatiously interfered with. Fifthly: among luxuries of general consumption, taxation should, by preference, attach itself to stimulants, because these, though in themselves as legitimate indulgences as any others, are more liable than most others to be used in excess, so that the check to consumption, naturally arising from taxation, is, on the whole, better applied to them than to other things. Sixthly: as far as other considerations permit, taxation should be confined to imported articles, since these can be taxed with a less degree of vexatious interference, and with fewer incidental bad effects, than when a tax is levied on the field or on the workshop. Custom-duties are, *cæteris paribus*, much less objectionable than excise; but they must be laid only on things which either cannot, or at least will not, be produced in the country itself; or else their production there must be prohibited (as, in England, is the case with tobacco), or subjected to an excise duty of equivalent amount. Seventhly: no tax ought to be kept so high as to furnish a motive to its evasion, too strong to be counteracted by ordinary means of prevention; and especially, no commodity should be taxed so highly as to raise up a class of lawless characters, smugglers, illicit distillers, and the like.

Of the excise and custom duties lately existing in this country, all which are intrinsically unfit to form part of a good system of taxation have, since the last reforms by Mr. Gladstone, been got rid of. Among these are all duties on ordinary articles of food, whether for human beings or for cattle; those on timber, as falling on the materials of lodging, which is one of the necessaries of life; all duties on the metals, and on implements made of them; taxes on soap, which is a necessary of cleanliness, and on tallow, the material both of that and of some other necessaries; the tax on paper, an indispensable instrument of almost all business and of most kinds of instruction. The duties which now yield nearly the whole of the customs and excise revenue—those on sugar, coffee, tea, wine, beer, spirits, and

tobacco—are, in themselves, where a large amount of revenue is necessary, extremely proper taxes; but at present, grossly unjust, from the disproportionate weight with which they press on the poorer classes; and some of them (those on spirits and tobacco) are so high as to cause a considerable amount of smuggling. It is probable that most of these taxes might bear a great reduction without any material loss of revenue. In what manner the finer articles of manufacture, consumed by the rich, might most advantageously be taxed, I must leave to be decided by those who have the requisite practical knowledge. . . .

Book V, Chapter VII

Of a National Debt

1. The question must now be considered, how far it is right or expedient to raise money for the purpose of government, not by laying on taxes to the amount required, but by taking a portion of the capital of the country in the form of a loan, and charging the public revenue with only the interest. Nothing needs be said about providing for temporary wants by taking up money; for instance, by an issue of exchequer bills, destined to be paid off, at furthest in a year or two, from the proceeds of the existing taxes. This is a convenient expedient, and when the government does not possess a treasure or hoard, is often a necessary one, on the occurrence of extraordinary expenses, or of a temporary failure in the ordinary sources of revenue. What we have to discuss is the propriety of contracting a national debt of a permanent character; defraying the expenses of a war, or of any season of difficulty, by loans, to be redeemed either very gradually and at a distant period, or not at all.

This question has already been touched upon in the First Book. We remarked that if the capital taken in loans is abstracted from funds either engaged in production or destined to be employed in it, their diversion from that purpose is equivalent to taking the amount from the wages of the labouring classes. Borrowing, in this case, is not a substitute for raising the supplies within the year. A government which borrows does actually take the amount within the year, and that too by a tax exclusively on the labouring classes; than which it could have done nothing worse if it had supplied its wants by avowed taxation; and in that case, the transaction, and its evils, would have

ended with the emergency; while by the circuitous mode adopted, the value extracted from the labourers is gained, not by the State, but by the employers of labour, the State remaining charged with the debt besides, and with its interest in perpetuity. The system of public loans, in such circumstances, may be pronounced the very worst which, in the present state of civilization, is still included in the catalogue of financial expedients.

We, however, remarked that there are other circumstances in which loans are not chargeable with these pernicious consequences: namely, first, when what is borrowed is foreign capital, the overflowings of the general accumulation of the world; or, secondly, when it is capital which either would not have been saved at all unless this mode of investment had been open to it, or, after being saved, would have been wasted in unproductive enterprises, or sent to seek employment in foreign countries. When the progress of accumulation has reduced profits either to the ultimate or to the practical minimum—to the rate less than which would either put a stop to the increase of capital, or send the whole of the new accumulations abroad—government may annually intercept these new accumulations, without trenching on the employment or wages of the labouring classes in the country itself, or perhaps in any other country. To this extent, therefore, the loan system may be carried, without being liable to the utter and peremptory condemnation which is due to it when it overpasses this limit. What is wanted is an index to determine whether, in any given series of years, as during the last great war, for example [i.e., 1793–1815], the limit has been exceeded or not.

Such an index exists, at once a certain and an obvious one. Did the government, by its loan operations, augment the rate of interest? If it only opened a channel for capital which would not otherwise have been accumulated, or which, if accumulated, would not have been employed within the country; this implies that the capital, which the government took and expended, could not have found employment at the existing rate of interest. So long as the loans do no more than absorb this surplus, they prevent any tendency to a fall of the rate of interest, but they cannot occasion any rise. When they do raise the rate of interest, as they did in a most extraordinary degree during the French war, this is positive proof that the government is a competitor for capital with the ordinary channels of productive investment, and is carrying off, not merely funds which would not, but funds which would have found productive employment within the country. To the full extent, therefore, to which the loans of government, during the war, caused the rate of interest to exceed what it

was before, and what it has been since, those loans are chargeable with all the evils which have been described. . . .

When government loans are limited to the overflowings of the national capital, or to those accumulations which would not take place at all unless suffered to overflow, they are at least not liable to this grave condemnation: they occasion no privation to anyone at the time, except by the payment of the interest, and may even be beneficial to the labouring class during the term of their expenditure, by employing in the direct purchase of labour, as that of soldiers, sailors, &c., funds which might otherwise have quitted the country altogether. In this case, therefore, the question really is what it is commonly supposed to be in all cases: namely, a choice between a great sacrifice at once, and a small one indefinitely prolonged. On this matter, it seems rational to think that the prudence of a nation will dictate the same conduct as the prudence of an individual; to submit to as much of the privation immediately as can easily be borne, and only when any further burthen would distress or cripple them too much, to provide for the remainder by mortgaging their future income. It is an excellent maxim to make present resources suffice for present wants; the future will have its own wants to provide for. On the other hand, it may reasonably be taken into consideration that in a country increasing in wealth, the necessary expenses of government do not increase in the same ratio as capital or population; any burthen, therefore, is always less and less felt; and since those extraordinary expenses of government which are fit to be incurred at all are most beneficial beyond the existing generation, there is no injustice in making posterity pay a part of the price, if the inconvenience would be extreme of defraying the whole of it by the exertions and sacrifices of the generation which first incurred it.

2. When a country, wisely or unwisely, has burthened itself with a debt, is it expedient to take steps for redeeming that debt? In principle, it is impossible not to maintain the affirmative. It is true that the payment of the interest, when the creditors are members of the same community, is no national loss, but a mere transfer. The transfer, however, being compulsory, is a serious evil, and the raising a great extra revenue by any system of taxation necessitates so much expense, vexation, disturbance of the channels of industry, and other mischiefs over and above the mere payment of the money wanted by the government, that to get rid of the necessity of such taxation is, at all times, worth a considerable effort. The same amount of sacrifice which would have been worth incurring to avoid contracting the debt, it is worthwhile to incur, at any subsequent time, for the purpose of extinguishing it.

Two modes have been contemplated of paying off a national debt: either at once by a general contribution, or gradually by a surplus revenue. The first would be incomparably the best, if it were practicable; and it would be practicable if it could justly be done by assessment on property alone. If property bore the whole interest of the debt, property might, with great advantage to itself, pay it off; since this would be merely surrendering to a creditor the principal sum, the whole annual proceeds of which were already his by law; and would be equivalent to what a landowner does when he sells part of his estate to free the remainder from a mortgage. But property, it needs hardly be said, does not pay, and cannot just be required to pay, the whole interest of the debt. Some indeed affirm that it can, on the plea that the existing generation is only bound to pay the debts of its predecessors from the assets it has received from them, and not from the produce of its own industry. But has no one received anything from previous generations except those who have succeeded to property? Is the whole difference between the earth as it is, with its clearings and improvements, its roads and canals, its towns and manufactories; and the earth as it was when the first human being set foot on it, of no benefit to any but those who are called the owners of the soil? Is the capital accumulated by the labour and abstinence of all former generations, of no advantage to any but those who have succeeded to the legal ownership of part of it? And have we not inherited a mass of acquired knowledge, both scientific and empirical, due to the sagacity and industry of those who preceded us, the benefits of which are the common wealth of all? Those who are born to the ownership of property have, in addition to these common benefits, a separate inheritance, and to this difference it is right that advertence should be had in regulating taxation. It belongs to the general financial system of the country to take due account of this principle, and I have indicated, as in my opinion a proper mode of taking account of it, a considerable tax on legacies and inheritances. Let it be determined directly and openly what is due from property to the State, and from the State to property, and let the institutions of the State be regulated accordingly. Whatever is the fitting contribution from property to the general expenses of the State, in the same and in no greater proportion should it contribute towards either the interest or the repayment of the national debt.

This, however, if admitted, is fatal to any scheme for the extinction of the debt by a general assessment on the community. Persons of property could pay their share of the amount by a sacrifice of property, and have the same net income as before; but if those who have no accumulations, but only incomes, were required to make up,

by a single payment, the equivalent of the annual charge laid on them by the taxes maintained to pay the interest of the debt, they could only do so by incurring a private debt equal to their share of the public debt; while, from the insufficiency, in most cases, of the security which they could give, the interest would amount to a much larger annual sum than their share of that now paid by the State. Besides, a collective debt defrayed by taxes has, over the same debt parceled out among individuals, the immense advantage that it is virtually a mutual insurance among the contributors. If the fortune of a contributor diminishes, his taxes diminish; if he is ruined, they cease altogether, and his portion of the debt is wholly transferred to the solvent members of the community. If it were laid on him as a private obligation, he would still be liable to it even when penniless.

When the State possesses property, in land or otherwise, which there are not strong reasons of public utility for its retaining at its disposal, this should be employed, as far as it will go, in extinguishing debt. Any casual gain, or godsend, is naturally devoted to the same purpose. Beyond this, the only mode which is both just and feasible, of extinguishing or reducing a national debt, is by means of a surplus revenue.

3. The desirableness, *per se*, of maintaining a surplus for this purpose, does not, I think, admit of a doubt. We sometimes, indeed, hear it said that the amount should rather be left to “fructify in the pockets of the people.” This is a good argument, as far as it goes, against levying taxes unnecessarily for purposes of unproductive expenditure, but not against paying off a national debt. For, what is meant by the word fructify? If it means anything, it means productive employment; and as an argument against taxation, we must understand it to assert that if the amount were left with the people, they would save it, and convert it into capital. It is probable, indeed, that they would save a part, but extremely improbable that they would save the whole; while if taken by taxation, and employed in paying off debt, the whole is saved, and made productive. To the fundholder who receives the payment, it is already capital, not revenue, and he will make it “fructify,” that it may continue to afford him an income. The objection, therefore, is not only groundless, but the real argument is on the other side: the amount is much more certain of fructifying if it is not “left in the pockets of the people. . . .”

It has been contended that some amount of national debt is desirable, and almost indispensable, as an investment for the savings of the poorer or more inexperienced part of the community. Its convenience in that respect is undeniable; but (besides that the progress of

industry is gradually affording other modes of investment almost as safe and untroublesome, such as the obligations of great public companies) the only real superiority of an investment in the funds consists in the national guarantee, and this could be afforded by other means than that of a public debt involving compulsory taxation. One mode which would answer the purpose would be a national bank of deposit and discount, with ramifications throughout the country; which might receive any money confided to it, and either fund it at a fixed rate of interest, or allow interest on a floating balance, like the joint-stock banks; the interest given being, of course, lower than the rate at which individuals can borrow, in proportion and to the greater security of a government investment; and the expenses of the establishment being defrayed by the difference between the interest which the bank would pay, and that which it would obtain, by lending its deposits on mercantile, landed, or other security. There are no insuperable objections in principle, nor, I should think, in practice, to an institution of this sort, as a means of supplying the same convenient mode of investment now afforded by the public funds. It would constitute the State a great insurance company, to insure that part of the community who live on the interest of their property, against the risk of losing it by the bankruptcy of those to whom they might otherwise be under the necessity of confiding it.

Book V, Chapter VIII

Of the Ordinary Functions of Government, Considered as to Their Economical Effects

1. Before we discuss the line of demarcation between the things with which government should, and those with which they should not, directly interfere, it is necessary to consider the economical effects, whether of a bad or of a good complexion, arising from the manner in which they acquit themselves of the duties which devolve on them in all societies, and which no one denies to be incumbent on them.

The first of these is the protection of person and property. There is no need to expatiate on the influence exercised over the economical interests of society by the degree of completeness with which this duty of government is performed. Insecurity of person and property is as much as to say uncertainty of the connexion between all human exertion or sacrifice and the attainment of the ends for the sake of which they are undergone. It means uncertainty whether they who

sow shall reap, whether they who produce shall consume, and they who spare to-day shall enjoy tomorrow. It means, not only that labour and frugality are not the road to acquisition, but that violence is. When person and property are, to a certain degree, insecure, all the possessions of the weak are at the mercy of the strong. No one can keep what he has produced, unless he is more capable of defending it than others who give no part of their time and exertions to useful industry are of taking it from him. The productive classes, therefore, when the insecurity surpasses a certain point, being unequal to their own protection against the predatory population, are obliged to place themselves individually in a state of dependence on some member of the predatory class, that it may be his interest to shield them from all depredation except his own. In this manner, in the Middle Ages, allodial property generally became feudal, and numbers of the poorer freemen voluntarily made themselves and their posterity serfs of some military lord.

Nevertheless, in attaching to this great requisite, security of person and property, the importance which is justly due to it, we must not forget that, even for economical purposes, there are other things quite as indispensable, the presence of which will often make up for a very considerable degree of imperfection in the protective arrangements of government. As was observed in a previous chapter, the free cities of Italy, Flanders, and the Hanseatic league were habitually in a state of such internal turbulence, varied by such destructive external wars, that person and property enjoyed very imperfect protection; yet during several centuries, they increased rapidly in wealth and prosperity, brought many of the industrial arts to a high degree of advancement, carried on distant and dangerous voyages of exploration and commerce with extraordinary success, became an overmatch in power for the greatest feudal lords, and could defend themselves even against the sovereigns of Europe; because, in the midst of turmoil and violence, the citizens of those towns enjoyed a certain rude freedom, under conditions of union and co-operation, which, taken together, made them a brave, energetic, and high-spirited people, and fostered a great amount of public spirit and patriotism. The prosperity of these and other free states in a lawless age shows that a certain degree of insecurity, in some combinations of circumstances, has good as well as bad effects, by making energy and practical ability the conditions of safety. Insecurity paralyzes only when it is such in nature and in degree that no energy of which mankind in general are capable affords any tolerable means of self-protection. And this is a main reason why oppression by the government, whose power is generally irre-

sistible by any efforts that can be made by individuals, has so much more baneful an effect on the springs of national prosperity than almost any degree of lawlessness and turbulence under free institutions. Nations have acquired some wealth, and made some progress in improvement, in states of social union so imperfect as to border on anarchy: but no countries in which the people were exposed without limit to arbitrary exactions from the officers of government, ever yet continued to have industry or wealth. A few generations of such a government never fail to extinguish both. Some of the fairest, and once the most prosperous, regions of the earth have, under the Roman and, afterwards, under the Turkish dominion, been reduced to a desert, solely by that cause. I say solely, because they would have recovered with the utmost rapidity, as countries always do, from the devastation of war or any other temporary calamities. Difficulties and hardships are often but an incentive to exertion: what is fatal to it is the belief that it will not be suffered to produce its fruits.

2. Simple over-taxation by government, though a great evil, is not comparable in the economical part of its mischiefs to exactions much more moderate in amount, which either subject the contributor to the arbitrary mandate of government officers, or are so laid on as to place skill, industry, and frugality at a disadvantage. The burthen of taxation in our own country is very great, yet as everyone knows its limit, and is seldom made to pay more than he expects and calculates on, and as the modes of taxation are not of such a kind as much to impair the motives to industry and economy, the sources of prosperity are little diminished by the pressure of taxation; they may even, as some think, be increased, by the extra exertions made to compensate for the pressure of the taxes. But in the barbarous despotisms of many countries of the East, where taxation consists in fastening upon those who have succeeded in acquiring something, in order to confiscate it, unless the possessor buys its release by submitting to give some large sum as a compromise, we cannot expect to find voluntary industry, or wealth derived from any source but plunder. And even in comparatively civilized countries, bad modes of raising a revenue have had effects similar in kind, though in an inferior degree. . . .

Yet mere excess of taxation, even when not aggravated by uncertainty, is, independently of its injustice, a serious economical evil. It may be carried so far as to discourage industry by insufficiency of reward. Very long before it reaches this point, it prevents or greatly checks accumulation, or causes the capital accumulated to be sent for investment to foreign countries. Taxes which fall on profits, even though that kind of income may not pay more than its just share,

necessarily diminish the motive to any saving, except for investment in foreign countries where profits are higher. . . . And any taxes on consumption, when heavy, even if not operating on profits, have something of the same effect, by driving persons of moderate means to live abroad, often taking their capital with them. Although I by no means join with those political economists who think no state of national existence desirable in which there is not a rapid increase of wealth, I cannot overlook the many disadvantages to an independent nation from being brought prematurely to a stationary state, while the neighbouring countries continue advancing.

3. The subject of protection to person and property, considered as afforded by government, ramifies widely, into a number of indirect channels. It embraces, for example, the whole subject of the perfection or inefficiency of the means provided for the ascertainment of rights and the redress of injuries. Person and property cannot be considered secure where the administration of justice is imperfect, either from defect of integrity or capacity in the tribunals, or because the delays, vexation, and expense accompanying their operation impose a heavy tax on those who appeal to them, and make it preferable to submit to any endurable amount of the evils which they are designed to remedy. In England, there is no fault to be found with the administration of justice, in point of pecuniary integrity; a result which the progress of social improvement may also be supposed to have brought about in several other nations of Europe. But legal and judicial imperfections of other kinds are abundant; and, in England especially, are a large abatement from the value of the services which the government renders back to the people in return for our enormous taxation. In the first place, the incognoscibility (as Bentham termed it) of the law, and its extreme uncertainty, even to those who best know it, render a resort to the tribunals often necessary for obtaining justice, when, there being no dispute as to facts, no litigation ought to be required. In the next place, the procedure of the tribunals is so replete with delay, vexation, and expense, that the price at which justice is at last obtained is an evil outweighing a very considerable amount of injustice; and the wrong side, even that which the law considers such, has many chances of gaining its point, through the abandonment of litigation by the other party for want of funds, or through a compromise in which a sacrifice is made of just rights to terminate the suit, or through some technical quirk, whereby a decision is obtained on some other ground than the merits. This last detestable incident often happens without blame to the judge, under a system of law of which a great part rests on no rational principles

adapted to the present state of society, but was originally founded partly on a kind of whims and conceits, and partly on the principles and incidents of feudal tenure (which now survive only as legal fictions); and has only been very imperfectly adapted, as cases arose, to the changes which had taken place in society. . . .

The imperfections of the law, both in its substance and in its procedure, fall heaviest upon the interests connected with what is technically called *real* property; in the general language of European jurisprudence, immovable property. With respect to all this portion of the wealth of the community, the law fails egregiously in the protection which it undertakes to provide. It fails, first, by the uncertainty, and the maze of technicalities, which make it impossible for anyone, at however great an expense, to possess a title to land which he can positively know to be unassailable. It fails, secondly, in omitting to provide due evidence of transactions, by a proper registration of legal documents. It fails, thirdly, by creating a necessity for operose and expensive instruments and formalities (independently of fiscal burthens) on occasion of the purchase and sale, or even the lease or mortgage, of immovable property. And, fourthly, it fails by the intolerable expense and delay of law proceedings, in almost all cases in which real property is concerned. . . .

Besides the excellences or defects that belong to the law and judicature of a country as a system of arrangements for attaining direct practical ends, much also depends, even in an economical point of view, upon the moral influences of the law. Enough has been said in a former place on the degree in which both the industrial and all other combined operations of mankind depend, for efficiency, on their being able to rely on one another for probity and fidelity to engagements; from which we see how greatly even the economical prosperity of a country is liable to be affected by anything in its institutions by which either integrity and trustworthiness, or the contrary qualities, are encouraged. The law everywhere ostensibly favours at least pecuniary honesty and the faith of contracts; but if it affords facilities for evading those obligations, by trick and chicanery, or by the unscrupulous use of riches in instituting unjust or resisting just litigation; if there are ways and means by which persons may attain the ends of roguery, under the apparent sanction of the law; to that extent, the law is demoralizing, even in regard to pecuniary integrity. And such cases are, unfortunately, frequent under the English system. If, again, the law, by a misplaced indulgence, protects idleness or prodigality against their natural consequences, or dismisses crime with inadequate penalties, the effect, both on the prudential and on

the social virtues, is unfavourable. When the law, by its own dispensations and injunctions, establishes injustice between individual and individual; as all laws do which recognize any form of slavery; as the laws of all countries do, though not all in the same degree, in respect to the family relations; and as the laws of many countries do, though in still more unequal degrees, as between rich and poor; the effect on the moral sentiments of the people is still more disastrous. But these subjects introduce considerations so much larger and deeper than those of political economy, that I only advert to them in order not to pass, wholly unnoticed, things superior in importance to those of which I treat.

Book V, Chapter IX

The Same Subject Continued

1. Having spoken thus far of the effects produced by the excellences or defects of the general system of the law, I shall now touch upon those resulting from the special character of parts of it. As a selection must be made, I shall confine myself to a few leading topics. The portions of the civil law of a country which are of most importance economically (next to those which determine the *status* of the labourer, as slave, serf, or free) are those relating to the two subjects of Inheritance and Contract. Of the laws relating to contract, none are more important economically than the laws of partnership, and those of insolvency. It happens that on all these three points, there is just ground for condemning some of the provisions of the English law.

With regard to Inheritance, I have, in an early chapter, considered the general principles of the subject, and suggested what appear to me to be, putting all prejudices apart, the best dispositions which the law could adopt: freedom of bequest as the general rule, but limited by two things: first, that if there are descendants, who, being unable to provide for themselves, would become burthensome to the State, the equivalent of whatever the State would accord to them should be reserved from the property for their benefit; and secondly, that no one person should be permitted to acquire, by inheritance, more than the amount of a moderate independence. In case of intestacy, the whole property to escheat to the State; which should be bound to make a just and reasonable provision for descendants—that is, such a provision as the parent or ancestor ought to have made, their circumstances, capacities, and mode of bringing up being considered.

The laws of inheritance, however, have probably several phases of improvement to go through, before ideas so far removed from present modes of thinking will be taken into serious consideration; and as, among the recognized modes of determining the succession to property, some must be better and others worse, it is necessary to consider which of them deserves the preference. As an intermediate course, therefore, I would recommend the extension to all property of the present English law of inheritance affecting personal property (freedom of bequest, and in case of intestacy, equal division); except that no rights should be acknowledged in collaterals, and that the property of those who have neither descendants nor ascendants, and make no will, should escheat to the State.

. . . In England, and in most of the countries where the influence of feudality is still felt in the laws, one of the objects aimed at in respect to land and other immovable property is to keep it together in large masses: accordingly, in cases of intestacy, it passes, generally speaking (for the local custom of a few places is different), exclusively to the eldest son. . . .

2. There are two arguments of an economical character, which are urged in favour of primogeniture. One is the stimulus applied to the industry and ambition of younger children, by leaving them to be the architects of their own fortunes. This argument was put by Dr. Johnson in a manner more forcible than complimentary to an hereditary aristocracy, when he said, by way of recommendation of primogeniture, that it “makes but one fool in a family.” It is curious that a defender of aristocratic institutions should be the person to assert that to inherit such a fortune as takes away any necessity for exertion is generally fatal to activity and strength of mind; in the present state of education, however, the proposition, with some allowance for exaggeration, may be admitted to be true. But whatever force there is in the argument counts in favour of limiting the eldest, as well as all the other children, to a mere provision, and dispensing with even the “one fool” whom Dr. Johnson was willing to tolerate. If unearned riches are so pernicious to the character, one does not see why, in order to withhold the poison from the junior members of a family, there should be no way but to unite all their separate potions, and administer them in the largest possible dose to one selected victim. It cannot be necessary to inflict this great evil on the eldest son for want of knowing what else to do with a large fortune.

Some writers, however, look upon the effect of primogeniture in stimulating industry as depending, not so much on the poverty of the younger children, as on the contrast between that poverty and the

riches of the elder; thinking it indispensable to the activity and energy of the hive that there should be a huge drone here and there, to impress the working bees with a due sense of the advantages of honey. . . .

The portion of truth, I can hardly say contained in these observations, but recalled by them, I apprehend to be, that a state of complete equality of fortunes would not be favourable to active exertion for the increase of wealth. Speaking of the mass, it is as true of wealth as of most other distinctions—of talent, knowledge, virtue—that those who already have, or think they have, as much of it as their neighbours, will seldom exert themselves to acquire more. But it is not, therefore, necessary that society should provide a set of persons with large fortunes, to fulfil the social duty of standing to be looked at, with envy and admiration, by the aspiring poor. The fortunes which people have acquired for themselves answer the purpose quite as well, indeed much better; since a person is more powerfully stimulated by the example of somebody who has earned a fortune, than by the mere sight of somebody who possesses one; and the former is necessarily an example of prudence and frugality as well as industry, while the latter much oftener sets an example of profuse expense. . . . In America, there are few or no hereditary fortunes; yet industrial energy, and the ardour of accumulation, are not supposed to be particularly backward in that part of the world. When a country has once fairly entered into the industrial career, which is the principal occupation of the modern, as war was that of the ancient and medieval world, the desire of acquisition by industry needs no factitious stimulus: the advantages naturally inherent in riches, and the character they assume of a test by which talent and success in life are habitually measured, are an ample security for their being pursued with sufficient intensity and zeal. As to the deeper consideration, that the diffusion of wealth, and not its concentration, is desirable, and that the more wholesome state of society is not that in which immense fortunes are possessed by a few and coveted by all, but that in which the greatest possible numbers possess and are contented with a moderate competency, which all may hope to acquire; I refer to it in this place only to show how widely separated, on social questions, is the entire mode of thought of the defenders of primogeniture, from that which is partially promulgated in the present treatise. . . .

Unless a strong case of social utility can be made out for primogeniture, it stands sufficiently condemned by the general principles of justice; being a broad distinction in the treatment of one person and

of another, grounded solely on an accident. There is no need, therefore, to make out any case of economical evil *against* primogeniture. Such a case, however, and a very strong one, may be made. It is a natural effect of primogeniture to make the landlords a needy class. . . . Great landowners are generally improvident in their expenses; they live up to their incomes when at the highest, and if any change of circumstances diminishes their resources, some time elapses before they make up their minds to retrench. . . . From such causes as these, in almost all countries of great landowners, the majority of landed estates are deeply mortgaged; and instead of having capital to spare for improvements, it requires all the increased value of land, caused by the rapid increase of the wealth and population of the country, to preserve the class from being impoverished. . . .

In an economical point of view, the best system of landed property is that in which land is most completely an object of commerce; passing readily from hand to hand when a buyer can be found to whom it is worthwhile to offer a greater sum for the land than the value of the income drawn from it by its existing possessor. . . . Whatever facilitates the sale of land, tends to make it a more productive instrument of the community at large; whatever prevents or restricts its sale, subtracts from its usefulness. . . .

5. From the subject of Inheritance, I now pass to that of Contracts, and among these, to the important subject of the Laws of Partnership. How much of good or evil depends upon these laws, and how important it is that they should be the best possible, is evident to all who recognize in the extension of the co-operative principle in the larger sense of the term, the great economical necessity of modern industry. The progress of the productive arts requiring that many sorts of industrial occupation should be carried on by larger and larger capitals, the productive power of industry must suffer by whatever impedes the formation of large capitals through the aggregation of smaller ones. Capitals of the requisite magnitude belonging to single owners do not, in most countries, exist in the needful abundance, and would be still less numerous if the laws favoured the diffusion instead of the concentration of property; while it is most undesirable that all those improved processes, and those means of efficiency and economy in production, which depend on the possession of large funds, should be monopolies in the hands of a few rich individuals, through the difficulties experienced by persons of moderate or small means in associating their capital. Finally, I must repeat my conviction that the industrial economy which divides society absolutely into two portions, the payers of wages and the receivers of them, the first

counted by thousands and the last by millions, is neither fit for, nor capable of, indefinite duration; and the possibility of changing this system for one of combination without dependence, and unity of interest instead of organized hostility, depends altogether upon the future developments of the Partnership principle.

Yet there is scarcely any country whose laws do not throw great and, in most cases, intentional obstacles in the way of the formation of any numerous partnership. . . . When a number of persons, whether few or many, freely desire to unite their funds for a common undertaking, not asking any peculiar privilege, nor the power to dispossess anyone of property, the law can have no good reason for throwing difficulties in the way of the realization of the project. On compliance with a few simple conditions of publicity, any body of persons ought to have the power of constituting themselves into a joint-stock company, or *société en nom collectif*, without asking leave either of any public officer or of Parliament. As an association of many partners must practically be under the management of a few, every facility ought to be afforded to the body for exercising the necessary control and check over those few, whether they be themselves members of the association, or merely its hired servants; and in this point, the English system is still at a lamentable distance from the standard of perfection.

6. Whatever facilities, however, English law might give to associations formed on the principles of ordinary partnership, there is one sort of joint-stock association which until the year 1855, it absolutely disallowed, and which could only be called into existence by a special act either of the legislature or of the crown. I mean associations with limited liability.

Associations with limited liability are of two kinds: in one, the liability of all the partners is limited; in the other, that of some of them only. . . .

If a number of persons chose to associate for carrying on any operation of commerce or industry, agreeing among themselves and announcing to those with whom they deal that the members of the association do not undertake to be responsible beyond the amount of the subscribed capital; is there any reason that the law should raise objections to this proceeding, and should impose on them the unlimited responsibility which they disclaim? For whose sake? Not for that of the partners themselves; for it is they whom the limitation of responsibility benefits and protects. It must, therefore, be for the sake of third parties: namely, those who may have transactions with the association, and to whom it may run in debt beyond what the subscribed capital

suffices to pay. But nobody is obliged to deal with the association; still less is anyone obliged to give it unlimited credit. The class of persons with whom such associations have dealings are, in general, perfectly capable of taking care of themselves, and there seems no reason that the law should be more careful of their interests than they will themselves be; provided no false representation is held out, and they are aware from the first what they have to trust to. The law is warranted in requiring from all joint-stock associations with limited responsibility, not only that the amount of capital on which they profess to carry on business should either be actually paid up or security given for it (if, indeed, with complete publicity, such a requirement would be necessary), but also that such accounts should be kept, accessible to individuals, and if needful, published to the world, as shall render it possible to ascertain, at any time, the existing state of the company's affairs, and to learn whether the capital which is the sole security for the engagements into which they enter, still subsists unimpaired: the fidelity of such accounts being guarded by sufficient penalties. When the law has thus afforded to individuals all practicable means of knowing the circumstances which ought to enter into their prudential calculations in dealing with the company, there seems no more need for interfering with individual judgment in this sort of transactions, than in any other part of the private business of life. . . .

The laws of most countries, England included, have erred in a twofold manner with regard to joint-stock companies. While they have been most unreasonably jealous of allowing such associations to exist, especially with limited responsibility, they have generally neglected the enforcement of publicity; the best security to the public against any danger which might arise from this description of partnerships; and a security quite as much required in the case of those associations of the kind in question, which, by an exception from their general practice, they suffered to exist. Even in the instance of the Bank of England, which holds a monopoly from the legislature, and has had partial control over a matter of so much public interest as the state of the circulating medium, it is only within these few years that any publicity has been enforced; and the publicity was at first of an extremely incomplete character, though now, for most practical purposes, probably at length sufficient.

7. . . It is, above all, with reference to the improvement and elevation of the working classes that complete freedom in the conditions of partnership is indispensable. Combinations such as the associations of workpeople, described in a former chapter, are the most powerful means of effecting the social emancipation of the labourers

through their own moral qualities. Nor is the liberty of association important solely for its examples of success, but fully as much so for the sake of attempts which would not succeed; but by their failure, would give instruction more impressive than can be afforded by anything short of actual experience. Every theory of social improvement, the worth of which is capable of being brought to an experimental test, should be permitted, and even encouraged, to submit itself to that test. From such experiments, the active portion of the working classes would derive lessons, which they would be slow to learn from the teaching of persons supposed to have interests and prejudices adverse to their good; would obtain the means of correcting, at no cost to society, whatever is now erroneous in their notions of the means of establishing their independence; and of discovering the conditions, moral, intellectual, and industrial, which are indispensably necessary for effecting without injustice, or for effecting at all, the social regeneration they aspire to. . . .

8. I proceed to the subject of Insolvency Laws.

Good laws on this subject are important, first and principally, on the score of public morals; which are, on no point, more under the influence of the law, for good and evil, than in a matter belonging so pre-eminently to the province of law as the preservation of pecuniary integrity. But the subject is also, in a merely economical point of view, of great importance. First, because the economical well-being of a people, and of mankind, depends in an especial manner upon their being able to trust each other's engagements. Secondly, because one of the risks, or expenses, of industrial operations is the risk or expense of what are commonly called bad debts, and every saving which can be effected in this liability is a diminution of cost of production; by dispensing with an item of outlay which in no way conduces to the desired end, and which must be paid for either by the consumer of the commodity, or from the general profits of capital, according as the burthen is peculiar or general.

The laws and practice of nations on this subject have almost always been in extremes. The ancient laws of most countries were all severity to the debtor. They invested the creditor with a power of coercion, more or less tyrannical, which he might use against his insolvent debtor, either to extort the surrender of hidden property, or to obtain satisfaction of a vindictive character, which might console him for the non-payment of the debt. This arbitrary power has extended, in some countries, to making the insolvent debtor serve the creditor as his slave: in which plan there were at least some grains of common sense, since it might possibly be regarded as a scheme for

making him work out the debt by his labour. In England, the coercion assumed the milder form of ordinary imprisonment. The one and the other were the barbarous expedients of a rude age, repugnant to justice, as well as to humanity. Unfortunately, the reform of them, like that of the criminal law generally, has been taken in hand as an affair of humanity only, not of justice; and the modish humanity of the present time, which is essentially a thing of one idea, has, in this as in other cases, gone into a violent reaction against the ancient severity, and might almost be supposed to see, in the fact of having lost or squandered other people's property, a peculiar title to indulgence. Everything in the law which attached disagreeable consequences to that fact, was gradually relaxed, or entirely got rid of; until the demoralizing effects of this laxity became so evident as to determine, by more recent legislation, a salutary though very insufficient movement in the reverse direction.

The indulgence of the laws to those who have made themselves unable to pay their just debts is usually defended on the plea that the sole object of the law should be, in case of insolvency, not to coerce the person of the debtor, but to get at his property, and distribute it fairly among the creditors. Assuming that this is and ought to be the sole object, the mitigation of the law was, in the first instance, carried so far as to sacrifice that object. Imprisonment at the discretion of a creditor was really a powerful engine for extracting from the debtor any property which he had concealed or otherwise made away with; and it remains to be shown by experience whether, in depriving creditors of this instrument, the law, even as last amended, has furnished them with a sufficient equivalent. But the doctrine that the law has done all that ought to be expected from it, when it has put the creditors in possession of the property of an insolvent, is in itself a totally inadmissible piece of spurious humanity. It is the business of law to prevent wrong-doing, and not simply to patch up the consequences of it when it has been committed. The law is bound to take care that insolvency shall not be a good pecuniary speculation; that men shall not have the privilege of hazarding other people's property without their knowledge or consent, taking the profits of the enterprise if it is successful, and if it fails, throwing the loss upon the rightful owners; and that they shall not find it answer to make themselves unable to pay their just debts, by spending the money of their creditors in personal indulgence. It is admitted that what is technically called fraudulent bankruptcy, the false pretence of inability to pay, is, when detected, properly subject to punishment. But does it follow that insolvency is not the consequence of misconduct because the inabil-

ity to pay may be real? If a man has been a spendthrift, or a gambler, with property on which his creditors had a prior claim, shall he pass scot-free because the mischief is consummated and the money gone? Is there any very material difference in point of morality between this conduct, and those other kinds of dishonesty which go by the names of fraud and embezzlement?

Such cases are not a minority, but a large majority among insolvencies. The statistics of bankruptcy prove the fact. . . .

Is it rational to expect among the trading classes any high sense of justice, honour, or integrity, if the law enables men who act in this manner to shuffle off the consequences of their misconduct upon those who have been so unfortunate as to trust them; and practically proclaims that it looks upon insolvency thus produced, as a “misfortune,” not an offence?

It is, of course, not denied that insolvencies do arise from causes beyond the control of the debtor, and that, in many more cases, his culpability is not of a high order; and the law ought to make a distinction in favour of such cases, but not without a searching investigation; nor should the case ever be let go without having ascertained, in the most complete manner practicable, not the fact of insolvency, but the cause of it. To have been trusted with money or money’s worth, and to have lost or spent it, is *primâ facie* evidence of something wrong; and it is not for the creditor to prove, which he cannot do in one case out of ten, that there has been criminality, but for the debtor to rebut the presumption, by laying open the whole state of affairs, and showing either that there has been no misconduct, or that the misconduct has been of an excusable kind. If he fail in this, he ought never to be dismissed without a punishment proportioned to the degree of blame which seems justly imputable to him; which punishment, however, might be shortened or mitigated in proportion as he appeared likely to exert himself in repairing the injury done. . . .

Book V, Chapter X

Of Interferences of Government Grounded on Erroneous Theories

1. From the necessary functions of government, and the effects produced on the economical interests of society by their good or ill discharge, we proceed to the functions which belong to what I have termed, for want of a better designation, the optional class; those

which are sometimes assumed by governments and sometimes not, and which it is not unanimously admitted that they ought to exercise.

Before entering on the general principles of the question, it will be advisable to clear from our path all those cases in which government interference works ill because grounded on false views of the subject interfered with. Such cases have no connexion with any theory respecting the proper limits of interference. . . . We will therefore begin by passing in review various false theories, which have, from time to time, formed the ground of acts of government more or less economically injurious. . . .

Of these false theories, the most notable is the doctrine of Protection to Native Industry; a phrase meaning the prohibition, or the discouragement by heavy duties, of such foreign commodities as are capable of being produced at home. If the theory involved in this system had been correct, the practical conclusions grounded on it would not have been unreasonable. The theory was that to buy things produced at home was a national benefit, and the introduction of foreign commodities generally a national loss. It being, at the same time, evident that the interest of the consumer is to buy foreign commodities in preference to domestic whenever they are either cheaper or better, the interest of the consumer appeared in this respect to be contrary to the public interest; he was certain, if left to his own inclinations, to do what, according to the theory, was injurious to the public.

It was shown, however, in our analysis of the effects of international trade, as it had been often shown by former writers, that the importation of foreign commodities, in the common course of traffic, never takes place except when it is, economically speaking, a national good, by causing the same amount of commodities to be obtained at a smaller cost of labour and capital to the country. To prohibit, therefore, this importation, or impose duties which prevent it, is to render the labour and capital of the country less efficient in production than they would otherwise be; and compel a waste of the difference between the labour and capital necessary for the home production of the commodity and that which is required for producing the things with which it can be purchased from abroad. The amount of national loss thus occasioned is measured by the excess of the price at which the commodity is produced, over that at which it could be imported. In the case of manufactured goods, the whole difference between the two prices is absorbed in indemnifying the producers for waste of labour, or of the capital which supports that labour. Those who are supposed to be benefited, namely, the makers of the protected arti-

cles (unless they form an exclusive company, and have a monopoly against their own countrymen as well as against foreigners), do not obtain higher profits than other people. All is sheer loss, to the country as well as to the consumer. When the protected article is a product of agriculture—the waste of labour not being incurred on the whole produce, but only on what may be called the last installment of it—the extra price is only in part an indemnity for waste, the remainder being a tax paid to the landlords.

The restrictive and prohibitory policy was originally grounded on what is called the Mercantile System, which, representing the advantage of foreign trade to consist solely in bringing money into the country, gave artificial encouragement to exportation of goods, and discountenanced their importation. The only exceptions to the system were those required by the system itself. The materials and instruments of production were the subjects of a contrary policy, directed, however, to the same end; they were freely imported, and not permitted to be exported, in order that manufacturers, being more cheaply supplied with the requisites of manufacture, might be able to sell cheaper, and therefore to export more largely. . . .

The principle of the Mercantile Theory is now given up even by writers and governments who still cling to the restrictive system. Whatever hold that system has over men's minds, independently of the private interests exposed to real or apprehended loss by its abandonment, is derived from fallacies other than the old notion of the benefits of heaping up money in the country. The most effective of these is the specious plea of employing our own countrymen and our national industry, instead of feeding and supporting the industry of foreigners. The answer to this, from the principles laid down in former chapters, is evident. Without reverting to the fundamental theorem discussed in an early part of the present treatise, respecting the nature and sources of employment for labour, it is sufficient to say what has usually been said by the advocates of free trade, that the alternative is not between employing our own people and foreigners, but between employing one class and another of our own people. The imported commodity is always paid for, directly or indirectly, with the produce of our own industry; that industry being at the same time rendered more productive, since, with the same labour and outlay, we are enabled to possess ourselves of a greater quantity of the article. Those who have not well considered the subject are apt to suppose that our exporting an equivalent in our own produce, for the foreign articles we consume, depends on contingencies—on the consent of foreign countries to make some corresponding relaxation of

their own restrictions, or on the question whether those from whom we buy are induced by that circumstance to buy more from us; and that, if these things, or things equivalent to them, do not happen, the payment must be made in money. Now, in the first place, there is nothing more objectionable in a money payment than in payment by any other medium, if the state of the market makes it the most advantageous remittance; and the money itself was first acquired, and would again be replenished, by the export of an equivalent value of our own products. But, in the next place, a very short interval of paying in money would so lower prices as either to stop a part of the importation, or raise up a foreign demand for our produce, sufficient to pay for the imports. I grant that this disturbance of the equation of international demand would be, in some degree, to our disadvantage, in the purchase of other imported articles; and that a country which prohibits some foreign commodities does, *cæteris paribus*, obtain those which it does not prohibit, at a less price than it would otherwise have to pay. To express the same thing in other words: a country which destroys or prevents altogether certain branches of foreign trade, thereby annihilating a general gain to the world, which would be shared in some proportion between itself and other countries, does, in some circumstances, draw to itself, at the expense of foreigners, a larger share than would else belong to it of the gain arising from that portion of its foreign trade which it suffers to subsist. But even this it can only be enabled to do if foreigners do not maintain equivalent prohibitions or restrictions against its commodities. In any case, the justice or expediency of destroying one of two gains, in order to engross a rather larger share of the other, does not require much discussion: the gain, too, which is destroyed, being, in proportion to the magnitude of the transactions, the larger of the two, since it is the one which capital, left to itself, is supposed to seek by preference.

Defeated as a general theory, the Protectionist doctrine finds support in particular cases, from considerations which, when really in point, involve greater interests than mere saving of labour: the interests of national subsistence and of national defence. The discussions on the Corn Laws have familiarized everybody with the plea that we ought to be independent of foreigners for the food of the people; and the Navigation Laws were grounded, in theory and profession, on the necessity of keeping up a "nursery of seamen" for the navy. On this last subject, I at once admit that the object is worth the sacrifice; and that a country exposed to invasion by sea, if it cannot otherwise have sufficient ships and sailors of its own to secure the means of manning on an emergency an adequate fleet, is quite right in obtaining those

means, even at an economical sacrifice in point of cheapness of transport. . . . But English ships and sailors can now navigate as cheaply as those of any other country; maintaining at least an equal competition with the other maritime nations, even in their own trade. The ends which may once have justified Navigation Laws require them no longer, and afforded no reason for maintaining this invidious exception to the general rule of free trade.

With regard to subsistence, the plea of the Protectionists has been so often and so triumphantly met that it requires little notice here. That country is the most steadily as well as the most abundantly supplied with food, which draws its supplies from the largest surface. It is ridiculous to found a general system of policy on so improbable a danger as that of being at war with all the nations of the world at once; or to suppose that, even if inferior at sea, a whole country could be blockaded like a town, or that the growers of food in other countries would not be as anxious not to lose an advantageous market, as we should be not to be deprived of their corn. On the subject, however, of subsistence, there is one point which deserves more especial consideration. In cases of actual or apprehended scarcity, many countries of Europe are accustomed to stop the exportation of food. Is this, or not, sound policy? There can be no doubt that in the present state of international morality, a people cannot, any more than an individual, be blamed for not starving itself to feed others. But if the greatest amount of good to mankind, on the whole, were the end aimed at in the maxims of international conduct, such collective churlishness would certainly be condemned by them. Suppose that, in ordinary circumstances, the trade in food were perfectly free, so that the price in one country could not habitually exceed that in any other by more than the cost of carriage, together with a moderate profit to the importer. A general scarcity ensues, affecting all countries, but in unequal degrees. If the price rose in one country more than in others, it would be a proof that in that country, the scarcity was severest, and that by permitting food to go freely thither from any other country, it would be spared from a less urgent necessity to relieve a greater. When the interests, therefore, of all countries are considered, free exportation is desirable. To the exporting country considered separately, it may, at least on the particular occasion, be an inconvenience; but taking into account that the country which is now the giver will, in some future season, be the receiver, and the one that is benefited by the freedom, I cannot but think that even to the apprehension of food rioters, it might be made apparent that in such cases, they should do to others what they would wish done to themselves. . . .

The only case in which, on mere principles of political economy, protecting duties can be defensible, is when they are imposed temporarily (especially in a young and rising nation), in hopes of naturalizing a foreign industry, in itself perfectly suitable to the circumstances of the country. The superiority of one country over another in a branch of production often arises only from having begun it sooner. There may be no inherent advantage on one part, or disadvantage on the other, but only a present superiority of acquired skill and experience. A country which has this skill and experience yet to acquire may, in other respects, be better adapted to the production than those which were earlier in the field; and besides, it is a just remark of Mr. Rae that nothing has a greater tendency to promote improvements in any branch of production, than its trial under a new set of conditions. But it cannot be expected that individuals should, at their own risk, or rather to their certain loss, introduce a new manufacture, and bear the burthen of carrying it on until the producers have been educated up to the level of those with whom the processes are traditional. A protecting duty, continued for a reasonable time, might sometimes be the least inconvenient mode in which the nation can tax itself for the support of such an experiment. But it is essential that the protection should be confined to cases in which there is good ground of assurance that the industry which it fosters will, after a time, be able to dispense with it; nor should the domestic producers ever be allowed to expect that it will be continued to them beyond the time necessary for a fair trial of what they are capable of accomplishing. . . .

There is only one part of the Protectionist scheme which requires any further notice: its policy towards colonies, and foreign dependencies; that of compelling them to trade exclusively with the dominant country. A country which thus secures to itself an extra foreign demand for its commodities, undoubtedly gives itself some advantage in the distribution of the general gains of the commercial world. Since, however, it causes the industry and capital of the colony to be diverted from channels, which are proved to be the most productive, inasmuch as they are those into which industry and capital spontaneously tend to flow; there is a loss, on the whole, to the productive powers of the world, and the mother country does not gain so much as she makes the colony lose. If, therefore, the mother country refuses to acknowledge any reciprocity of obligation, she imposes a tribute on the colony in an indirect mode, greatly more oppressive and injurious than the direct. But if, with a more equitable spirit, she submits herself to corresponding restrictions for

the benefit of the colony, the result of the whole transaction is the ridiculous one, that each party loses much, in order that the other may gain a little.

2. Next to the system of Protection, among mischievous interferences with the spontaneous course of industrial transactions, may be noticed certain interferences with contracts. One instance is that of the Usury Laws. These originated in a religious prejudice against receiving interest on money, derived from that fruitful source of mischief in modern Europe, the attempted adaptation to Christianity of doctrines and precepts drawn from the Jewish law. In Mahomedan nations, the receiving of interest is formally interdicted, and rigidly abstained from; and Sismondi has noticed, as one among the causes of the industrial inferiority of the Catholic, compared with the Protestant parts of Europe, that the Catholic Church in the middle ages gave its sanction to the same prejudice; which subsists, impaired but not destroyed, wherever that religion is acknowledged. Where law or conscientious scruples prevent lending at interest, the capital which belongs to persons not in business is lost to productive purposes, or can be applied to them only in peculiar circumstances of personal connexion, or by a subterfuge. Industry is thus limited to the capital of the undertakers, and to what they can borrow from persons not bound by the same laws or religion as themselves. In Mussulman countries, the bankers and money dealers are either Hindoos, Armenians, or Jews.

In more improved countries, legislation no longer discountenances the receipt of an equivalent for money lent; but it has everywhere interfered with the free agency of the lender and borrower, by fixing a legal limit to the rate of interest, and making the receipt of more than the appointed maximum a penal offence. This restriction, though approved by Adam Smith, has been condemned by all enlightened persons since the triumphant onslaught made upon it by Bentham in his *Letters on Usury*, which may still be referred to as the best extant writing on the subject.

Legislators may enact and maintain Usury Laws from one of two motives: ideas of public policy, or concern for the interest of the parties in the contract; in this case, of one party only, the borrower. As a matter of policy, the notion may possibly be that it is for the general good that interest should be low. It is, however, a misapprehension of the causes which influence commercial transactions, to suppose that the rate of interest is really made lower by law than it would be made by the spontaneous play of supply and demand. If the competition of borrowers, left unrestrained, would raise the rate of interest

to six per cent, this proves that at five, there would be a greater demand for loans than there is capital in the market to supply. If the law in these circumstances permits no interest beyond five per cent, there will be some lenders who, not choosing to disobey the law, and not being in a condition to employ their capital otherwise, will content themselves with the legal rate; but others, finding that, in a season of pressing demand, more may be made of their capital by other means than they are permitted to make by lending it, will not lend it at all; and the loanable capital, already too small for the demand, will be still further diminished. Of the disappointed candidates, there will be many at such periods who must have their necessities supplied at any price, and these will readily find a third section of lenders who will not be averse to join in a violation of the law, either by circuitous transactions partaking of the nature of fraud, or by relying on the honour of the borrower. The extra expense of the round-about mode of proceeding, and an equivalent for the risk of non-payment and of legal penalties, must be paid by the borrower, over and above the extra interest which would have been required of him by the general state of the market. The laws which were intended to lower the price paid by him for pecuniary accommodation, end thus in greatly increasing it. These laws have also a directly demoralizing tendency. Knowing the difficulty of detecting an illegal pecuniary transaction between two persons, in which no third person is involved, so long as it is the interest of both to keep the secret, legislators have adopted the expedient of tempting the borrower to become the informer, by making the annulment of the debt a part of the penalty for the offence; thus rewarding men for first obtaining the property of others by false promises, and then not only refusing payment, but invoking legal penalties on those who have helped them in their need. The moral sense of mankind very rightly infamizes those who resist an otherwise just claim on the ground of usury, and tolerates such a plea only when resorted to as the best legal defence available against an attempt really considered as partaking of fraud or extortion. But this very severity of public opinion renders the enforcement of the laws so difficult, and the infliction of the penalties so rare, that when it does occur, it merely victimizes an individual, and has no effect on general practice.

Insomuch as the motive of the restriction may be supposed to be, not public policy, but regard for the interest of the borrower, it would be difficult to point out any case in which such tenderness on the legislator's part is more misplaced. A person of sane mind, and of the age at which persons are legally competent to conduct their own con-

cerns, must be presumed to be a sufficient guardian of his pecuniary interests. If he may sell an estate, or grant a release, or assign away all his property, without control from the law, it seems very unnecessary that the only bargain which he cannot make without its intermeddling, should be a loan of money. The law seems to presume that the money-lender, dealing with necessitous persons, can take advantage of their necessities, and exact conditions limited only by his own pleasure. It might be so if there were only one money-lender within reach. But when there is the whole monied capital of a wealthy community to resort to, no borrower is placed under any disadvantage in the market merely by the urgency of his need. If he cannot borrow at the interest paid by other people, it must be because he cannot give such good security; and competition will limit the extra demand to a fair equivalent for the risk of his proving insolvent. Though the law intends favour to the borrower, it is to him, above all, that injustice is, in this case, done by it. What can be more unjust than that a person who cannot give perfectly good security, should be prevented from borrowing of persons who are willing to lend money to him, by their not being permitted to receive the rate of interest which would be a just equivalent for their risk? Through the mistaken kindness of the law, he must either go without the money which is perhaps necessary to save him from much greater losses, or be driven to expedients of a far more ruinous description, which the law either has not found it possible, or has not happened, to interdict.

Adam Smith rather hastily expressed the opinion that only two kinds of persons, "prodigals and projectors," could require to borrow money at more than the market rate of interest. He should have included all persons who are in any pecuniary difficulties, however temporary their necessities may be. It may happen to any person in business, to be disappointed of the resources on which he had calculated for meeting some engagement; the non-fulfilment of which, on a fixed day, would be bankruptcy. In periods of commercial difficulty, this is the condition of many prosperous mercantile firms, who become competitors for the small amount of disposable capital which, in a time of general distrust, the owners are willing to part with. . . .

With regard to the "prodigals and projectors" spoken of by Adam Smith; no law can prevent a prodigal from ruining himself, unless it lays him or his property under actual restraint, according to the unjustifiable practice of the Roman Law and some of the Continental systems founded on it. The only effect of usury laws upon a prodigal is to make his ruin rather more expeditious, by driving him to a disreputable class of money-dealers, and rendering the

conditions more onerous by the extra risk created by the law. As for projectors (a term, in its unfavourable sense, rather unfairly applied to every person who has a project), such laws may put a veto upon the prosecution of the most promising enterprise, when planned, as it generally is, by a person who does not possess capital adequate to its successful completion. Many of the greatest improvements were at first looked shyly on by capitalists, and had to wait long before they found one sufficiently adventurous to be the first in a new path. . . .

3. Loans are not the only kind of contract, of which governments have thought themselves qualified to regulate the conditions better than the persons interested. There is scarcely any commodity which they have not, at some place or time, endeavoured to make either dearer or cheaper than it would be if left to itself. The most plausible case for artificially cheapening a commodity is that of food. The desirableness of the object is, in this case, undeniable. But since the average price of food, like that of other things, conforms to the cost of production, with the addition of the usual profit; if this price is not expected by the farmer, he will, unless compelled by law, produce no more than he requires for his own consumption; and the law, therefore, if absolutely determined to have food cheaper, must substitute, for the ordinary motives to cultivation, a system of penalties. If it shrinks from doing this, it has no resource but that of taxing the whole nation, to give a bounty or premium to the grower or importer of corn, thus giving everybody cheap bread at the expense of all: in reality, a largess to those who do not pay taxes, at the expense of those who do; one of the forms of a practice essentially bad, that of converting the working classes into unworking classes by making them a present of subsistence.

It is not, however, so much the general or average price of food, as its occasional high price in times of emergency, which governments have studied to reduce. . . . In case of actual scarcity, governments are often urged, as they were in the Irish emergency of 1847, to take measures of some sort for moderating the price of food. But the price of a thing cannot be raised by deficiency of supply, beyond what is sufficient to make a corresponding reduction of the consumption; and if a government prevents this reduction from being brought about by a rise of price, there remains no mode of effecting it unless by taking possession of all the food, and serving it out in rations, as in a besieged town. In a real scarcity, nothing can afford general relief except a determination by the richer classes to diminish their own consumption. If they buy and consume their usual quantity of food, and content themselves with giving money, they do no good. The

price is forced up until the poorest competitors have no longer the means of competing, and the privation of food is thrown exclusively upon the indigent, the other classes being only affected pecuniarily. When the supply is insufficient, somebody must consume less, and if every rich person is determined not to be that somebody, all they do by subsidizing their poor competitors is to force up the price so much the higher, with no effect but to enrich the corn-dealers, the very reverse of what is desired by those who recommend such measures. All that governments can do in these emergencies is to counsel a general moderation in consumption, and to interdict such kinds of it as are not of primary importance. Direct measures at the cost of the State, to procure food from a distance, are expedient when, from peculiar reasons, the thing is not likely to be done by private speculation. In any other case, they are a great error. Private speculators will not, in such cases, venture to compete with the government; and though a government can do more than any one merchant, it cannot do nearly so much as all merchants.

4. Governments, however, are oftener chargeable with having attempted, too successfully, to make things dear, than with having aimed by wrong means at making them cheap. The usual instrument for producing artificial dearness is monopoly. To confer a monopoly upon a producer or leader, or upon a set of producers or dealers not too numerous to combine, is to give them the power of levying any amount of taxation on the public, for their individual benefit, which will not make the public forego the use of the commodity. When the sharers in the monopoly are so numerous and so widely scattered that they are prevented from combining, the evil is considerably less; but even then, the competition is not so active among a limited as among an unlimited number. Those who feel assured of a fair average proportion in the general business are seldom eager to get a larger share by foregoing a portion of their profits. A limitation of competition, however partial, may have mischievous effects quite disproportioned to the apparent cause. The mere exclusion of foreigners, from a branch of industry open to the free competition of every native, has been known, even in England, to render that branch a conspicuous exception to the general industrial energy of the country. The silk manufacture of England remained far behind that of other countries of Europe, so long as the foreign fabrics were prohibited. In addition to the tax levied for the profit, real or imaginary, of the monopolists, the consumer thus pays an additional tax for their laziness and incapacity. When relieved from the immediate stimulus of competition, producers and dealers grow

indifferent to the dictates of their ultimate pecuniary interest; preferring to the most hopeful prospects, the present ease of adhering to routine. A person who is already thriving seldom puts himself out of his way to commence even a lucrative improvement, unless urged by the additional motive of fear lest some rival should supplant him by getting possession of it before him.

The condemnation of monopolies ought not to extend to patents, by which the originator of an improved process is allowed to enjoy, for a limited period, the exclusive privilege of using his own improvement. This is not making the commodity dear for his benefit, but merely postponing a part of the increased cheapness which the public owe to the inventor, in order to compensate and reward him for the service. That he ought to be both compensated and rewarded for it will not be denied, and also that if all were at once allowed to avail themselves of his ingenuity, without having shared the labours or the expenses which he had to incur in bringing his idea into a practical shape, either such expenses and labours would be undergone by nobody except very opulent and very public-spirited persons, or the State must put a value on the service rendered by an inventor, and make him a pecuniary grant. This has been done in some instances, and may be done without inconvenience in cases of very conspicuous public benefit; but in general, an exclusive privilege, of temporary duration, is preferable; because it leaves nothing to anyone's discretion; because the reward conferred by it depends upon the invention's being found useful, and the greater the usefulness, the greater the reward; and because it is paid by the very persons to whom the service is rendered, the consumers of the commodity. So decisive, indeed, are these considerations, that if the system of patents were abandoned for that of rewards by the State, the best shape which these could assume would be that of a small temporary tax, imposed for the inventor's benefit, on all persons making use of the invention. To this, however, or to any other system which would vest in the State the power of deciding whether an inventor should derive any pecuniary advantage from the public benefit which he confers, the objections are evidently stronger and more fundamental than the strongest which can possibly be urged against patents. It is generally admitted that the present Patent Laws need much improvement; but in this case, as well as in the closely analogous one of Copyright, it would be a gross immorality in the law to set everybody free to use a person's work without his consent, and without giving him an equivalent. I have seen with real alarm several recent attempts, in quarters carrying some authority, to impugn the principle of patents altogether;

attempts which, if practically successful, would enthrone free stealing under the prostituted name of free trade, and make the men of brains, still more than at present, the needy retainers and dependents of the men of money-bags.

5. I pass to another kind of government interference, in which the end and the means are alike odious, but which existed in England until not more than a generation ago, and in France up to the year 1864. I mean the laws against combinations of workmen to raise wages; laws enacted and maintained for the declared purpose of keeping wages low, as the famous Statute of Labourers was passed by a legislature of employers, to prevent the labouring class, when its numbers had been thinned by a pestilence, from taking advantage of the diminished competition to obtain higher wages. Such laws exhibit the infernal spirit of the slave master, when to retain the working classes in avowed slavery has ceased to be practicable.

If it were possible for the working classes, by combining among themselves, to raise or keep up the general rate of wages, it needs hardly be said that this would be a thing not to be punished, but to be welcomed and rejoiced at. Unfortunately the effect is quite beyond attainment by such means. The multitudes who compose the working class are too numerous and too widely scattered to combine at all, much more to combine effectually. If they could do so, they might doubtless succeed in diminishing the hours of labour, and obtaining the same wages for less work. They would also have a limited power of obtaining, by combination, an increase of general wages at the expense of profits. But the limits of this power are narrow; and were they to attempt to strain it beyond those limits, this could only be accomplished by keeping a part of their number permanently out of employment. As support from public charity would of course be refused to those who could get work and would not accept it, they would be thrown for support upon the trades union of which they were members; and the workpeople collectively would be no better off than before, having to support the same numbers out of the same aggregate wages. In this way, however, the class would have its attention forcibly drawn to the fact of a superfluity of numbers, and to the necessity, if they would have high wages, of proportioning the supply of labour to the demand.

Combinations to keep up wages are sometimes successful, in trades where the work-people are few in number, and collected in a small number of local centres. It is questionable if combinations ever had the smallest effect on the permanent remuneration of spinners or weavers; but the journeymen type-founders, by a close combina-

tion, are able, it is said, to keep up a rate of wages much beyond that which is usual in employments of equal hardness and skill; and even the tailors, a much more numerous class, are understood to have had, to some extent, a similar success. A rise of wages, thus confined to particular employments, is not (like a rise of general wages) defrayed from profits, but raises the value and price of the particular article, and falls on the consumer; the capitalist who produces the commodity being only injured insofar as the high price tends to narrow the market; and not even then, unless it does so in a greater ratio than that of the rise of price: for though, at higher wages, he employs, with a given capital, fewer work-people, and obtains less of the commodity, yet if he can sell the whole of this diminished quantity at the higher price, his profits are as great as before.

This partial rise of wages, if not gained at the expense of the remainder of the working class, ought not to be regarded as an evil. The consumer, indeed, must pay for it; but cheapness of goods is desirable only when the cause of it is that their production costs little labour, and not when occasioned by that labour's being ill remunerated. It may appear, indeed, at first sight, that the high wages of the type-founders (for example) are obtained at the general cost of the labouring class. This high remuneration either causes fewer persons to find employment in the trade, or if not, must lead to the investment of more capital in it, at the expense of other trades: in the first case, it throws an additional number of labourers on the general market; in the second, it withdraws from that market a portion of the demand; effects, both of which are injurious to the working classes. Such, indeed, would really be the result of a successful combination in a particular trade or trades, for some time after its formation; but when it is a permanent thing, the principles so often insisted upon in this treatise show that it can have no such effect. The habitual earnings of the working classes at large can be affected by nothing but the habitual requirements of the labouring people: these indeed may be altered, but while they remain the same, wages never fall permanently below the standard of these requirements, and do not long remain above that standard. If there had been no combinations in particular trades, and the wages of those trades had never been kept above the common level, there is no reason to suppose that the common level would have been at all higher than it now is. There would merely have been a greater number of people altogether, and a smaller number of exceptions to the ordinary low rate of wages.

If, therefore, no improvement were to be hoped for in the general circumstances of the working classes, the success of a portion of

them, however small, in keeping their wages by combination above the market rate, would be wholly a matter of satisfaction. But when the elevation of the character and condition of the entire body has at last become a thing not beyond the reach of rational effort, it is time that the better-paid classes of skilled artisans should seek their own advantage in common with, and not by the exclusion of, their fellow labourers. While they continue to fix their hopes on hedging themselves in against competition, and protecting their own wages by shutting out others from access to their employment, nothing better can be expected from them than that total absence of any large and generous aims, that almost open disregard of all other objects than high wages and little work for their own small body, which were so deplorably evident in the proceedings and manifestoes of the Amalgamated Society of Engineers during their quarrel with their employers. Success, even if attainable, in raising up a protected class of working people, would now be a hindrance, instead of a help, to the emancipation of the working classes at large.

But though combinations to keep up wages are seldom effectual, and when effectual, are, for the reasons which I have assigned, seldom desirable, the right of making the attempt is one which cannot be refused to any portion of the working population without great injustice, or without the probability of fatally misleading them respecting the circumstances which determine their condition. So long as combinations to raise wages were prohibited by law, the law appeared to the operatives to be the real cause of the low wages, which there was no denying that it had done its best to produce. Experience of strikes has been the best teacher of the labouring classes on the subject of the relation between wages and the demand and supply of labour; and it is most important that this course of instruction should not be disturbed.

It is a great error to condemn, *per se* and absolutely, either trade unions or the collective action of strikes. Even assuming that a strike must inevitably fail whenever it attempts to raise wages above that market rate which is fixed by the demand and supply; demand and supply are not physical agencies, which thrust a given amount of wages into a labourer's hand without the participation of his own will and actions. The market rate is not fixed for him by some self-acting instrument, but is the result of bargaining between human beings—of what Adam Smith calls “the higgling of the market;” and those who do not “higgle” will long continue to pay, even over a counter, more than the market price for their purchases. Still more might poor labourers who have to do with rich employers, remain long without

the amount of wages which the demand for their labour would justify, unless, in vernacular phrase, they stood out for it, and how can they stand out for terms without organized concert? What chance would any labourer have, who struck singly for an advance of wages? How could he even know whether the state of the market admitted of a rise, except by consultation with his fellows, naturally leading to concerted action? I do not hesitate to say that associations of labourers, of a nature similar to trades unions, far from being a hindrance to a free market for labour, are the necessary instrumentality of that free market; the indispensable means of enabling the sellers of labour to take due care of their own interests under a system of competition. There is an ulterior consideration of much importance, to which attention was, for the first time, drawn by Professor Fawcett, in an article in the *Westminster Review*. Experience has at length enabled the more intelligent trade to take a tolerably correct measure of the circumstances on which the success of a strike for an advance of wages depends. The workmen are now nearly as well informed as the master, of the state of the market for his commodities; they can calculate his gains and his expenses, they know when his trade is or is not prosperous, and only when it is are they ever again likely to strike for higher wages; which wages, their known readiness to strike makes their employers for the most part willing, in that case, to concede. The tendency, therefore, of this state of things is to make a rise of wages in any particular trade usually consequent upon a rise of profits, which, as Mr. Fawcett observes, is a commencement of that regular participation of the labourers in the profits derived from their labour, every tendency to which, for the reasons stated in a previous chapter, it is so important to encourage, since to it we have chiefly to look for any radical improvement in the social and economical relations between labour and capital. Strikes, therefore, and the trade societies which render strikes possible, are, for these various reasons, not a mischievous, but on the contrary, a valuable part of the existing machinery of society.

It is, however, an indispensable condition of tolerating combinations, that they should be voluntary. No severity, necessary to the purpose, is too great to be employed against attempts to compel workmen to join a union, or take part in a strike by threats or violence. Mere moral compulsion, by the expression of opinion, the law ought not to interfere with; it belongs to more enlightened opinion to restrain it, by rectifying the moral sentiments of the people. Other questions arise when the combination, being voluntary, proposes to itself objects really contrary to the public good. High wages and short hours are generally good objects, or, at all events, may be

so; but in many trades unions, it is among the rules that there shall be no task work, or no difference of pay between the most expert workmen and the most unskilful, or that no member of the union shall earn more than a certain sum per week, in order that there may be more employment for the rest; and the abolition of piece-work, under more or less modification, held a conspicuous place among the demands of the Amalgamated Society. These are combinations to effect objects which are pernicious. Their success, even when only partial, is a public mischief; and were it complete, would be equal in magnitude to almost any of the evils arising from bad economical legislation. Hardly anything worse can be said of the worst laws on the subject of industry and its remuneration, consistent with the personal freedom of the labourer, than that they place the energetic and the idle, the skilful and the incompetent, on a level; and this, insofar as it is, in itself, possible, it is the direct tendency of the regulations of these unions to do. It does not, however, follow as a consequence that the law would be warranted in making the formation of such associations illegal and punishable. Independently of all considerations of constitutional liberty, the best interests of the human race imperatively require that all economical experiments, voluntarily undertaken, should have the fullest licence, and that force and fraud should be the only means of attempting to benefit themselves, which are interdicted to the less fortunate classes of the community.

6. Among the modes of undue exercise of the power of government on which I have commented in this chapter, I have included only such as rest on theories which have still more or less of footing in the most enlightened countries. I have not spoken of some which have done still greater mischief in times not long past, but which are now generally given up, at least in theory, though enough of them still remain in practice to make it impossible as yet to class them among exploded errors.

The notion, for example, that a government should choose opinions for the people, and should not suffer any doctrines in politics, morals, law, or religion, but such as it approves, to be printed or publicly professed, may be said to be altogether abandoned as a general thesis. It is now well understood that a régime of this sort is fatal to all prosperity, even of an economical kind; that the human mind, when prevented either by fear of the law or by fear of opinion from exercising its faculties freely on the most important subjects, acquires a general torpidity and imbecility, by which, when they reach a certain point, it is disqualified from making any considerable advances

even in the common affairs of life, and which, when greater still, make it gradually lose even its previous attainments. There cannot be a more decisive example than Spain and Portugal, for two centuries after the Reformation. The decline of those countries in national greatness, and even in material civilization, while almost all the other nations of Europe were uninterruptedly advancing, has been ascribed to various causes, but there is one which lies at the foundation of them all: the Holy Inquisition, and the system of mental slavery of which it is the symbol.

Yet although these truths are very widely recognized, and freedom both of opinion and of discussion is admitted as an axiom in all free countries, this apparent liberality and tolerance has acquired so little of the authority of a principle, that it is always ready to give way to the dread or horror inspired by some particular sort of opinions. Within the last fifteen or twenty years, several individuals have suffered imprisonment for the public profession, sometimes in a very temperate manner, of disbelief in religion; and it is probable that both the public and the government, at the first panic which arises on the subject of Chartism or Communism, will fly to similar means for checking the propagation of democratic or anti-property doctrines. In this country, however, the effective restraints on mental freedom proceed much less from the law or the government, than from the intolerant temper of the national mind; arising no longer from even as respectable a source as bigotry or fanaticism, but rather from the general habit, both in opinion and conduct, of making adherence to custom the rule of life, and enforcing it, by social penalties, against all persons who, without a party to back them, assert their individual independence.

Book V, Chapter XI

Of the Grounds and Limits of the Laisser-Faire or Non-Interference Principle

1. We have now reached the last part of our undertaking; the discussion, so far as suited to this treatise (that is, so far as it is a question of principle, not detail) of the limits of the province of government: the question, to what objects governmental intervention in the affairs of society may or should extend, over and above those which necessarily appertain to it. No subject has been more keenly contested in the present age; the contest, however, has chiefly taken place round cer-

tain select points, with only flying excursions into the rest of the field. Those indeed who have discussed any particular question of government interference, such as state education (spiritual or secular), regulation of hours of labour, a public provision for the poor, &c., have often dealt largely in general arguments, far outstretching the special application made of them, and have shown a sufficiently strong bias either in favour of letting things alone, or in favour of meddling; but have seldom declared, or apparently decided in their own minds, how far they would carry either principle. The supporters of interference have been content with asserting a general right and duty on the part of government to intervene, wherever its intervention would be useful; and when those who have been called the *laissez-faire* school have attempted any definite limitation of the province of government, they have usually restricted it to the protection of person and property against force and fraud; a definition to which neither they nor anyone else can deliberately adhere, since it excludes, as has been shown in a preceding chapter, some of the most indispensable and unanimously recognized of the duties of government.

Without professing entirely to supply this deficiency of a general theory on a question which does not, as I conceive, admit of any universal solution, I shall attempt to afford some little aid towards the resolution of this class of questions as they arise, by examining, in the most general point of view in which the subject can be considered, what are the advantages, and what the evils or inconveniences, of government interference.

We must set out by distinguishing between two kinds of intervention by the government, which, though they may relate to the same subject, differ widely in their nature and effects, and require, for their justification, motives of a very different degree of urgency. The intervention may extend to controlling the free agency of individuals. Government may interdict all persons from doing certain things; or from doing them without its authorization; or may prescribe to them certain things to be done, or a certain manner of doing things which it is left optional with them to do or to abstain from. This is the *authoritative* interference of government. There is another kind of intervention which is not authoritative: when a government, instead of issuing a command and enforcing it by penalties, adopts the course so seldom resorted to by governments, and of which such important use might be made, that of giving advice and promulgating information; or when, leaving individuals free to use their own means of pursuing any object of general interest, the government, not meddling with them, but not trusting the object solely to their

care, establishes, side by side with their arrangements, an agency of its own for a like purpose. Thus, it is one thing to maintain a Church Establishment, and another to refuse toleration to other religions, or to persons professing no religion. It is one thing to provide schools or colleges, and another to require that no person shall act as an instructor of youth without a government licence. There might be a national bank, or a government manufactory, without any monopoly against private banks and manufactories. There might be a post office, without penalties against the conveyance of letters by any other means. There may be a corps of government engineers for civil purposes, while the profession of a civil engineer is free to be adopted by everyone. There may be public hospitals, without any restriction upon private medical or surgical practice.

2. It is evident, even at first sight, that the authoritative form of government intervention has a much more limited sphere of legitimate action than the other. It requires a much stronger necessity to justify it in any case; while there are large departments of human life from which it must be unreservedly and imperiously excluded. Whatever theory we adopt respecting the foundation of the social union, and under whatever political institutions we live, there is a circle around every individual human being which no government, be it that of one, of a few, or of the many, ought to be permitted to overstep: there is a part of the life of every person who has come to years of discretion, within which the individuality of that person ought to reign uncontrolled either by any other individual, or by the public collectively. That there is, or ought to be, some space in human existence thus entrenched around, and sacred from authoritative intrusion, no one who professes the smallest regard to human freedom or dignity will call in question; the point to be determined is where the limit should be placed, how large a province of human life this reserved territory should include. I apprehend that it ought to include all that part which concerns only the life, whether inward or outward, of the individual, and does not affect the interests of others, or affects them only through the moral influence of example. With respect to the domain of the inward consciousness, the thoughts and feelings, and as much of external conduct as is personal only, involving no consequences, none at least of a painful or injurious kind, to other people: I hold that it is allowable in all, and in the more thoughtful and cultivated often a duty, to assert and promulgate, with all the force they are capable of, their opinion of what is good or bad, admirable or contemptible, but not to compel others to conform to that opinion; whether the force used is that of extra-legal coercion, or exerts itself by means of the law.

Even in those portions of conduct which do affect the interest of others, the onus of making out a case always lies on the defenders of legal prohibitions. It is not a merely constructive or presumptive injury to others, which will justify the interference of law with individual freedom. To be prevented from doing what one is inclined to, from acting according to one's own judgment of what is desirable, is not only always irksome, but always tends, *pro tanto*, to starve the development of some portion of the bodily or mental faculties, either sensitive or active; and unless the conscience of the individual goes freely with the legal restraint, it partakes, either in a great or in a small degree, of the degradation of slavery. Scarcely any degree of utility, short of absolute necessity, will justify a prohibitory regulation, unless it can also be made to recommend itself to the general conscience; unless persons of ordinary good intentions either believe already, or can be induced to believe, that the thing prohibited is a thing which they ought not to wish to do.

It is otherwise with governmental interferences which do not restrain individual free agency. When a government provides means of fulfilling a certain end, leaving individuals free to avail themselves of different means if in their opinion preferable, there is no infringement of liberty, no irksome or degrading restraint. One of the principal objections to government interference is then absent. There is, however, in almost all forms of government agency, one thing which is compulsory: the provision of the pecuniary means. These are derived from taxation; or, if existing in the form of an endowment derived from public property, they are still the cause of as much compulsory taxation as the sale or the annual proceeds of the property would enable to be dispensed with. And the objection necessarily attaching to compulsory contributions is almost always greatly aggravated by the expensive precautions and onerous restrictions, which are indispensable to prevent evasion of a compulsory tax.

3. A second general objection to government agency is that every increase of the functions devolving on the government is an increase of its power, both in the form of authority, and still more, in the indirect form of influence. The importance of this consideration, in respect of political freedom, has, in general, been quite sufficiently recognized, at least in England; but many, in latter times, have been prone to think that limitation of the powers of the government is only essential when the government itself is badly constituted; when it does not represent the people, but is the organ of a class, or coalition of classes; and that a government of sufficiently popular constitution might be trusted with any amount of power over the nation, since its

power would be only that of the nation over itself. This might be true if the nation, in such cases, did not practically mean a mere majority of the nation, and if minorities were only capable of oppressing, but not of being oppressed. Experience, however, proves that the depositaries of power who are mere delegates of the people, that is of a majority, are quite as ready (when they think they can count on popular support) as any organs of oligarchy to assume arbitrary power, and encroach unduly on the liberty of private life. The public collectively is abundantly ready to impose, not only its generally narrow views of its interests, but its abstract opinions, and even its tastes, as laws binding upon individuals. And the present civilization tends so strongly to make the power of persons acting in masses the only substantial power in society, that there never was more necessity for surrounding individual independence of thought, speech, and conduct, with the most powerful defences, in order to maintain that originality of mind and individuality of character, which are the only source of any real progress, and of most of the qualities which make the human race much superior to any herd of animals. Hence, it is no less important, in a democratic than in any other government, that all tendency on the part of public authorities to stretch their interference and assume a power of any sort which can easily be dispensed with, should be regarded with unremitting jealousy. Perhaps this is even more important in a democracy than in any other form of political society; because where public opinion is sovereign, an individual who is oppressed by the sovereign does not, as in most other states of things, find a rival power to which he can appeal for relief, or, at all events, for sympathy.

4. A third general objection to government agency rests on the principle of the division of labour. Every additional function undertaken by the government is a fresh occupation imposed upon a body already overcharged with duties. A natural consequence is that most things are ill done; much not done at all, because the government is not able to do it without delays which are fatal to its purpose; that the more troublesome and less showy of the functions undertaken are postponed or neglected, and an excuse is always ready for the neglect; while the heads of the administration have their minds so fully taken up with official details, in however perfunctory a manner superintended, that they have no time or thought to spare for the great interests of the State, and the preparation of enlarged measures of social improvement.

But these inconveniences, though real and serious, result much more from the bad organization of governments, than from the extent

and variety of the duties undertaken by them. Government is not a name for some one functionary, or definite number of functionaries: there may be almost any amount of division of labour within the administrative body itself. The evil in question is felt in great magnitude under some of the governments of the Continent, where six or eight men, living at the capital and known by the name of ministers, demand that the whole public business of the country shall pass, or be supposed to pass, under their individual eye. But the inconvenience would be reduced to a very manageable compass, in a country in which there was a proper distribution of functions between the central and local officers of government, and in which the central body was divided into a sufficient number of departments. . . .

It is, no doubt, indispensable to good government that the chiefs of the administration, whether permanent or temporary, should extend a commanding, though general, view over the ensemble of all the interests confided, in any degree, to the responsibility of the central power. But with a skilful internal organization of the administrative machine, leaving to subordinates, and as far as possible, to local subordinates, not only the execution, but to a greater degree the control, of details; holding them accountable for the results of their acts rather than for the acts themselves, except where these come within the cognizance of the tribunals; taking the most effectual securities for honest and capable appointments; opening a broad path to promotion from the inferior degrees of the administrative scale to the superior; leaving, at each step, to the functionary, a wider range in the origination of measures, so that, in the highest grade of all, deliberation might be concentrated on the great collective interests of the country in each department; if all this were done, the government would not probably be overburdened by any business, in other respects fit to be undertaken by it; though the overburthening would remain as a serious addition to the inconveniences incurred by its undertaking any which was unfit.

5. But though a better organization of governments would greatly diminish the force of the objection to the mere multiplication of their duties, it would still remain true that in all the more advanced communities, the great majority of things are worse done by the intervention of government, than the individuals most interested in the matter would do them, or cause them to be done, if left to themselves. The grounds of this truth are expressed with tolerable exactness in the popular dictum that people understand their own business and their own interests better, and care for them more, than the government does or can be expected to do. This maxim holds true through-

out the greatest part of the business of life, and wherever it is true, we ought to condemn every kind of government intervention that conflicts with it. The inferiority of government agency, for example, in any of the common operations of industry or commerce, is proved by the fact that it is hardly ever able to maintain itself in equal competition with individual agency, where the individuals possess the requisite degree of industrial enterprise, and can command the necessary assemblage of means. All the facilities which a government enjoys of access to information; all the means which it possesses of remunerating, and therefore of commanding, the best available talent in the market; are not an equivalent for the one great disadvantage of an inferior interest in the result.

It must be remembered, besides, that even if a government were superior in intelligence and knowledge to any single individual in the nation, it must be inferior to all the individuals of the nation taken together. It can neither possess in itself, nor enlist in its service, more than a portion of the acquirements and capacities which the country contains, applicable to any given purpose. There must be many persons equally qualified for the work with those whom the government employs, even if it selects its instruments with no reference to any consideration but their fitness. Now these are the very persons into whose hands, in the cases of most common occurrence, a system of individual agency naturally tends to throw the work, because they are capable of doing it better or on cheaper terms than any other persons. So far as this is the case, it is evident that government, by excluding or even by superseding individual agency, either substitutes a less qualified instrumentality for one better qualified, or, at any rate, substitutes its own mode of accomplishing the work for all the variety of modes which would be tried by a number of equally qualified persons aiming at the same end; a competition by many degrees more propitious to the progress of improvement than any uniformity of system.

6. I have reserved for the last place one of the strongest of the reasons against the extension of government agency. Even if the government could comprehend within itself, in each department, all the most eminent intellectual capacity and active talent of the nation, it would not be the less desirable that the conduct of a large portion of the affairs of the society should be left in the hands of the persons immediately interested in them. The business of life is an essential part of the practical education of a people; without which, book and school instruction, though most necessary and salutary, does not suffice to qualify them for conduct, and for the adaptation of means to

ends. Instruction is only one of the desiderata of mental improvement; another, almost as indispensable, is a vigorous exercise of the active energies; labour, contrivance, judgment, self-control; and the natural stimulus to these is the difficulties of life. This doctrine is not to be confounded with the complacent optimism, which represents the evils of life as desirable things, because they call forth qualities adapted to combat with evils. It is only because the difficulties exist that the qualities which combat with them are of any value. As practical beings, it is our business to free human life from as many as possible of its difficulties, and not to keep up a stock of them as hunters preserve game, for the exercise of pursuing it. But since the need of active talent and practical judgment in the affairs of life can only be diminished, and not, even on the most favourable supposition, done away with, it is important that those endowments should be cultivated not merely in a select few, but in all, and that the cultivation should be more varied and complete than most persons are able to find in the narrow sphere of their merely individual interests. A people among whom there is no habit of spontaneous action for a collective interest—who look habitually to their government to command or prompt them in all matters of joint concern—who expect to have everything done for them, except what can be made an affair of mere habit and routine—have their faculties only half developed; their education is defective in one of its most important branches.

Not only is the cultivation of the active faculties by exercise, diffused through the whole community, in itself one of the most valuable of national possessions: it is rendered, not less, but more necessary, when a high degree of that indispensable culture is systematically kept up in the chiefs and functionaries of the State. There cannot be a combination of circumstances more dangerous to human welfare, than that in which intelligence and talent are maintained at a high standard within a governing corporation, but starved and discouraged outside the pale. Such a system, more completely than any other, embodies the idea of despotism, by arming with intellectual superiority, as an additional weapon, those who have already the legal power. It approaches as nearly as the organic difference between human beings and other animals admits, to the government of sheep by their shepherd, without anything like so strong an interest as the shepherd has in the thriving condition of the flock. The only security against political slavery is the check maintained over governors by the diffusion of intelligence, activity, and public spirit among the governed. Experience proves the extreme difficulty of permanently keeping up a sufficiently high standard of those qualities; a difficulty

which increases, as the advance of civilization and security removes one after another of the hardships, embarrassments, and dangers against which individuals had formerly no resource but in their own strength, skill, and courage. It is, therefore, of supreme importance that all classes of the community, down to the lowest, should have much to do for themselves; that as great a demand should be made upon their intelligence and virtue as it is in any respect equal to; that the government should not only leave as far as possible to their own faculties the conduct of whatever concerns themselves alone, but should suffer them, or rather encourage them, to manage as many as possible of their joint concerns by voluntary co-operation; since this discussion and management of collective interests is the great school of that public spirit, and the great source of that intelligence of public affairs, which are always regarded as the distinctive character of the public of free countries.

A democratic constitution, not supported by democratic institutions in detail, but confined to the central government, not only is not political freedom, but often creates a spirit precisely the reverse, carrying down to the lowest grade in society the desire and ambition of political domination. In some countries, the desire of the people is for not being tyrannized over; but in others, it is merely for an equal chance to everybody of tyrannizing. Unhappily, this last state of the desires is fully as natural to mankind as the former, and in many of the conditions even of civilized humanity, is far more largely exemplified. In proportion as the people are accustomed to manage their affairs by their own active intervention, instead of leaving them to the government, their desires will turn to repelling tyranny, rather than to tyrannizing; while in proportion as all real initiative and direction resides in the government, and individuals habitually feel and act as under its perpetual tutelage, popular institutions develop in them, not the desire of freedom, but an unmeasured appetite for place and power, diverting the intelligence and activity of the country from its principal business to a wretched competition for the selfish prizes and the petty vanities of office.

7. The preceding are the principal reasons, of a general character, in favour of restricting to the narrowest compass the intervention of a public authority in the business of the community; and few will dispute the more than sufficiency of these reasons, to throw, in every instance, the burthen of making out a strong case, not on those who resist, but on those who recommend, government interference. *Laissez-faire*, in short, should be the general practice: every departure from it, unless required by some great good, is a certain evil.

The degree in which the maxim, even in the cases to which it is most manifestly applicable, has heretofore been infringed by governments, future ages will probably have difficulty in crediting. Some idea may be formed of it from the description of M. Dunoyer¹ of the restraints imposed on the operations of manufacture under the old government of France, by the meddling and regulating spirit of legislation.

The State exercised over manufacturing industry the most unlimited and arbitrary jurisdiction. It disposed without scruple of the resources of manufacturers: it decided who should be allowed to work, what things it should be permitted to make, what materials should be employed, what processes followed, what forms should be given to productions. It was not enough to do well, to do better; it was necessary to do according to the rules. Everybody knows the regulation of 1670 which prescribed to seize and nail to the pillory, with the names of the makers, goods not conformable to the rules, and which, on a second repetition of the offence, directed that the manufacturers themselves should be attached also. Not the taste of the consumers, but the commands of the law must be attended to. Legions of inspectors, commissioners, controllers, jurymen, guardians, were charged with its execution. Machines were broken, products were burned when not conformable to the rules: improvements were punished; inventors were fined. There were different sets of rules for goods destined for home consumption and for those intended for exportation. An artisan could neither choose the place in which to establish himself, nor work at all seasons, nor work for all customers. . . .

The time is gone by, when such applications as these of the principle of “paternal government” would be attempted, in even the least enlightened country of the European commonwealth of nations. In such cases as those cited, all the general objections to government interference are valid, and several of them in nearly their highest degree. But we must now turn to the second part of our task, and direct our attention to cases in which some of those general objections are altogether absent, while those which can never be got rid of entirely, are overruled by counter-considerations of still greater importance.

We have observed that, as a general rule, the business of life is better performed when those who have an immediate interest in it are left to take their own course, uncontrolled either by the mandate of

¹ *De la Liberte du Travail*, vol. I, 353–54.

the law or by the meddling of any public functionary. The persons, or some of the persons, who do the work, are likely to be better judges than the government of the means of attaining the particular end at which they aim. Were we to suppose what is not very probable, that the government has possessed itself of the best knowledge which had been acquired up to a given time by the persons most skilled in the occupation; even then, the individual agents have so much stronger and more direct an interest in the result, that the means are far more likely to be improved and perfected if left to their uncontrolled choice. But if the workman is generally the best selector of means, can it be affirmed with the same universality, that the consumer, or person served, is the most competent judge of the end? Is the buyer always qualified to judge of the commodity? If not, the presumption in favour of the competition of the market does not apply to the case; and if the commodity be one in the quality of which society has much at stake, the balance of advantages may be in favour of some mode and degree of intervention, by the authorized representatives of the collective interest of the State.

8. Now, the proposition that the consumer is a competent judge of the commodity, can be admitted only with numerous abatements and exceptions. He is generally the best judge (though even this is not true universally) of the material objects produced for his use. These are destined to supply some physical want, or gratify some taste or inclination, respecting which wants or inclinations there is no appeal from the person who feels them; or they are the means and appliances of some occupation, for the use of the persons engaged in it, who may be presumed to be judges of the things required in their own habitual employment. But there are other things, of the worth of which the demand of the market is by no means a test; things of which the utility does not consist in ministering to inclinations, nor in serving the daily uses of life, and the want of which is least felt where the need is greatest. This is peculiarly true of those things which are chiefly useful as tending to raise the character of human beings. The uncultivated cannot be competent judges of cultivation. Those who most need to be made wiser and better, usually desire it least, and if they desired it, would be incapable of finding the way to it by their own lights. It will continually happen, on the voluntary system, that, the end not being desired, the means will not be provided at all, or that, the persons requiring improvement having an imperfect or altogether erroneous conception of what they want, the supply called forth by the demand of the market will be anything but what is really required. Now any well-intentioned and tolerably civi-

lized government may think, without presumption, that it does or ought to possess a degree of cultivation above the average of the community which it rules, and that it should therefore be capable of offering better education and better instruction to the people, than the greater number of them would spontaneously demand. Education, therefore, is one of those things which it is admissible in principle that a government should provide for the people. The case is one to which the reasons of the non-interference principle do not necessarily or universally extend.

With regard to elementary education, the exception to ordinary rules may, I conceive, justifiably be carried still further. There are certain primary elements and means of knowledge, which it is in the highest degree desirable that all human beings born into the community should acquire during childhood. If their parents, or those on whom they depend, have the power of obtaining for them this instruction, and fail to do it, they commit a double breach of duty, towards the children themselves, and towards the members of the community generally, who are all liable to suffer seriously from the consequences of ignorance and want of education in their fellow citizens. It is, therefore, an allowable exercise of the powers of government to impose on parents the legal obligation of giving elementary instruction to children. This, however, cannot fairly be done without taking measures to insure that such instruction shall be always accessible to them, either gratuitously or at a trifling expense.

It may indeed be objected that the education of children is one of those expenses which parents, even of the labouring class, ought to defray; that it is desirable that they should feel it incumbent on them to provide by their own means for the fulfilment of their duties, and that by giving education at the cost of others, just as much by giving subsistence, the standard of necessary wages is proportionally lowered, and the springs of exertion and self-restraint is so much relaxed. This argument could, at best, be only valid if the question were that of substituting a public provision for what individuals would otherwise do for themselves; if all parents in the labouring class recognized and practiced the duty of giving instruction to their children at their own expense. But inasmuch as parents do not practice this duty, and do not include education among those necessary expenses which their wages must provide for, therefore the general rate of wages is not high enough to bear those expenses, and they must be borne from some other source. And this is not one of the cases in which the tender of help perpetuates the state of things which renders help necessary. Instruction, when it is really such, does not enervate, but strengthens

as well as enlarges the active faculties: in whatever manner acquired, its effect on the mind is favourable to the spirit of independence; and when, unless had gratuitously, it would not be had at all, help in this form has the opposite tendency to that which in so many other cases makes it objectionable; it is help towards doing without help.

In England and most European countries, elementary instruction cannot be paid for, at its full cost, from the common wages of unskilled labour, and would not if it could. The alternative, therefore, is not between government and private speculation, but between a government provision and voluntary charity: between interference by government, and interference by associations of individuals, subscribing their own money for the purpose, like the two great School Societies. It is, of course, not desirable that anything should be done by funds derived from compulsory taxation, which is already sufficiently well done by individual liberality. How far this is the case with school instruction is, in each particular instance, a question of fact. The education provided in this country on the voluntary principle has, of late, been so much discussed that it is needless, in this place, to criticize it minutely, and I shall merely express my conviction that even in quantity, it is [1848], and is likely to remain, altogether insufficient, while in quality, though with some slight tendency to improvement, it is never good except by some rare accident, and generally so bad as to be little more than nominal. I hold it, therefore, the duty of the government to supply the defect, by giving pecuniary support to elementary schools, such as to render them accessible to all the children of the poor, either freely, or for a payment too inconsiderable to be sensibly felt.

One thing must be strenuously insisted on: that the government must claim no monopoly for its education, either in the lower or in the higher branches; must exert neither authority nor influence to induce the people to resort to its teachers in preference to others, and must confer no peculiar advantages on those who have been instructed by them. Though the government teachers will probably be superior to the average of private instructors, they will not embody all the knowledge and sagacity to be found in all instructors taken together, and it is desirable to leave open as many roads as possible to the desired end. It is not endurable that a government should, either *de jure* or *de facto*, have a complete control over the education of the people. To possess such a control, and actually exert it, is to be despotic. A government which can mould the opinions and sentiments of the people from their youth upwards, can do with them whatever it pleases. Though a government, therefore, may, and in

many cases ought to, establish schools and colleges, it must neither compel nor bribe any person to come to them; nor ought the power of individuals to set up rival establishments, to depend in any degree upon its authorization. It would be justified in requiring from all the people that they shall possess instruction in certain things, but not in prescribing to them how or from whom they shall obtain it.

9. In the matter of education, the intervention of government is justifiable, because the case is not one in which the interest and judgment of the consumer are a sufficient security for the goodness of the commodity. Let us now consider another class of cases, where there is no person in the situation of a consumer, and where the interest and judgment to be relied on are those of the agent himself; as in the conduct of any business in which he is exclusively interested, or in entering into any contract or engagement by which he himself is to be bound.

The ground of the practical principle of non-interference must here be that most persons take a juster and more intelligent view of their own interest, and of the means of promoting it, than can either be prescribed to them by a general enactment of the legislature, or pointed out in the particular case by a public functionary. The maxim is unquestionably sound as a general rule; but there is no difficulty in perceiving some very large and conspicuous exceptions to it. These may be classed under several heads.

First: the individual who is presumed to be the best judge of his own interests may be incapable of judging or acting for himself; may be a lunatic, an idiot, an infant: or, though not wholly incapable, may be of immature years and judgment. In this case, the foundation of the *laissez-faire* principle breaks down entirely. The person most interested is not the best judge of the matter, nor a competent judge at all. Insane persons are everywhere regarded as proper objects of the care of the State. In the case of children and young persons, it is common to say that though they cannot judge for themselves, they have their parents or other relatives to judge for them. But this removes the question into a different category, making it no longer a question whether the government should interfere with individuals in the direction of their own conduct and interests, but whether it should leave absolutely in their power the conduct and interests of somebody else. Parental power is as susceptible of abuse as any other power, and is, as a matter of fact, constantly abused. If laws do not succeed in preventing parents from brutally ill-treating, and even from murdering their children, far less ought it to be presumed that the interests of children will never be sacrificed, in more common-

place and less revolting ways, to the selfishness or the ignorance of their parents. Whatever it can be clearly seen that parents ought to do or forbear for the interest of children, the law is warranted, if it is able, in compelling to be done or forbome, and is generally bound to do so. To take an example from the peculiar province of political economy: it is right that children, and young persons not yet arrived at maturity, should be protected so far as the eye and hand of the State can reach, from being over-worked. Labouring for too many hours in the day, or on work beyond their strength, should not be permitted to them, for if permitted, it may always be compelled. Freedom of contract, in the case of children, is but another word for freedom of coercion. Education also, the best which circumstances admit of their receiving, is not a thing which parents or relatives, from indifference, jealousy, or avarice, should have it in their power to withhold.

The reasons for legal intervention in favour of children, apply not less strongly to the case of those unfortunate slaves and victims of the most brutal part of mankind, the lower animals. It is by the grossest misunderstanding of the principles of liberty, that the infliction of exemplary punishment on ruffianism practiced towards these defenceless creatures has been treated as a meddling by government with things beyond its province; an interference with domestic life. The domestic life of domestic tyrants is one of the things which it is the most imperative on the law to interfere with; and it is to be regretted that metaphysical scruples respecting the nature and source of the authority of government should induce many warm supporters of laws against cruelty to animals, to seek for a justification of such laws in the incidental consequences of the indulgence of ferocious habits to the interests of human beings, rather than in the intrinsic merits of the case itself. What it would be the duty of a human being, possessed of the requisite physical strength, to prevent by force if attempted in his presence, it cannot be less incumbent on society generally to repress. The existing laws of England on the subject are chiefly defective in the trifling, often almost nominal, maximum, to which the penalty, even in the worst cases, is limited.

Among those members of the community whose freedom of contract ought to be controlled by the legislature for their own protection, on account (it is said) of their dependent position, it is frequently proposed to include women; and in the existing Factory Acts, their labour, in common with that of young persons, has been placed under peculiar restrictions. But the classing together, for this and other purposes, of women and children, appears to me both indefensible in principle and mischievous in practice. Children below a cer-

tain age *cannot* judge or act for themselves; up to a considerably greater age, they are inevitably more or less disqualified for doing so; but women are as capable as men of appreciating and managing their own concerns, and the only hindrance to their doing so arises from the injustice of their present social position. When the law makes everything which the wife acquires, the property of the husband, while by compelling her to live with him it forces her to submit to almost any amount of moral and even physical tyranny which he may choose to inflict, there is some ground for regarding every act done by her as done under coercion; but it is the great error of reformers and philanthropists in our time to nibble at the consequences of unjust power, instead of redressing the injustice itself. If women had as absolute a control as men have, over their own persons and their own patrimony or acquisitions, there would be no plea for limiting their hours of labouring for themselves, in order that they might have time to labour for the husband, in what is called, by the advocates of restriction, *his* home. Women employed in factories are the only women in the labouring rank of life whose position is not that of slaves and drudges; precisely because they cannot easily be compelled to work and earn wages in factories against their will. For improving the condition of women, it should, in the contrary, be an object to give them the readiest access to independent industrial employment, instead of closing, either entirely or partially, that which is already open to them.

10. A second exception to the doctrine that individuals are the best judges of their own interest, is when an individual attempts to decide irrevocably now, what will be best for his interest at some future and distant time. The presumption in favour of individual judgment is only legitimate where the judgment is grounded on actual, and especially on present, personal experience; not where it is formed antecedently to experience, and not suffered to be reversed even after experience has condemned it. When persons have bound themselves by a contract, not simply to do some one thing, but to continue doing something forever or for a prolonged period, without any power of revoking the engagement, the presumption which their perseverance in that course of conduct would otherwise raise in favour of its being advantageous to them, does not exist; and any such presumption which can be grounded on their having voluntarily entered into the contract, perhaps at an early age, and without any real knowledge of what they undertook, is commonly next to null. The practical maxim of leaving contracts free is not applicable without great limitations in case of engagement in perpetuity; and the law

should be extremely jealous of such engagements; should refuse its sanction to them, when the obligations they impose are such as the contracting party cannot be a competent judge of; if it ever does sanction them, it should take every possible security for their being contracted with foresight and deliberation; and in compensation for not permitting the parties themselves to revoke their engagement, should grant them a release from it, on a sufficient case being made out before an impartial authority. These considerations are eminently applicable to marriage, the most important of all cases of engagement for life.

11. The third exception which I shall notice, to the doctrine that government cannot manage the affairs of individuals as well as the individuals themselves, has reference to the great class of cases in which the individuals can only manage the concern by delegated agency, and in which the so-called private management is, in point of fact, hardly better entitled to be called management by the persons interested, than administration by a public officer. Whatever, if left to spontaneous agency, can only be done by joint-stock associations, will often be as well, and sometimes better done, as far as the actual work is concerned, by the State. Government management is, indeed, proverbially jobbing, careless, and ineffective, but so likewise has generally been joint-stock management. The directors of a joint-stock company, it is true, are always shareholders; but also, the members of a government are invariably taxpayers; and in the case of directors, no more than in that of governments, is their proportional share of the benefits of good management equal to the interest they may possibly have in mismanagement, even without reckoning the interest of their case. It may be objected that the shareholders, in their collective character, exercise a certain control over the directors, and have almost always full power to remove them from office. Practically, however, the difficulty of exercising this power is found to be so great that it is hardly ever exercised, except in cases of such flagrantly unskilful, or, at least, unsuccessful management, as would generally produce the ejection from office of managers appointed by the government. Against the very ineffectual security afforded by meetings of shareholders, and by their individual inspection and inquiries, may be placed the greater publicity and more active discussion and comment, to be expected in free countries with regard to affairs in which the general government takes part. The defects, therefore, of government management, do not seem to be necessarily much greater, if necessarily greater at all, than those of management by joint-stock.

The true reasons in favour of leaving to voluntary associations all such things as they are competent to perform, would exist in equal strength if it were certain that the work itself would be as well or better done by public officers. These reasons have been already pointed out: the mischief of overloading the chief functionaries of government with demands on their attention, and diverting them from duties which they alone can discharge, to objects which can be sufficiently well attained without them; the danger of unnecessarily swelling the direct power and indirect influence of government, and multiplying occasions of collision between its agents and private citizens; and the inexpediency of concentrating in a dominant bureaucracy all the skill and experience in the management of large interests, and all the power of organized action, existing in the community; a practice which keeps the citizens in a relation to the government like that of children to their guardians, and is a main cause of the inferior capacity for political life which has hitherto characterized the over-governed countries of the Continent, whether with or without the forms of representative government.

But although, for these reasons, most things which are likely to be even tolerably done by voluntary associations should, generally speaking, be left to them; it does not follow that the manner in which those associations perform their work should be entirely uncontrolled by the government. There are many cases in which the agency, of whatever nature, by which a service is performed, is certain, from the nature of the case, to be virtually single; in which a practical monopoly, with all the power it confers of taxing the community, cannot be prevented from existing. I have already more than once adverted to the case of the gas and water companies, among which, though perfect freedom is allowed to competition, none really takes place; and practically, they are found to be even more irresponsible, and unapproachable by individual complaints, than the government. There are the expenses without the advantages of plurality of agency; and the charge made for services which cannot be dispensed with is, in substance, quite as much compulsory taxation as if imposed by law; there are few householders who make any distinction between their "water-rate" and other local taxes. In the case of these particular services, the reasons preponderate in favour of their being performed, like the paving and cleansing of the streets, not certainly by the general government of the State, but by the municipal authorities of the town, and the expense defrayed, as even now it in fact is, by a local rate. But in the many analogous cases which it is best to resign to voluntary agency, the community needs some other security for the fit performance of the service than the interest of the managers; and it

is the part of the government, either to subject the business to reasonable conditions for the general advantage, or to retain such power over it, that the profits of the monopoly may at least be obtained for the public. This applies to the case of a road, a canal, or a railway. These are always, in a great degree, practical monopolies; and a government which concedes such monopoly unreservedly to a private company, does much the same thing as if it allowed an individual or an association to levy any tax they chose, for their own benefit, on all the malt produced in the country, or on all the cotton imported into it. To make the concession for a limited time is generally justifiable, on the principle which justifies patents for invention; but the State should either reserve to itself a reversionary property in such public works, or should retain, and freely exercise, the right of fixing a maximum of fares and charges, and, from time to time, varying that maximum. It is perhaps necessary to remark that the State may be the proprietor of canals or railways without itself working them; and that they will almost always be better worked by means of a company renting the railway or canal for a limited period from the State.

12. To a fourth case of exception, I must request particular attention, it being one to which, as it appears to me, the attention of political economists has not yet been sufficiently drawn. There are matters in which the interference of law is required, not to overrule the judgment of individuals respecting their own interest, but to give effect to that judgment: they being unable to give effect to it except by concert, which concert again cannot be effectual unless it receives validity and sanction from the law. For illustration, and without prejudging the particular point, I may advert to the question of diminishing the hours of labour. Let us suppose what is at least supposable, whether it be the fact or not—that a general reduction of the hours of factory labour, say from ten to nine, would be for the advantage of the work-people: that they would receive as high wages, or nearly as high, for nine hours' labour as they receive for ten. If this would be the result, and if the operatives generally are convinced that it would, the limitation, some may say, will be adopted spontaneously. I answer that it will not be adopted unless the body of operatives bind themselves to one another to abide by it. A workman who refused to work more than nine hours while there were others who worked ten, would either not be employed at all, or if employed, must submit to lose one-tenth of his wages. However convinced, therefore, he may be that it is the interest of the class to work short time, it is contrary to his own interest to set the example, unless he is well assured that all or most others will follow it. But suppose a general agreement of the whole class:

might not this be effectual without the sanction of law? Not unless enforced by opinion with a rigour practically equal to that of law. For however beneficial the observance of the regulation might be to the class collectively, the immediate interest of every individual would lie in violating it; and the more numerous those were who adhered to the rule, the more would individuals gain by departing from it. If nearly all restricted themselves to nine hours, those who chose to work for ten would gain all the advantages of the restriction, together with the profit from infringing it; they would get ten hours' wages for nine hours' work, and an hour's wages besides. I grant that if a large majority adhered to the nine hours, there would be no harm done; the benefit would be, in the main, secured to the class, while those individuals who preferred to work harder and earn more would have an opportunity of doing so. This certainly would be the state of things to be wished for; and assuming that a reduction of hours without any diminution of wages could take place without expelling the commodity from some of its markets—which is, in every particular instance, a question of fact, not of principle—the manner in which it would be most desirable that this effect should be brought about, would be by a quiet change in the general custom of the trade; short hours becoming, by spontaneous choice, the general practice, but those who chose to deviate from it having the fullest liberty to do so. Probably, however, so many would prefer the ten hours' work on the improved terms, that the limitation could not be maintained as a general practice: what some did from choice, others would soon be obliged to do from necessity, and those who had chosen long hours for the sake of increased wages would be forced, in the end, to work long hours for no greater wages than before. Assuming then that it really would be the interest of each to work only nine hours if he could be assured that all others would do the same, there might be no means of attaining this object but by converting their supposed mutual agreement into an engagement under penalty, by consenting to have it enforced by law. I am not expressing any opinion in favour of such an enactment, which has never in this country been demanded, and which I certainly should not, in present circumstances, recommend; but it serves to exemplify the manner in which classes of persons may need the assistance of law, to give effect to their deliberate collective opinion of their own interest, by affording to every individual a guarantee that his competitors will pursue the same course, without which he cannot safely adopt it himself. . . .

13. Fifthly; the argument against government interference grounded on the maxim that individuals are the best judges of their

own interest, cannot apply to the very large class of cases in which those acts of individuals with which the government claims to interfere, are not done by those individuals for their own interest, but for the interest of other people. This includes, among other things, the important and much agitated subject of public charity. Though individuals should, in general, be left to do for themselves whatever it can reasonably be expected that they should be capable of doing, yet when they are, at any rate, not to be left to themselves, but to be helped by other people, the question arises whether it is better that they should receive this help exclusively from individuals, and therefore uncertainly and casually, or by systematic arrangements, in which society acts through its organ, the State.

This brings us to the subject of Poor Laws: a subject which would be of very minor importance if the habits of all classes of the people were temperate and prudent, and the diffusion of property satisfactory; but of the greatest moment in a state of things so much the reverse of this, in both points, as that which the British Islands present.

Apart from any metaphysical considerations respecting the foundation of morals or of the social union, it will be admitted to be right that human beings should help one another; and the more so, in proportion to the urgency of the need; and none needs help so urgently as one who is starving. The claim to help, therefore, created by destitution, is one of the strongest which can exist; and there is *primâ facie* the amplest reason for making the relief of so extreme an exigency as certain to those who require it, as by any arrangements of society it can be made.

On the other hand, in all cases of helping, there are two sets of consequences to be considered: the consequences of the assistance itself, and the consequences of relying on the assistance. The former are generally beneficial, but the latter, for the most part, injurious; so much so, in many cases, as greatly to outweigh the value of the benefit. And this is never more likely to happen than in the very cases where the need of help is the most intense. There are few things for which it is more mischievous that people should rely on the habitual aid of others, than for the means of subsistence, and unhappily there is no lesson which they more easily learn. The problem to be solved is, therefore, one of peculiar nicety as well as importance: how to give the greatest amount of needful help, with the smallest encouragement to undue reliance on it.

Energy and self-dependence are, however, liable to be impaired by the absence of help, as well as by its excess. It is even more fatal to exertion to have no hope of succeeding by it, than to be assured of

succeeding without it. When the condition of anyone is so disastrous that his energies are paralyzed by discouragement, assistance is a tonic, not a sedative: it braces instead of deadening the active faculties; always provided that the assistance is not such as to dispense with self-help, by substituting itself for the person's own labour, skill, and prudence, but is limited to affording him a better hope of attaining success by those legitimate means. This accordingly is a test to which all plans of philanthropy and benevolence should be brought, whether intended for the benefit of individuals or of classes, and whether conducted on the voluntary or on the government principle.

Insofar as the subject admits of any general doctrine or maxim, it would appear to be this: that if assistance is given in such a manner that the condition of the person helped is as desirable as that of the person who succeeds in doing the same thing without help, the assistance, if capable of being previously calculated on, is mischievous; but if, while available to everybody, it leaves to everyone a strong motive to do without it if he can, it is then for the most part beneficial. This principle, applied to a system of public charity, is that of the Poor Law of 1834. If the condition of a person receiving relief is made as eligible as that of the labourer who supports himself by his own exertions, the system strikes at the root of all individual industry and self-government; and, if fully acted up to, would require as its supplement an organized system of compulsion, for governing and setting to work like cattle, those who had been removed from the influence of the motives that act on human beings. But if, consistently with guaranteeing all persons against absolute want, the condition of those who are supported by legal charity can be kept considerably less desirable than the condition of those who find support for themselves, none but beneficial consequences can arise from a law which renders it impossible for any person, except by his own choice, to die from insufficiency of food. That in England at least this supposition can be realized, is proved by the experience of a long period preceding the close of the last century, as well as by that of many highly pauperized districts in more recent times, which have been dispauperized by adopting strict rules of Poor Law administration, to the great and permanent benefit of the whole labouring class. There is probably no country in which, by varying the means suitably to the character of the people, a legal provision for the destitute might not be made compatible with the observance of the conditions necessary to its being innocuous.

Subject to these conditions, I conceive it to be highly desirable that the certainty of subsistence should be held out by law to the destitute able-bodied, rather than that their relief should depend on voluntary

charity. In the first place, charity almost always does too much or too little: it lavishes its bounty in one place, and leaves people to starve in another. Secondly, since the State must necessarily provide subsistence for the criminal poor while undergoing punishment, not to do the same for the poor who have not offended is to give a premium on crime. And lastly, if the poor are left to individual charity, a vast amount of mendacity is inevitable. What the State may and should abandon to private charity, is the task of distinguishing between one case of real necessity and another. Private charity can give more to the more deserving. The State must act by general rules. It cannot undertake to discriminate between the deserving and the undeserving indigent. It owes no more than subsistence to the first, and can give no less to the last. What is said about the injustice of a law which has no better treatment for the merely unfortunate poor than for the ill-conducted, is founded on a misconception of the province of law and public authority. The dispensers of public relief have no business to be inquisitors. Guardians and overseers are not fit to be trusted to give or withhold other people's money according to their verdict on the morality of the person soliciting it; and it would show much ignorance of the ways of mankind to suppose that such persons, even in the almost impossible case of their being qualified, will take the trouble of ascertaining and sifting the past conduct of a person in distress, so as to form a rational judgment on it. Private charity can make these distinctions; and in bestowing its own money, is entitled to do so according to its own judgment. It should understand that this is its peculiar and appropriate province, and that it is commendable or the contrary, as it exercises the function with more or less discernment. But the administrators of a public fund ought not to be required to do more for anybody than that minimum which is due even to the worst. If they are, the indulgence very speedily becomes the rule, and refusal the more or less capricious or tyrannical exception.

14. Another class of cases which fall within the same general principle as the case of public charity, are those in which the acts done by individuals, though intended solely for their own benefit, involve consequences extending indefinitely beyond them, to interests of the nation or of posterity, for which society in its collective capacity is alone able, and alone bound, to provide. One of these cases is that of Colonization. If it is desirable, as no one will deny it to be, that the planting of colonies should be conducted, not with an exclusive view to the private interests of the first founders, but with a deliberate regard to the permanent welfare of the nations afterwards to arise from these small beginnings; such regard can only be secured by

placing the enterprise, from its commencement, under regulations constructed with the foresight and enlarged views of philosophical legislators; and the government alone has power either to frame such regulations, or to enforce their observance.

The question of government intervention in the work of Colonization involves the future and permanent interests of civilization itself, and far outstretches the comparatively narrow limits of purely economical considerations. But even with a view to those considerations alone, the removal of population from the overcrowded to the unoccupied parts of the earth's surface is one of those works of eminent social usefulness, which most require, and which at the same time best repay, the intervention of government.

To appreciate the benefits of colonization, it should be considered in its relation, not to a single country, but to the collective economical interests of the human race. The question is, in general, treated too exclusively as one of distribution: of relieving one labour market and supplying another. It is this, but it is also a question of production, and of the most efficient employment of the productive resources of the world. Much has been said of the good economy of importing commodities from the place where they can be bought cheapest; while the good economy of producing them where they can be produced cheapest is comparatively little thought of. If to carry consumable goods from the places where they are superabundant to those where they are scarce is a good pecuniary speculation, is it not an equally good speculation to do the same thing with regard to labour and instruments? The exportation of labourers and capital from old to new countries, from a place where their productive power is less to a place where it is greater, increases by so much the aggregate produce of the labour and capital of the world. It adds to the joint wealth of the old and the new country, what amounts in a short period to many times the mere cost of effecting the transport. There needs be no hesitation in affirming that Colonization, in the present state of the world, is the best affair of business, in which the capital of an old and wealthy country can engage.

It is equally obvious, however, that Colonization on a great scale can be undertaken, as an affair of business, only by the government, or by some combination of individuals in complete understanding with the government; except under such very peculiar circumstances as those which succeeded the Irish famine. . . . There is, hence, the strongest obligation on the government of a country like our own, with a crowded population, and unoccupied continents under its command, to build, as it were, and keep open, in concert with the

colonial governments, a bridge from the mother country to those continents, by establishing the self-supporting system of colonization on such a scale, that as great an amount of emigration as the colonies can at the time accommodate, may at all times be able to take place without cost to the emigrants themselves. . . .

15. The same principle which points out colonization, and the relief of the indigent, as cases to which the principal objection to government interference does not apply, extends also to a variety of cases, in which important public services are to be performed, while yet there is no individual specially interested in performing them, nor would any adequate remuneration naturally or spontaneously attend their performance. Take for instance a voyage of geographical or scientific exploration. The information sought may be of great public value, yet no individual would derive any benefit from it which would repay the expense of fitting out the expedition; and there is no mode of intercepting the benefit on its way to those who profit by it, in order to levy a toll for the remuneration of its authors. Such voyages are, or might be, undertaken by private subscription; but this is a rare and precarious resource. Instances are more frequent in which the expense has been borne by public companies or philanthropic associations; but in general, such enterprises have been conducted at the expense of government, which is thus enabled to entrust them to the persons, in its judgment, best qualified for the task. Again, it is a proper office of government to build and maintain lighthouses, establish buoys, &c. for the security of navigation: for since it is impossible that the ships at sea which are benefited by a lighthouse should be made to pay a toll on the occasion of its use, no one would build lighthouses from motives of personal interest, unless indemnified and rewarded from a compulsory levy made by the State. There are many scientific researches, of great value to a nation and to mankind, requiring assiduous devotion of time and labour, and not unfrequently great expense, by persons who can obtain a high price for their services in other ways. If the government had no power to grant indemnity for expense, and remuneration for time and labour thus employed, such researches could only be undertaken by the very few persons who, with an independent fortune, unite technical knowledge, laborious habits, and either great public spirit or an ardent desire of scientific celebrity.

Connected with this subject is the question of providing, by means of endowments or salaries, for the maintenance of what has been called a learned class. The cultivation of speculative knowledge, though one of the most useful of all employments, is a service ren-

dered to a community collectively, not individually, and one consequently for which it is, *primâ facie*, reasonable that the community collectively should pay; since it gives no claim on any individual for a pecuniary remuneration; and unless a provision is made for such services from some public fund, there is not only no encouragement to them, but there is as much discouragement as is implied in the impossibility of gaining a living by such pursuits, and the necessity consequently imposed on most of those who would be capable of them, to employ the greatest part of their time in gaining a subsistence. The evil, however, is greater in appearance than in reality. The greatest things, it has been said, have generally been done by those who had the least time at their disposal; and the occupation of some hours every day in a routine employment, has often been found compatible with the most brilliant achievements in literature and philosophy. Yet there are investigations and experiments which require, not only a long, but a continuous devotion of time and attention; there are also occupations which so engross and fatigue the mental faculties, as to be inconsistent with any vigorous employment of them upon other subjects, even in any intervals of leisure. It is highly desirable, therefore, that there should be a mode of insuring to the public the services of scientific discoverers, and perhaps of some other classes of savants, by affording them the means of support consistently with devoting a sufficient portion of time to their peculiar pursuits. The fellowships of the Universities are an institution excellently adapted for such a purpose; but are hardly ever applied to it, being bestowed, at the best, as a reward for past proficiency in committing to memory what has been done by others, and not as the salary of future labours in the advancement of knowledge. In some countries, Academies of science, antiquities, history, &c., have been formed with emoluments annexed. The most effectual plan, and at the same time least liable to abuse, seems to be that of conferring Professorships, with duties of instruction attached to them. The occupation of teaching a branch of knowledge, at least in its higher departments, is a help, rather than an impediment, to the systematic cultivation of the subject itself. The duties of a professorship almost always leave much time for original researches; and the greatest advances which have been made in the various sciences, both moral and physical, have originated with those who were public teachers of them; from Plato and Aristotle to the great names of the Scotch, French, and German Universities. I do not mention the English, because, until very lately, their professorships have been, as is well known, little more than nominal. In the case, too, of a lecturer in a great institution of education, the public

at large has the means of judging, if not the quality of the teaching, at least the talents and industry of the teacher; and it is more difficult to misemploy the power of appointment to such an office, than to job in pensions and salaries to persons not so directly before the public eye.

It may be said generally, that anything which it is desirable should be done for the general interests of mankind or of future generations, or for the present interests of those members of the community who require external aid; but which is not of a nature to remunerate individuals or associations for undertaking it, is in itself a suitable thing to be undertaken by government; though, before making the work their own, governments ought always to consider if there be any rational probability of its being done on what is called the voluntary principle, and if so, whether it is likely to be done in a better or more effectual manner by government agency, than by the zeal and liberality of individuals.

16. The preceding heads comprise, to the best of my judgment, the whole of the exceptions to the practical maxim, that the business of society can be best performed by private and voluntary agency. It is, however, necessary to add that the intervention of government cannot always practically stop short at the limit which defines the cases intrinsically suitable for it. In the particular circumstances of a given age or nation, there is scarcely anything really important to the general interest, which it may not be desirable, or even necessary, that the government should take upon itself, not because private individuals cannot effectually perform it, but because they will not. At some times and places, there will be no roads, docks, harbours, canals, works of irrigation, hospitals, schools, colleges, printing presses, unless the government establishes them; the public being either too poor to command the necessary resources, or too little advanced in intelligence to appreciate the ends, or not sufficiently practiced in joint action to be capable of the means. This is true, more or less, of all countries inured to despotism, and particularly of those in which there is a very wide distance in civilization between the people and the government; as in those which have been conquered and are retained in subjection by a more energetic and more cultivated people. In many parts of the world, the people can do nothing for themselves which requires large means and combined action: all such things are left undone, unless done by the State. In these cases, the mode in which the government can most surely demonstrate the sincerity with which it intends the greatest good of its subjects, is by doing the things which are made incumbent on it by the helplessness of the public, in such a manner as shall tend not to increase and per-

petuate, but to correct that helplessness. A good government will give all its aid in such a shape as to encourage and nurture any rudiments it may find of a spirit of individual exertion. It will be assiduous in removing obstacles and discouragements to voluntary enterprise, and in giving whatever facilities and whatever direction and guidance may be necessary; its pecuniary means will be applied, when practicable, in aid of private efforts, rather than in supersession of them, and it will call into play its machinery of rewards and honours to elicit such efforts. Government aid, when given merely in default of private enterprise, should be so given as to be, as far as possible, a course of education for the people in the art of accomplishing great objects by individual energy and voluntary co-operation.

I have not thought it necessary here to insist on that part of the functions of government which all admit to be indispensable, the function of prohibiting and punishing such conduct on the part of individuals in the exercise of their freedom as is clearly injurious to other persons, whether the case be one of force, fraud, or negligence. Even in the best state which society has yet reached, it is lamentable to think how great a proportion of all the efforts and talents in the world are employed in merely neutralizing one another. It is the proper end of government to reduce this wretched waste to the smallest possible amount, by taking such measures as shall cause the energies now spent by mankind in injuring one another, or in protecting themselves against injury, to be turned to the legitimate employment of the human faculties, that of compelling the powers of nature to be more and more subservient to physical and moral good.

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Stephen Nathanson's clear-sighted abridgment of *Principles of Political Economy*, Mill's first major work in moral and political philosophy, provides a challenging, sometimes surprising account of Mill's views on many important topics: socialism, population, the status of women, the cultural bases of economic productivity, the causes and possible cures of poverty, the nature of property rights, taxation, and the legitimate functions of government. Nathanson cuts through the dated and less relevant sections of this large work and includes significant material omitted in other editions, making it possible to see the connections between the views Mill expressed in *Principles of Political Economy* and the ideas he defended in his later works, particularly *On Liberty*. Indeed, studying *Principles of Political Economy*, Nathanson argues in his general Introduction, can help to resolve the apparent contradiction between Mill's views in *On Liberty* and those in *Utilitarianism*, making it a key text for understanding Mill's philosophy as a whole.

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