RICHES AND POVERTY

(1910)

BY

L. G. CHIOZZA MONEY, M.P.

ELEVENTH EDITION

METHUEN & CO. LTD
LONDON

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Title: Riches and Poverty (1910)

Author: L. G. Chiozza Money

Release date: February 23, 2021 [eBook #64616]
Most recently updated: October 18, 2024

Language: English

Other information and formats: www.gutenberg.org/ebooks/64616

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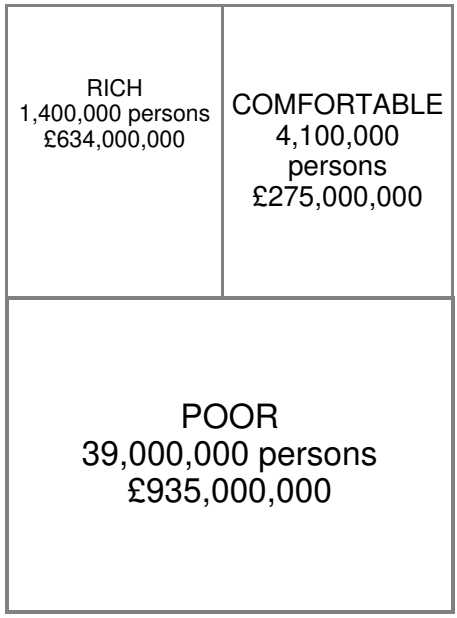
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Transcriber's Note:

Obvious printer errors have been corrected.
Hyphenation has been rationalised.

Wider tables have been split into two.

BRITISH INCOMES IN 1908-9



The Aggregate Income of the 44,600,000 people of the United Kingdom in 1908-9 was approximately £1,844,000,000. 1,400,000 persons took £634,000,000; 4,100,000 persons took £275,000,000; 39,000,000 persons took £935,000,000. (See Chapters 2 and 3.)

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36 ESSEX STREET W.C.
LONDON

First Published (5s. net)	*October*	*1905*
Second Edition	*December*	*1905*
Third Edition	*July*	*1906*
Fourth and Cheaper Edition (1s. net)	*January*	*1908*
Fifth Edition (1s. net)	*February*	*1908*
Sixth and Seventh Editions (1s. net)	*March*	*1908*
Eighth Edition (1s. net)	*May*	*1908*
Ninth Edition (1s. net)	*December*	*1909*
Tenth Edition, Revised (5s. net)	*March*	*1911*
New and Cheaper Issue (1s. net)	*June*	*1913*
Eleventh Edition (5s. net)	*March*	*1914*

TO MY WIFE

PREFACE TO THE TENTH (REVISED) EDITION, 1910

THE present edition of "Riches and Poverty" revises my estimates of the distribution of the wealth of the United Kingdom down to the year 1908. The effect of the revision is to show that in the five years that have elapsed since this work was first published, the distribution of wealth has grown even more unequal. The comparative stationariness of money wages of late years is a fact upon which the labourers themselves, and not less the nation of which they form by far the greater part, are to be commiserated. I write at a time when a great deal of discontent is becoming evident amongst large masses of the population; it may be well for those, and they are many, who have written in condemnation of that discontent, to ponder the following pages, and in particular to compare the profits recorded by the Inland Revenue Commissioners with the evidence as to wages collected by the Labour Department of the Board of Trade.

My own view of the subject is, that the massing of capital in large units has so considerably strengthened the hand of capital in its dealings with labour that in recent years Trade Unions have comparatively lost much ground. To-day the masters in many of our industries can exercise collective powers much more effectively than Trade Unions. Combination amongst employers in some trades has reached a point at which it has become possible to rule alike the price of products and the price of

labour.

While since 1900 nominal or money wages have been at a standstill, the cost of living has continued to rise. The retail cost of food in London rose 9 per cent. in 1900-1908. Therefore British real or commodity wages have fallen heavily since 1900. A London platelayer, when he has the privilege of working seven days a week, can earn 21s. a week in 1910 as in 1900, but the real value of the 21s. has fallen by about 9 per cent.; in effect, that is, he earns 1s. 10d. a week less than in 1900. Now 19s. 2d. is not a just wage for a London platelayer.

The statements which were made in the 1905 edition of "Riches and Poverty" proved to be uncomfortable reading for many, and I have now a great many books on my shelves in which they have been discussed. The attempts to refute them have entirely failed. It is now generally accepted that the number of Income Tax payers is approximately what I stated it to be, and the increase of Income Tax assessments indicates that my estimates of the income of the rich did not err on the side of liberality.

Work such as is attempted in these pages ought, of course, to be entrusted to the hands of a permanent Census Department, empowered to collect information, and instructed to analyse and diffuse it. In the absence of such a Department, and in the lamentable condition of our national statistical records, the conclusions of a private investigator are only too likely to be called in question by those who do not stomach what he has to say. It may be said that the disagreeable estimates I have presented in the frontispiece of this volume rest upon private authority, and that they cannot be accepted without

great reservation. I should like to direct attention, therefore, to a series of facts which *are* official, which *cannot* be denied, and which rest upon the basis that they *represent masses of property actually taxed*.

I refer to the estates which pass at death in the United Kingdom year by year, and which are valued for the purposes of the death duties. The following facts, to which I called attention for the first time in "Riches and Poverty," can be easily memorized, and every one ought to know them.

Year by year, as regularly as the seasons, properties pass at death in the United Kingdom, free of all debts, absolutely net, to the value of, in round figures, £300,000,000. Of this £300,000,000, the aggregate of approximately 80,000 separate estates, as much as £200,000,000, or thereabouts, is left by about FOUR THOUSAND (4000) PERSONS.

I repeat that these figures are not my estimates, but the official figures ascertained and published by the Inland Revenue Commissioners. They can be verified by any reader of this book by reference to the latest Official Report of the Commissioners of His Majesty's Inland Revenue (Cd. 4868. Price 1s. 7d.).

Those who are acquainted with the facts know, as Mr Balfour recognized in reply to me in a debate in the House of Commons on September 13th, 1909, that the official figures I have quoted would be larger but for the passing of property *inter vivos* in avoidance of the death duties. But, to take the figures as they are, an under statement of the wealth of the rich, I put this question to those who come to consider the estimates I have made:

If, in the United Kingdom, out of £300,000,000 a

year passing at death, as much as £200,000,000, or two-thirds of the whole, is left by only 4000 persons, does it not follow, as the night the day, that the distribution of the national income must necessarily proceed on some such lines as those estimated in the frontispiece to this volume?

And with that question I once more issue these pages to the public.

L. G. CHIOZZA MONEY

CHALDON, SURREY
October 1910

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RICHES AND POVERTY

BOOK I
THE ERROR OF DISTRIBUTION

CHAPTER I
THOUGHTS ARISING OUT OF A GREAT CONTROVERSY

DURING recent years a considerable share of the thoughts of men has been devoted to the consideration of one part of our fiscal policy,—that part which is concerned with Customs duties. In public and in private, on hundreds of platforms and in thousands of homes, the ancient issue has been debated between those who hold that Customs duties should be imposed for revenue purposes only and those who contend that Customs duties may be used as instruments with which to direct wisely the agricultural, industrial and commercial development of a nation. In the arguments which have been adduced by both sides in this controversy a large part has been taken by evidence of the prosperity or want of prosperity of the United Kingdom, as though Customs policy were the sole factor in determining the wealth and progress of a people. Blind to the fact that a wise Customs policy can at best enable a nation to make the most of its natural advantages, extreme disputants have been engaged on the one side in piling up incontestable evidences of British wealth and on the other side in producing equally incontestable evidences of British poverty. The Free

Trader has revelled in import and export, shipping, banking and revenue statistics, while the Protectionist has reminded us of the existence of millions on the verge of hunger, of hundreds of thousands of paupers, and of tens if not hundreds of thousands of unemployed. The Free Trader has demonstrated that, as a whole, we are a wealthy and a prosperous people. The Protectionist has been able to throw doubt upon that wealth and prosperity chiefly because it is an indisputable fact that, whatever may be true of our accumulated wealth and total income, every British city has its slums, its paupers and its out-of-works. The Protectionist has been unable to resist the Free Trade evidence as to the magnificence of our commerce and shipping and the increasing national income recorded by the Inland Revenue Commissioners. The Free Trader has had reluctantly to admit the existence, in our wealthy country, of social disorders and masses of extreme poverty which are terrible blots upon our prosperity. If one side has dwelt almost exclusively upon signs of wealth and the other side almost exclusively upon evidences of poverty, what else could be expected when a highly complicated problem became the shuttlecock of faction? Even honest politicians become afraid to make statements which may be treated as "admissions" when party feeling runs high. The more should we welcome the notable utterance of Sir Henry Campbell-Bannerman at Perth on June 5th, 1903:

"But I take it (the Chamberlain policy of 'Preference') as confined to food, and it amounts to this, that the cost of the necessaries of daily life is to be raised to the people of this country in order that the Colonial producer may do more business, make larger profit, and the landowner get better rents.

Now the pinch of this does not fall upon the well-to-do. It may be an inconvenience to a great number of people, but the real pinch of it falls upon a needier class altogether, who are sadly large among us. What is the population of the Colonies which I have named? About thirteen millions. This is the population who will share more or less the benefit of this new arrangement. In this country we know, thanks to the patience and accurate scientific investigations of Mr Rowntree and Mr Charles Booth, that there is about 30 per cent. of our population underfed, on the verge of hunger. Thirty per cent. of 41 millions comes to something over 12 millions—almost identical as you see with the whole population of the Colonies. So that it comes to this, that for every man in the Colonies who is benefited, one head is shoved under water in this country. I think I might set down that fact as almost enough of itself to condemn any scheme, however plausible. Surely the fact that about 30 per cent. of the population is living in the grip of perpetual poverty is, or ought to be, a sufficient answer to the Prime Minister's complacent suggestion that we can now afford to try experiments which fifty years ago were not to be thought of."

These words have been widely used as a reply to the assertion that we are a prosperous people. Their true meaning is, that while we have acquired great wealth, and enjoy a considerable national income, that wealth and that income are not so distributed as to give a sufficiency of material things to all our population. As for their use as an "argument" for Protection, we have but to turn to that land favoured of nature, the United States of America, to find records of poverty fully as distressing as our own.

Mr Robert Hunter, the American sociologist, thus summarises the poverty of the United States of America: "There are probably in fairly prosperous years no less than 10,000,000 persons in poverty; that is to say, underfed, underclothed, and poorly housed. Of these about 4,000,000 persons are public paupers. Over 2,000,000 working men are unemployed from four to six months in the year. About 500,000 male immigrants arrive yearly and seek work in the very districts where unemployment is greatest. Nearly half of the families in the country are propertyless. Over 1,700,000 little children are forced to become wage-earners when they should still be in school. About 5,000,000 women find it necessary to work, and about 2,000,000 are employed in factories, mills, etc. Probably no less than 1,000,000 workers are injured or killed each year while doing their work, and about 10,000,000 of the persons now living will, if the present ratio is kept up, die of the preventable disease, tuberculosis."

We have, then, to thank the fiscal controversy for this: In the belief that evidence of prosperity, or the reverse of prosperity, is a proof or disproof, as the case may be, of the wisdom of a particular Customs policy, we have been reminded at once of our riches and of our poverty. Through the controversy over that absurd phrase the "balance of trade," worthy landsmen have been reminded that the United Kingdom possesses half the world's seagoing ships, and poor clerks have learned with astonishment that our oversea investments produce over £100,000,000 of profits per annum. The unemployed workman, drawing from his beneficent trade union the small allowance with which his own thrift has provided him, and which barely keeps the wolf from his door, has learned that our imports of food—"chiefly from

foreign countries"—are worth £200,000,000 per annum. Millions—other people's millions—have become common objects of the newspaper column, and it is probable that a great part of our population is now acquainted with the fact that the gross income brought under the review of the Income Tax Commissioners is about £1,000,000,000 per annum. It has also, alas, become familiar that our Poor Law expenditure reaches £17,000,000 a year, and that, even in our best years of trade, many of our skilled workmen are denied the means of earning their livelihood. While demonstrating our prosperity the good Free Trader has paused to write a cheque for a West Ham Distress Fund, or subscribed some shillings for a children's slum party.

The object of these pages is to help the reader to form an accurate idea of the distribution of the wealth which results from our industries and commerce. 44,000,000 people in the United Kingdom work to produce certain commodities, and a part of this output is exchanged for commodities produced in other lands. We produce, we export, and we import, and our home production increased by our imports and decreased by our exports constitutes a great income which is divided up amongst us in such manner that some of us are rich and some of us are poor. Let us endeavour to make concrete our ideas on the subject of riches and poverty, that we make quite sure what we mean when we speak of the wealth and prosperity of the United Kingdom.

CHAPTER II
THE NATIONAL INCOME

IN considering and estimating the national income it is necessary to remind ourselves, in the first place, that our production, our exports and our imports, alike consist of both goods and services. The processes of thought and action result in the conception, production, distribution and use of ponderable and imponderable commodities. In an advanced community the greater part of the material and immaterial productions which are the expressions of its various activities becomes the subject of exchange. The many exchanges are made by reference to a common standard, and thus we are enabled to measure, in terms of money, the greater part of the national income. There remains a not inconsiderable production of ponderable and imponderable things which it is difficult or impossible to measure in terms of money, but upon which largely depends the happiness of a people. The material produce which does not become the subject of exchange, includes several very important items, amongst which may be mentioned the produce of the gardens or allotments of many agricultural labourers, and the production of clothing and the cooking of food by the women of the middle and lower classes. The immaterial things which do not come into the market are exceedingly important, especially to the poor. The household work of a poor woman with a husband and several children, if it could be measured in terms of money, would be worth a considerable sum. The imponderable part, the managing, the careful buying, the arranging, the cleaning, the

serving, added to the manufacturing part, the cooking and the stitching, go often to make a sixteen-hours' working day, and who shall place a market price upon each of the sixteen hours? In the well-to-do household we also find the woman active for some fourteen or sixteen hours a day, but the product of the hours is more often immaterial than in the poor man's home. Thus the care of servants has been known to cause the expenditure of much time and anxiety by women of large income. A rich woman who has studied under Marchesi may exercise in private, to solace her father or lover, a soprano worth one shilling per note in the public concert-room. It is worth no less in the drawing-room, but in estimating the national income we have to neglect its market value just as we must neglect that of the poor woman's apple-pie.

With this reminder as to the production of unexchanged commodities, which, while important, are yet but an exceedingly small part of the product of the entire activities of our people, I proceed to an examination of the money value of that greater part of the product which is bought and sold.

The collection of the Income Tax makes a more or less complete inquisition into the profits or salaries received or earned by those whose incomes exceed £160 per annum. Below that limit income tax is not payable, but a small amount of the income of persons with less than this £3 per week does actually come under the review of the Commissioners.

If we take the figures of the latest period of which we have record, we find that in the financial year 1908-9 (*i.e.* the twelve months ended March 31st, 1909) the following particulars of gross incomes were ascertained by the Inland Revenue Officials

(fifty-third Report of the Commissioners of Inland Revenue, Cd. 5308, p. 105):—

GROSS AMOUNT OF INCOME BROUGHT UNDER REVIEW IN 1908-9

Schedule A. Profits from the ownership of lands, houses, railways, mines, etc.	£269,900,000
Schedule B. Profits from the occupation of lands (Farmers' Tax)	17,400,000
Schedule C. Profits from British, Indian, Colonial and Foreign Government Securities	47,500,000
Schedule D. Profits from Businesses, Concerns, Professions, Employments, etc., including certain profits from places abroad	565,600,000
Schedule E. Salaries of Government, Corporation, and Public Company Officials	109,600,000
	£1,010,000,000

The following table shows the growth of the aggregate during the past fifteen years:—

GROSS PROFITS ASSESSED TO INCOME TAX
(*From Inland Revenue Report*)[1]

1893-4	£673,700,000
1894-5	657,100,000
1895-6	677,800,000
1896-7	704,700,000
1897-8	734,500,000
1898-9	762,700,000
1899-1900	791,700,000
1900-1	833,300,000
1901-2	867,000,000
1902-3	879,600,000
1903-4	902,800,000 [2]
1904-5	912,100,000
1905-6	925,200,000
1906-7	943,700,000
1907-8	980,100,000
1908-9	1,010,000,000

It should be observed that these figures are for gross income, and some adjustments have to be made before we can arrive at the total income of that part of the nation which has the mingled pleasure and pain of paying Income Tax.

From the £1,010,000,000 brought under review in 1908-9, the Inland Revenue authorities allowed the following deductions before arriving at taxable incomes:—

(a)	Exemptions in respect of incomes under £160 per annum	£58,400,000
(b)	Abatements on incomes ranging from £160 per annum to £700 per annum	120,300,000
(c)	Life Insurance Premiums	10,500,000
(d)	Charities, Hospitals, Friendly Societies, etc.	11,800,000
(e)	Repairs to Lands and Houses	40,100,000
(f)	Wear and tear of Machinery and Plant	22,900,000
(g)	Other Allowances	52,700,000
	Total Deductions	£316,700,000

So that Income Tax in 1908-9 was actually collected not upon £1,010,000,000 but upon £693,300,000.

But we have not to make all the above deductions in arriving at the actual income of the income tax paying class. We have only to deduct those items which are not the real income of that class, viz.:—

(a)	Exemptions in respect of incomes under £160 per annum	£58,400,000
(d)	Charities, Hospitals, Friendly Societies, etc.	11,800,000
(e)	Repairs to Lands and Houses	40,100,000
(f)	Wear and tear of Machinery and Plant	22,900,000
(g)	Other Allowances	52,700,000
		£185,900,000

Deducting these items we get:—

GROSS ASSESSMENTS TO INCOME TAX CORRECTED[3]

Gross Assessments 1908-9	£1,010,000,000
Less Deductions as above	185,900,000
	£824,100,000

This figure may be compared with the £719,500,000 given on page 11 of "Riches and Poverty" (1905) for the fiscal year 1902-3. The increase is no less than £104,600,000 in five years, and this increase is especially commended to the notice of those critics who have worked so hard to whittle away a little from my estimates of 1903-4. The onward sweep of the figures has been magnificent; and accomplished facts now provide the apologists of the rich with the task of explaining away another £100,000,000 or so per annum.

To resume, the £824,100,000 arrived at above, handsome figure as it is, is certainly not complete. There is unquestionably still a considerable amount of evasion under Schedule D of the Income Tax. The landlords of Schedule A cannot escape assessment because the tax is paid by occupiers and deducted from rent, but there is a certain amount of under-assessment. Under Schedules B, C and E evasion is, for the most part, difficult or impossible. Under Schedule D,[4] however, a large number of incomes are understated and many which ought to be assessed escape altogether. It is almost as true to-day as it was in 1861 that, in the words of Mr Lowe's Draft Report to the Income Tax Committee of that year, "Schedule D depends on the conscience of the tax-payer who often, it is to be feared, returns hundreds instead of thousands, and who is certain to

decide any question that he can persuade himself to think doubtful, in his own favour." It is recorded by the Income Tax Commissioners in their Twenty-Eighth Annual Report that when, in 1803, taxation at source was substituted for self-assessment in the case of all income but business profits, the effect was to make the produce of the tax at 5 per cent. in 1803 almost equal to that of 10 per cent. in 1799, showing that in the earlier year those who assessed themselves unaccountably overlooked one-half of their incomes. Dudley Baxter reminds us in his classical paper on the National Income[5] that in his Budget Speech in 1853 Mr Gladstone quoted a remarkable instance of evasion. When Cannon Street Station was constructed, twenty-eight persons claimed compensation for the loss of annual profits which they estimated at £48,000. The jury, after considering their case, awarded them £27,000. They had returned their profits to the Income Tax Commissioners at £9,000! In recent years the formation of limited liability companies has frequently revealed profits far in excess of those previously stated under Schedule D. Whatever figure we allow for such evasion must, in the nature of the case, be conjectural. In "Riches and Poverty" (1905), p. 13, I estimated evasion and avoidance as 20 per cent. of the declared profits. Twenty per cent. of £365,000,000 (the profits of "Businesses, Professions, etc," assessed under Schedule D) in 1902-3 was £73,000,000. We have since had remarkable proof of the reasonableness of this estimate. In 1907-8 the gross assessments to Income Tax rose by £36,000,000 (see p. 11). There is little doubt that part of the rise was due to Mr Asquith's enactment (Finance Act, 1907, Clause 19) differentiating between earned and unearned incomes *on the*

condition that earned or partly earned incomes up to £2,000 a year were declared by their owners. For the financial year 1907-8 does not include the profits of the good year 1907 which (see Chap. 21) were not assessed under our averaging system until 1908-9. It was the new personal declarations which led to the revelation of income hitherto escaping tax, and part of the £36,000,000 rise in assessments in 1907-8 is undoubtedly part also of the estimate of £73,000,000 escaping tax which I made in "Riches and Poverty" (1905). For 1908-9, therefore, I reduce my estimate of income escaping tax accordingly. I now take it as £60,000,000 in 1908-9.

Another point for consideration is the amount of profit received by persons in this country from places abroad. It is exceedingly difficult to tax the whole of such profits. In 1908-9, £88,800,000, made up as follows, was ear-marked by the Commissioners as profit received from abroad:—

ASSESSED PROFITS EAR-MARKED AS RECEIVED FROM ABROAD, 1908-9

(1)	India Government Stocks, Loans and Guaranteed Railways	£9,000,000
(2)	Colonial or Foreign Government Securities	23,200,000
(3)	Colonial or Foreign Securities, other than Government, Coupons, and Oversea Railways other than those in (1)	56,600,000
		£88,800,000

The total profit received or receivable yearly in

this country from oversea investments it is impossible to estimate precisely, but there is good reason to believe that it is not less than £140,000,000. It should not be imagined, however, that the whole of the difference between this sum and that ear-marked by the Commissioners escapes assessment. Undoubtedly some of it eludes taxation, but a considerable sum, it should be remembered, is included with ordinary business profits under Schedule D. A few illustrations will make this clear. Messrs Armstrong, Whitworth & Co. have a shipyard in Italy the profits of which are received in this country, but are not distinguished from the ordinary profits of the company in the income-tax assessment. The same is true of such a firm as Lipton Ld. which owns extensive tea plantations in Ceylon. The profits made in Ceylon and remitted to this country are included in and assessed with the general profits of the business. There are a large number of firms which similarly own foreign or colonial property or branches which are organic parts of their businesses and are often the sources of their materials. When allowance is made for these facts it is probable that some £115,000,000 of oversea profits (including the nearly £90,000,000 or so actually ear-marked) are assessed to income tax, leaving but about £25,000,000 unassessed.

Accepting these figures, we arrive at the following estimate of the total income enjoyed by those persons who have over £3 per week:—

INCOME OF PERSONS ENJOYING OVER £160 PER ANNUM, 1908-9

Gross Assessments to Income Tax Schedules A, B, C, D, and E	£1,010,000,000

	Deduct	
Items not representing real income, etc. (see page 12)		185,900,000
		£824,100,000
	Add	
(a)	For under-assessment under Schedule D	60,000,000
(b)	Foreign profits escaping tax	25,000,000
		£909,100,000

The foregoing figures relate to the fiscal year ended March 31st, 1909, the latest period for which detailed figures are available.

It is necessary to point out again that while this fiscal year 1908-9 covered the assessment of the calendar year 1907, which was a year of great profit-making, it did not fully assess the profits of that boom year. Under Schedule D of the Income Tax the profits assessed in 1908-9 were the profits of the three years 1905, 1906, and 1907. That is to say, the figures just arrived at, £909,100,000, *are an understatement of the true aggregate incomes of those having upwards of £160 a year in 1907*. The actual income of the income tax payers in 1907 greatly exceeded £909,000,000.

In "Riches and Poverty" (1905) my equally conservative estimate of the income tax payers' aggregate income for 1903-4 was £830,000,000. We therefore get the following comparison:—

GROWTH OF AGGREGATE INCOME OF PERSONS ENJOYING OVER £160 A YEAR

1903-4.	Estimate of "Riches and Poverty" (1905)	£830,000,000
1908-9.	Estimate of this Edition (1910)	909,000,000
	Increase	£79,000,000

And this remarkable growth in five years is shown in spite of the fact that I have allowed for £13,000,000 of income tax assessment as being due to increased severity of collection, for I have assumed that £13,000,000 more of existing home profits were revealed in 1908-9 than in 1903-4.

Now let us turn to the incomes which do not exceed £160 a year, and which, therefore, are not assessable to income tax.

First of all, we have the class of small incomes which lie between the manual workers and the income tax payers. We cannot hope, in view of the poverty of the information which our present Census methods place at our disposal, to estimate this part of the national income with any degree of confidence, and we can at best arrive at a rough approximation. I estimate that in 1908, of our "occupied" population, about 3,100,000 were neither income tax payers on the one hand nor manual labourers on the other hand. That is to say, they were petty tradesmen, civil servants, clerks, shopmen, travellers, canvassers, agents, teachers, farmers, inn-keepers, lodging-house-keepers, pensioners, and so forth, whose profits or salaries are below £3 per week. At what rate can we estimate their average income?

The total includes a very considerable number of young persons between 10 and 20 years of age. The

teachers, some 250,000 in number, include pupil teachers of both sexes whose remuneration begins at a few shillings per week, and as a whole the teaching profession is wretchedly paid. The commercial and law clerks, some 500,000 in number, include juniors, office boys, and poorly paid girl typists. As to shopkeepers, there is an exceedingly large number of these distributing agents whose incomes are of the slenderest dimensions. Unfortunately we do not know how many shops in the United Kingdom have an annual value of less than £20, but their number must be very great, and the petty tradesmen who keep them have to work hard for poor returns. We have also to remember the quite considerable number of shops which are branches of great distributive firms and managed by shopmen with small salaries. As to shop assistants in general, their salaries are exceedingly small. I am informed by the National Amalgamated Union of Shop Assistants, Warehousemen and Clerks that the average male assistant "living in" gets from £25 to £30 per annum plus "premiums" and board and lodging, while "living out" the average is about £74. Grocery and boot salesmen in the shops of big distributing companies, who often are not required to "live in," get from 20s. to 30s. per week. The wages of the "managers" of shops are sometimes as low as 25s. per week. As for the value of the "living in," this may be illustrated by the fact that in a certain West of London house, where "living in" is the rule, a man applied for permission to "live out." He was told that he could do so, but that only £5 per annum extra could be allowed him. In a return to the Board of Trade for the purpose of statistics, the same employer would doubtless value the same "truck" at £30 or £40 per annum. I have before me the wages paid to the

young women who work for a great multiple shop firm with 200 shops; they range from 3s. to 11s. per week!

Passing to the class of commercial travellers and canvassers, there is perhaps no calling in which earnings vary so greatly. While there are a number in the income-tax class, there are thousands of men included in the class we are now considering who live on "commission only," and thousands more who are paid by generous employers 15s. to 25s. per week plus a small commission. Advertisement and book canvassers are engaged upon widely varying terms, and many of them have a very precarious livelihood.

In "Riches and Poverty," edition 1905, I wrote: "Nearly the whole of the farmers of the United Kingdom earn less than £160 per annum. Out of a total profit of £17,500,000 as much as £11,000,000 is excused on the ground that income is below £160. This £17,500,000 is the annual income of an uncertain number of the larger farmers, probably as many as 300,000, which gives an average income of about £60 per annum! In 1902-3, 302 farmers elected to have their actual profits assessed under Schedule D. They were assessed at £10,974, which gives an average of only £37 per annum. These 302 farmers paid an aggregate rental of £116,259!"

These remarks did not take sufficient account of the under-assessment of farmers' profits under Schedule B. It would probably have been nearer the mark to take one-half of the rental paid rather than the official one-third as representing farmers' profits. If we did so, the profits of 300,000 farmers would come out at say £26,000,000 instead of £17,500,000, and the average profit would run to £87 per annum.

Even this correction, however, would leave the great majority of our farmers under the £160 income tax line.

These notes on some of the largest classes of persons which go to make up the order of incomes immediately under consideration will serve to show that we are dealing with working men and working women whose earnings are exceedingly small. It should also be remembered that many of them are subject to losses from terms of unemployment. Clerks and the poorer travellers have little security of tenure, and at any given time there are many out of work. Hundreds of applications are commonly received in reply to single advertisements for clerks and travellers. To the petty tradesman bad trade does not spell "unemployment," but it often spells keeping a shop which does not keep its proprietor for many months.

Taking everything into consideration, and remembering that no large incomes are introduced to weight the average, the upper limit being as low as £160 per annum, I do not think we can estimate the average income of the 3,100,000 persons at more than £75 per annum, and I should put the figure lower if I did not assume that a certain amount of interest is drawn by some members of the group. This estimate gives £232,000,000 as the annual income of those who are not "manual" workers, but whose incomes are not assessed to income tax because they are less than £3 per week.

I have thus assigned to these members of the lower middle classes no greater earning power than they possessed in 1903. I think I am well advised in this. As will be seen later, wages have been almost stationary of late, and there is no reason to believe

that clerks, commission men, etc., have fared better. Even as I write there comes to me a letter from a man whom I employed when editing a newspaper some years ago. He says (August 1910), "My present wage is 25s. per week, with no allowance for lodging out when doing country work. It is easily understood that this is not a sum which allows of luxuries for the present or provision for the future." He is now a directory canvasser, one of thousands in the employ of a large firm of publishers.

Since these pages went to the printer, a Committee of the British Association has issued a Report (1910) on the group of incomes just referred to which largely confirms the conclusions I presented in 1905. The Committee arrive at an average earned income of £71 against the £75 which I consider to cover both earned and unearned incomes. They treat of 4,000,000 people where I treat of 3,100,000, but that is because, while I exclude manual labourers as a class, the Committee include many manual labourers. Thus the Committee include sweeps in this intermediate class, while I include them with the manual workers whose earnings we shall next consider.

We now come to the largest class of the working population, the "manual workers" commonly so called.

Including persons of both sexes and all ages, I estimate from the census returns the number of manual workers in our population of 44,500,000 at 15,500,000. This number includes, in addition to all those engaged in industrial, agricultural, and domestic service, soldiers, sailors, policemen, and postmen.

In 1886 the Board of Trade conducted the only

Census of Wages made in the United Kingdom prior to 1907. (We have not yet had a report on the later Census.) Sir Robert Giffen, who in his then capacity as Assistant Secretary of the Board of Trade in charge of the Commercial Department, directed the Census, describes in his General Report issued in 1893 (C. 6889) the method adopted. Schedules were sent out to employers, after careful consideration of the circumstances of each industry, specifying the various occupations of each trade and asking for details as to rates of wages, the numbers employed at each rate, the hours of labour, and so forth.

As to industrial employment generally the following trades were investigated: Cotton, woollen, worsted, linen, jute, hemp, silk, carpet, hosiery and lace manufacture, smallwares, flock and shoddy manufacture, coal and iron mines, metalliferous mines, paraffin oil works, slate mines and quarries, granite quarries and works, stone quarries, china clay works, police, construction and care of roads, pavements and sewers, gasworks, waterworks, pig-iron manufacture, general engineering, iron and brass foundries, iron and steel, shipbuilding (iron and wood), tin plate manufacture, saw mills, brass and metal wares, cooperage works, coach and carriage building, boot and shoe making, breweries, distilleries, brick and tile making, chemical manure manufacture, and railway carriage and wagon building.

The details obtained related to 355,838 men, 80,253 boys, 151,263 women and 48,772 girls, and were considered by Sir Robert Giffen to be "representative of, perhaps, three-fourths of the manual labour classes of the United Kingdom." He also expressed the opinion that the "broad results

shown by the census summary would not be sensibly modified by including the great mass of other employments not comprised in that summary."

In the following table the Board of Trade summarised the proportion of men, women, boys and girls working at various rates of wages, in 1886, in the industries which I have mentioned:—

WAGES IN 1886. THE BOARD OF TRADE SUMMARY OF RATES OF WAGES (NOT ACTUAL EARNINGS) DERIVED FROM THE DETAILED EXAMINATION OF 38 SELECTED INDUSTRIAL OCCUPATIONS

	Men. Per Cent.	Women. Per Cent.	I
Half Timers	——	——	
Under 10s. per week	0.1	26.0	
10s. to 15s. "	2.4	50.0	
15s. to 20s. "	21.5	18.5	
20s. to 25s. "	33.6	5.4	
25s. to 30s. "	24.2	0.1	
30s. to 35s. "	11.6	——	
35s. to 40s. "	4.2	——	
Above 40s. "	2.4	——	
Total	100.0	100.0	
Average Rate of wages	*s. d.* 24 9	*s. d.* 12 11	

It will be seen that the average rate of men's wages came out at 24s. 9d. per week or, say, £64 per annum in a year of constant occupation. The weighted average rate for both sexes and all ages comes out at 17s. 6d. per week or, counting 52 weeks' work in the year, £45. 10s. per annum.

The Board of Trade also investigated the rates of wages in other occupations, and the following table compares the £64 of the adult males in general industries with the rates of wages paid to adult males

in (1) railway service, (2) building, (3) mercantile marine, (4) Royal Navy, (5) Army, (6) domestic service, (7) asylums, (8) hospitals (in 1886 unless another date is given):—

AVERAGE RATES OF WAGES (NOT ACTUAL EARNINGS) FOR MEN IN 1886

	Per Annum
Average of Wage Census (38 Industrial occupations)	£64
Railways (for 1891)	60
Building Trades (for 1891)	73
Seamen: Mercantile Marine, including estimated value of food and berths	65
Royal Navy, including value of food, etc.	65
Army (Non-Coms, and men). Including value of food, etc.	48
Domestic Servants (large households). Including value of food, etc.	68
Employees in Lunatic Asylums. Including value of food, etc.	60
Employees in Hospitals and Infirmaries. Including value of food, etc.	61

Unweighted Average	£62

In his report already referred to, Sir Robert Giffen, after detailing the average rates of the above table, says (p. xxxiii): "Thus in nearly all these trades the average rates are about the same as the average rate in the Census of Wages Summary." But the table does not include the badly paid agricultural labourer, the largest group of all, and the figures for seamen, etc., are, it should be observed, swollen by estimates of the value of board and lodging.

Finally, Sir Robert Giffen arrived at the general conclusion that "the broad results shown by the census summary would not be sensibly modified by including the great mass of other employments not comprised in that summary."

In January 1893 Sir Robert Giffen gave evidence before the Labour Commission and submitted the facts I have detailed. He prepared a general estimate of the proportion of the national income then taken by the wage-earning classes, and his evidence on this point (questions 6909 to 6914) is summarized in the following table:—

EARNINGS OF MANUAL LABOURERS IN 1886
(Sir Robert Giffen's estimate for the Labour Commission)

	Number.	Annual Average per Wage-Earner.	Aggregate Earnings.
Men	7,300,000	£60 0 0	£439,000,000
Women	2,900,000	40 0 0	118,000,000
Boys	1,700,000	23 8 0	46,000,000

Girls	1,260,000	23 0 0	29,000,000
	13,200,000	£48 0 0	£633,000,000

There can be no question that this estimate of Sir Robert Giffen's somewhat exaggerated the actual earnings of manual labourers as a whole. In the first place, it was too much to assume that the 24s. 9d. per week or £64 per annum was representative of the whole of adult male labour. Without introducing agricultural labourers (the largest group in the country), general labourers, postmen, and other ill-paid workers, the unweighted average of the table on page 24 is £62. If £60 per annum had been given as the average *rate of wages* of all the adult male workers in 1886 it would probably have been an exaggeration. It was not given as a rate of wages, however, but as the actual earnings of the men after all allowance made for short time, unemployment, sickness, accidents, strikes, lockouts, stress of weather, etc. Sir Robert Giffen appears to have assumed that all the adult male workers of the United Kingdom were employed on the average about 50 weeks out of 52, and were paid at the average rate of £64 per annum!

In 1866 Leone Levi, in estimating the manual workers' earnings, assumed that four weeks per annum were lost. Dudley Baxter in 1867 pointed out, in criticism of Leone Levi, that if four weeks' "play" were all that need be allowed "England would be a perfect Paradise for working men."[6] Dudley Baxter, in view of the circumstances of his day, allowed ten weeks for "play" in making his estimate, and there can be no question that he was nearer the truth than Levi. At the present day the level of employment is very much the same as it has been for the past forty

years, while sickness, accidents, and the weather are still with us. We need not wonder, then, if Professor A. L. Bowley, who has given the subject of wages so much attention, bases his estimates upon the loss of six weeks' work per annum through sickness and holidays, and makes an additional allowance for unemployment, while also assuming that 10 per cent. of the working population only get casual or irregular work, bringing them in about half the amount shown in the Wage Census.[7]

If the estimate given to the Labour Commission had allowed for six weeks' "play," the average earnings of men, women, boys and girls would have come out at £40. 5s. per annum instead of £48, and the aggregate earnings, therefore, at much less than £633,000,000. Leone Levi's estimate for 1884, allowing for only four weeks' play in the year, was £521,000,000. This figure is too large, but it is over £100,000,000 less than that of Sir Robert Giffen.

I now take the Wage Census figure of 1886 as a basis and correct it for the upward movement of wages since that date by the wage index numbers of the Board of Trade (Cd. 4954, which slightly corrects the index numbers of Cd. 1761, used in "Riches and Poverty," 1905 edition, p. 24), which are based on the mean of over 150 rates:—

Year.	Average Wage (Men, Women and Children) per Week.		Board of Trade Index Number 1900 = 100. *
	s.	d.	
1886 (Wage Census figure)	17	6	82.86
1900 " "	21	1	100.00

1908	"			
"		21	3	101.02

* The meaning of this column is that, if the average wage of 1900 be represented by 100, the average wage of 1886 is represented by 82·86 and that of 1908 by 101·02.

We thus arrive at 21s. 3d. as the average weekly wage of the manual workers in 1908. There is much reason to believe that this estimate errs on the side of liberality. It is unfortunate that we have not a compulsory wage census, and the method of estimation used here can pretend to no more than approximation. It neglects the important fact that between 1886 and 1908 the ranks of women and child workers have swollen at the expense of adult male workers. The 15,500,000 (estimated) manual workers of 1908 consisted as to a larger proportion of women and children than the 13,200,000 (estimated) manual workers of 1886. I regard the 21s. 3d., therefore, as the most liberal figure that can be put forward as the average earnings of the men and women and child workers of the United Kingdom in 1908.

We have now to decide what allowances should be made (1) for the great army of casual, incompetent, and aged or ageing workers who figure in the census returns as following definite occupations, and (2) for the loss of time through unemployment, sickness, accidents, stress of weather, strikes, lockouts, "bank" and other holidays, etc., in the case of the remaining workers.

With regard to the first item, I do not think we are justified in estimating the incompetents and casuals at less than 1,000,000 out of the 15,500,000. For the purposes of the present estimate, I assume that these

1,000,000 workers earn, on the average, £25 per head per annum, or an aggregate of £25,000,000. My view is that this is a liberal estimate of the earnings of what may be termed the camp-followers of the industrial army.

With regard to the remaining 14,500,000, we have to form an estimate of the amount of time lost per annum through voluntary or enforced leisure. No certain information exists, and the widest differences of opinion have been expressed on the subject. As I have said above, Dudley Baxter took ten weeks; Leone Levi took four weeks; Mr A. L. Bowley takes six weeks plus a further allowance for unemployment.

The Board of Trade, in their recent examination of fluctuations in employment, made an analysis from the records of the Amalgamated Society of Engineers, combined with information supplied by employers, of the time lost in the engineering trade. They came to the conclusion that, in an average year, perhaps 8 per cent. of working time was lost from all causes, and expressed the opinion that in a good year the loss might fall to 4 per cent. and in a bad year rise to 15 per cent. or more (Cd. 2337, p. 101). This would mean, for the engineering trade only, a loss of time varying from only two weeks in the year to as much as eight weeks or more.

In other employments the widest variations exist. There are the quite regular employments, such as the army, the navy, the postal service, the police service, and, for the greater part, the railway service. There are violently fluctuating employments, such as the building trades and the shipbuilding trades. In all alike, sickness takes its toll, and unemployment arises from accidents, from disputes, from "drink,"

and from seasonal influences and depression, while, on the other hand, overtime occasionally goes to swell the aggregate earnings.

I make the assumption that the average working year of the 14,500,000 remaining wage-earners consists of 44 weeks. Applying the average wage already arrived at (21s. 3d. per week), we get an average annual earning of, say, £46. 15s., which gives us £678,000,000 as the probable aggregate earnings of the 14,500,000 workers. Adding the £25,000,000 assumed to be earned by the remaining 1,000,000, we arrive at £703,000,000 as the total earnings of the manual labourers in 1908.

It is probable that this calculation does not take sufficient account either of the changes of occupations since 1886, or, as has been already pointed out, of the changes in the respective proportions of men, women and children employed. The average wage of the 1886 Census, taken as the basis of the calculation, was, it is necessary to insist, exaggerated by the omission of the most ill-paid workmen, while the returns upon which it was based, framed as they were by employers, are only too likely in a proportion of cases to have put the wages paid in the most favourable light. The employers again, who filled in the forms, were only some 75 per cent. of the firms applied to by the Board of Trade, and it is a fair inference that those who neglected to reply had no excessive pride in the records of their wage-sheets. I submit, therefore, that as the 1886 average wage figure is a liberal estimate, [8] the figure which I have deduced from it does not, in all probability, err on the side of under-estimation.

Professor Bowley estimates the total paid in wages in 1901 as £705,000,000,[9] and the Board of Trade

in the Fiscal Blue Book of 1903 (Cd. 1761) say:—

"From investigations based on the Board of Trade Census of Wages (1886) combined with the recorded changes of wages since that date and the distribution of the working population among various industries as shown in the census returns, the total wages bill of the United Kingdom has been estimated at between £700,000,000 and £750,000,000, according to the state of employment."

The estimate which I have given, therefore, differs but little from those of Professor Bowley and the Board of Trade.[10] I prefer to use the smaller figures on several grounds. In the first place, the allowance for "play" is a conservative one. In the second place, I have the gravest doubts as to the propriety of including in the estimates of the wages of domestic servants, sailors, and others, an allowance for the value of "lodging," as is done in the figures used. To include so many shillings a week for the accommodation afforded by a seaman's bunk or a general servant's fraction of an attic is to flatter "earnings" out of all resemblance to the truth. The free cottages and other allowances to agricultural labourers are often of a scarcely marketable character. We may be justified in valuing an unhealthy hovel at 1s. 6d. per week, in view of the fact that the labourer, if he had it not, would need to pay rent elsewhere, but in too many cases the "cottage" is fit not for inhabitation but for demolition. In the third place, no allowance is made for the excessive rents paid by workmen in London and other large towns. These rents are really part of the working expenses of the wage earners, and there is as good ground for making deductions on account of them as there is for deducting wear and tear of

machinery in the case of income-tax incomes.

We can now arrive at an approximate estimate of the National Income as a whole in 1908-9 (say 1908).

THE NATIONAL INCOME IN 1908

(1)	Persons with incomes which exceed £160 per annum	£909,000,000
(2)	Persons with incomes below £160 per annum:—	
	(a) Persons earning small salaries, petty tradesmen, etc.	232,000,000
	(b) The wage-earning classes	703,000,000
		£1,844,000,000

It will be seen that *the income tax exemption limit of £160 per annum splits the national income into two almost equal parts*. Of a total income amounting to £1,844,000,000 in 1908, those with over £160 per annum took £909,000,000, while those with less than £160 per annum took £935,000,000.

[1] Figures examined in "Riches and Poverty" (1905), Chapter 2.

[2] In "Riches and Poverty" (1905), Chapter 2, I estimated this figure at £900,600,000.

[3] It has been too freely assumed in calculating the national income that the gross assessments represent actual income.

[4] As Schedule D is an exceedingly important gauge of national prosperity, it may be well to remind the reader of its precise application. It is a tax upon all income derived from trades,

industries and professions, and from all sources not specified under the other four Schedules. Profits from businesses established in places abroad are assessable under it. The assessments are made annually, and are generally based upon the mean of the income received during the preceding three years. Fuller particulars will be found in Chapter 21.

[5] "National Income." R. Dudley Baxter. Macmillan & Co. 1868.

[6] "The National Income," Dudley Baxter.

[7] "Economic Journal," Sept. 1904. Page 458.

[8] Take, for example, the boot and shoe trade. The Wage Census for 1886 (Cd. 6889, p. xiii.) gives the average earnings in boot and shoe factories (both sexes and all ages) as £48 per annum. In 1908, more than twenty years after, the Board of Trade "Labour Gazette" shows, from employers' returns, that (in a July week) 60,337 boot workers took only £58,147 in wages, which is about 19s. per week or £49, 8s. in a year of 52 such weeks. With regard to this trade, it is clear that either the 1886 estimate was too liberal, or that earnings have been practically stationary in the twenty years.

[9] "Economic Journal," September 1904.

[10] If, however, the reader prefers to rely upon the larger estimates he will find that the general conclusions of this and the following chapter remain practically unaltered.

CHAPTER III
DISTRIBUTION OF THE NATIONAL INCOME

TAKING the population of the United Kingdom, 1908, at 44,500,000, and the total income at £1,844,000,000, we get an average income per head of about £40.

Thus, if the income of the nation were equally distributed amongst its inhabitants, a family of five persons would enjoy an income of about £200 per annum.

But how is the £1,840,000,000 actually divided amongst our people? Contrasts between great riches and extreme poverty are every day presented to our eyes. Can we do anything to reduce to a definite shape our vague conceptions of riches and poverty?

Investigation of the material at our disposal has convinced me that it is hopeless to do very much in the way of detailed classification of incomes. Our census methods are ridiculously inadequate, and our inquisition into individual incomes is but partial. It is possible, however, to depict the subject of distribution in broad outlines with considerable accuracy.

As we have already noticed, the £160 line at which assessment to income tax begins, divides the national income into two almost equal parts. Those persons who have more than £160 per annum enjoy an aggregate income of £909,000,000. Those persons who have less than £160 per annum enjoy an aggregate income of £935,000,000.

Let us endeavour to discover how many persons

have an income of £160 and upwards.

A certain amount of confused light is thrown on the subject by the returns of the Inland Revenue Department. Under Schedules D and E, which relate to profits from "Businesses, Concerns, Professions, Employment, etc.," to use the official language,[11] the commissioners give us a record of the number of individual assessments which are made. A summary of these is as follows:—

INCOME TAX. SCHEDULES D AND E.
PROFITS FROM BUSINESSES, CONCERNS, EMPLOYMENTS, ETC.

		Number of Assessments.	Gross Income Assessed.
(*a*)	Persons not employees	416,661	£109,900,000
(*b*)	Firms (number of partners not known)	53,663	80,500,000
(*c*)	Public Companies (number of shareholders unknown)	37,937	291,000,000
(*d*)	Local Authorities	11,985	24,000,000
(*e*)	Bankers, Coupon dealers, etc., deducting tax on behalf of the Revenue	not available	33,100,000
(*f*)	Employees (Schedule D)	114,074	27,100,000
(*g*)	Employees (Schedule E)	471,564	109,600,000

1,105,884	£675,200,000

We have thus a record of 1,100,000 *assessments*, but these assessments do not always correspond to individual tax-payers.

Item *a*, "Persons not employees," gives us the fact that 416,661 individuals are taxed in respect of trading or professional profits. Item *b* reveals the existence of 53,663 firms with an unknown number of partners. Item *c* covers a great many large and small shareholders. Item *d* covers a large number of investors who have lent money to local bodies. Item *e* similarly covers many persons of property deriving interest from various securities which are taxed "at the source." In items *f* and *g* each assessment refers to an individual.

Further, these 1,100,000 assessments are made under Schedules D and E only, which cover but £675,000,000 out of a total gross assessment to income tax of £1,010,000,000 in 1908-9. There remain to consider Schedules A, B, and C.

A moment's reflection will show that from these three schedules, which deal respectively with realty, farmers' profits, and government securities, we can expect little assistance. The assessments under Schedule A are made upon tenants, who in the majority of cases are not the actual and ultimate tax-payers. The number of assessments is enormous; we do not know it, but it would not help us if we did, for it has no relation whatever to the number of property owners. Under Schedule B, as is explained elsewhere,[12] there are few income tax payers. Under Schedule C certain interest from home and foreign government securities is taxed, but not by

assessment on the actual tax-payers.

To sum up, the number of assessments to income tax is not known, and, if it were known, it would be very much greater than the number of individual tax-payers. Two-thirds of the income tax is collected, not directly from the persons who owe the tax, but indirectly or "at the source." It is possible for an individual tax-payer to appear more than once in each schedule. With delightful humour the Inland Revenue Commissioners give a hypothetical case of a composite income of £5000 per annum, made up as follows:—

HYPOTHETICAL COMPOSITE INCOME

Schedule.		Amount.
A	Profits from the Ownership of Lands, Houses, etc.	£500
B	Profits from the Occupation of Lands	200
C	Profits from Government Securities	200
D	Profits as an Author	100
D	Profits as a Solicitor (partner in a firm the total profits of which are £5000)	2,500
D	Profits from Investments in a Public Company (total profits of the Company, £55,000)	500
D	Profits from Investment in Municipal Stock	100
D	Profits from Investments in Foreign Bonds (payable by coupons cashed in the United Kingdom)	100
D	Salary as a Land-Agent	500
E	Salary as a Borough Auditor	300
		£5,000

This hypothetical gentleman, who is at once a landlord, a farmer, a fundholder, a man of letters, a lawyer, a shareholder, an investor in foreign bonds, a land-agent, and a borough auditor, does great credit to the sense of humour of the Inland Revenue authorities, and may be called an extreme case. There are, however, tens of thousands of fortunate or

unfortunate persons who are at once business men, investors, and landlords or houselords, and it is clear that if we are to arrive at the actual number of individuals who earn or receive incomes of £160 per annum or upwards we must proceed by other methods.

Before leaving the table on page 33, however, the reader should take note of the low range of incomes it reveals, so far as individuals can be detected in the list:

		Per Annum.
(*a*)	The 416,661 persons not employees have an average income of	£260
(*f*)	The 114,074 employees taxed under Schedule D have an average income of	230
(*g*)	The 471,564 employees taxed under Schedule E have an average income of	230

Many of these individuals have other sources of income beside their earnings, but the low mean income of each class remains remarkable when that fact is taken into account. Classes *f* and *g* cannot possibly deceive the Income Tax Commissioners as to their incomes, for the law compels employers to tell the authorities exactly what their employees earn. With an average as low as £230 it is clear that the majority of salaries lie between the exemption limit of £160 and £200 a year. The under payment of the middle class stands revealed.

If the reader takes note of these facts he will be less surprised by the results of the analysis to which

we will now proceed.

We now turn to what information is available upon the subject of individual incomes. So far as the poorer classes of income tax payers are concerned, some clear light is afforded by the Income Tax Commissioners in a table showing the number of persons claiming abatements. This table, which is of great importance, is given on page 37.

These abatements are claimed by certain individuals who satisfy the Commissioners that their entire incomes, *from every source*, lie between £160 and £700 per annum. Thus we get definite information that in 1908-9, 779,552 individuals declared their incomes to be within these limits.

The record of the number of abatements is worth particular attention. In 1893-4 the limit of exemption was £150. In the following year the exemption limit was raised £10 to £160, and for the first time an abatement was allowed upon incomes up to £500. In 1898-9 abatements were introduced on incomes up to £700.

INDIVIDUAL INCOMES BETWEEN £160 AND £700
Defined by claims for abatements

Year.	ABATEMENTS					
	£120 on incomes of under £150 and under £400.	£160 on incomes exceeding £160 but not exceeding £400.	£100 on incomes exceeding £400 but not exceeding £500.	£150 on incomes exceeding £400 but not exceeding £500.	£120 on incomes exceeding £500 but not exceeding £600.	£70 on incomes exceeding £600 but not exceeding £700.
1893-4	509,397					
1894-5		436,325	13,010			
1895-6	*Exemption*	449,003	20,375			
1896-7	*limit and*	464,017	23,492			
1897-8	*abatement*	481,306	26,056			
1898-9	*altered—*	495,791		31,669	11,115	3,940
1899-1900	*see next*	515,680	*Abatements*	38,055	16,861	6,714
1900-01	*column.*	530,014	*extended—*	42,123	20,520	8,647
1901-02		554,727	*see*	46,967	23,899	10,490
1902-03		575,444	*following*	49,610	26,737	11,982
1903-04		603,338	*columns.*	51,922	27,777	12,879
1904-05		612,548		53,384	29,227	13,483
1905-06		622,437		56,305	31,100	14,886
1906-07		628,818		58,704	33,150	16,607
1907-08		638,482		64,560	39,166	22,272
1908-09		648,310		66,523	40,721	23,998

Year.	Total Abatement Granted.	Annual Increse in No. of Abatements Granted.	Rate of Income Tax. Pence in the £.
1893-4	509,397		7
1894-5	449,335		8
1895-6	469,378	20,043	8
1896-7	487,509	18,131	8
1897-8	507,362	19,853	8
1898-9	542,515	35,153	8
1899-1900	577,310	34,795	8
1900-01	601,304	23,994	12
1901-02	636,083	34,779	14
1902-03	663,773	27,690	15
1903-04	695,916	32,143	12
1904-05	708,642	12,726	12
1905-06	724,728	16,086	12
1906-07	737,279	12,551	12
1907-08	764,480	27,201	9 to 12
1908-09	779,552	15,072	9 to 12

It will be seen that since 1897-8 there has been a rapid increase in the number of abated incomes. This has been caused not by the sudden growth of incomes of this class, but by (1) the abatements being better understood, and (2) heavier taxation making it better worth while for individuals to claim the abatements. With the income tax at 1s. and 1s. 3d. it became worth while to fill up the form. We have, then, to thank the late war, and the increased taxation which followed it, for putting at our disposal a fairly complete record of the number of individual incomes between £160 and £700. Probably the record is still incomplete, and we must make an allowance for the fact. It is probable also that a certain number of persons of small income who ought to pay tax escape assessment. Both counts, however, are certainly well covered by adding a small percentage to the number of individual incomes revealed by the claimed abatements. In "Riches and Poverty," edition 1905,

with the actual claims made standing at about 700,000, I suggested that 50,000 would be a fair estimate of the number not claiming abatements or who escaped taxation. But in five years some 80,000 new claims have been made. Over 27,000 of these were made in 1907-8; this was probably due to the clause in the Finance Act of 1907 compelling all employers, and not companies alone, to divulge their employees' incomes, thus bringing to light non-assessed incomes and causing claims for abatements by their owners. My estimate of 50,000 I should, in view of this further information, raise to 90,000 or 100,000, and at the present time I am inclined to think that some 40,000 incomes between £160 and £700 must still be regarded as either escaping tax or as being not reviewed in the abatements table. We thus arrive at, in round figures, 820,000 as a near approximation to the number of individuals who possess between £160 and £700 per annum.

The aggregate income of the 779,000 persons granted abatements in 1908-9 is not given in the report. We can, however, estimate it closely, and this is done in the following table, figures being added for the 40,000 persons whom we have assumed either to neglect to claim abatements or to escape taxation altogether:—

INDIVIDUAL INCOMES BETWEEN £160 AND £700 (1908)

		Estimated Aggregates.
648,000	Incomes between £160 and £400. Average assumed to be £300	£194,400,000

67,000 Incomes between £400 and £500. Average assumed to be £450	30,150,000
41,000 Incomes between £500 and £600. Average assumed to be £550	22,550,000
24,000 Incomes between £600 and £700. Average assumed to be £650	15,600,000
40,000 (balance of estimated total of 820,000) Incomes of persons who either neglect to claim abatements or altogether escape taxation. Average assumed to be £300	12,000,000
820,000 Incomes aggregate	£274,700,000

To proceed, we see that some 820,000 persons enjoy an estimated aggregate income of £274,700,000 per annum. But the total income of the income tax paying classes we have already seen to be £909,000,000. There remains therefore, to form an estimate of the number of persons who enjoy the balance of £634,000,000.

Our best clue to these persons, who individually possess incomes exceeding £700 a year, is to be found in the number of rich men's houses in the United Kingdom.

In Great Britain an Inhabited House Duty is levied upon the occupiers of all houses and residential business premises of an annual value exceeding £20. The duty being graduated, we obtain records of the houses of Great Britain classified according to their rentals. The duty is not levied in Ireland.

The Inland Revenue report gives us the following interesting record.

GREAT BRITAIN ONLY: PRIVATE DWELLING-HOUSES OF £20 AND UPWARDS: 1908-9

Class of House.			Number of Houses.	Class of House.		Number of Houses.
£20	and under	£25	384,583	£20	and over	1,473,214
25	"	30	256,906	25	"	1,088,631
30	"	41	414,663	30	"	831,725
41	"	50	104,949	41	"	417,062
50	"	61	125,051	50	"	312,113
61	"	80	61,498	61	"	187,062
80	"	100	38,898	80	"	125,564
100	"	150	44,953	100	"	86,666
150	"	200	16,563	150	"	41,713
200	"	300	13,649	200	"	25,150
300	"	400	5,207	300	"	11,501
400	"	500	2,416	400	"	6,294
500	"	600	1,187	500	"	3,878
600	"	700	723	600	"	2,691
700	"	800	472	700	"	1,968
800	"	900	323	800	"	1,496
900	"	1000	176	900	"	1,173
1000	and over		997	1000	"	997

The figures refer to Great Britain only, but the number of income tax payers in Ireland is small, the payment of income tax in that country, in 1908, being but £996,000 out of £31,860,000 paid by the United Kingdom as a whole.

If there were a constant ratio between incomes and rentals, and if every private house contained but one family, the record of houses would be a sufficient clue to the number of income tax payers; but there is no such correspondence, and a considerable proportion of the houses are let in tenements.

In London persons with an income over £160 a year rarely pay a rental less than £30. In the provinces a rental as low as £25 may sometimes represent an income tax payer. Many £25, £30, and even £40, and more houses in London and elsewhere are tenement dwellings. Some notorious London

slums consist of houses of about £30 annual value. In West London 6s. a week, £15, 12s. a year, commands two poor rooms.

Some residential shops, etc., not included in the above list, house income tax payers, but usually the well-to-do shopkeeper lives away from his shop, the upper part of which is let to poorer persons.

These considerations make it impossible to deduce the aggregate of income tax payers from the house record, but it is a suggestive fact that in Great Britain there were in 1908 only 1,088,631 private houses of £25 and over. It is clear that the number of persons with incomes exceeding £160 a year cannot much exceed that figure, even when allowance is made for the Irish houses not included in the record.

As we have ascertained from the income tax abatement claims the approximate number of income tax payers between £160 and £700 a year, we are enabled to neglect the difficult relation of small rentals to incomes, and to concentrate our attention upon a simpler and more satisfactory problem, the number of houses likely to be in the occupation of persons with upwards of £700 a year.

It is submitted that persons in the Metropolis possessing an income of over £700 per annum are unlikely to occupy private dwelling-houses of an annual value below £60. Indeed, London householders with incomes below £700 sometimes pay higher rentals than £60. Against this fact we must, however, place the existence of many blocks of flats of high rentals which pay Inhabited House Duty, not per flat, but per block. I think we may balance the one consideration against the other, and assume that the private dwelling-houses in London exceeding £60 in annual value roughly correspond to the

number of persons with £700 per annum and upwards.

In the provinces and Scotland rentals are lower, and I think we may safely draw the line at £50, in view of the fact that we are excluding, as in London, all residential shops, public houses, etc.

The number of houses in Great Britain of the classes referred to is as follows:—

PRIVATE DWELLING-HOUSES IN GREAT BRITAIN LIKELY TO BE IN THE OCCUPATION OF PERSONS WITH £700 PER ANNUM AND UPWARDS (1908-9)

Annual Value.	Metropolis.	Rest of England.	Scotland.
£50 to £61		76,141	10,739
61 to 80	18,502	37,075	5,921
80 to 100	10,033	24,875	3,988
100 to 150	12,593	28,411	3,949
150 to 200	5,110	10,075	1,378
200 to 300	5,541	7,427	681
300 to 400	2,645	2,437	125
400 to 500	1,408	960	48
500 to 600	748	424	15
600 to 700	504	210	9
700 to 1000	746	212	13
£1000 and over	826	145	26
	58,656	188,392	26,892

If the reader has not before examined the subject he will probably be exceedingly surprised to find that there are so few rich men's houses, and therefore so few rich men, in Great Britain. In England and Wales there are 247,048 houses and in Scotland only 26,892 houses likely to contain persons with incomes exceeding £700 per annum. There are nine times as many such houses in England as in Scotland. This corresponds closely to the income tax assessments. The yield of the income tax in Scotland is but one-ninth or one-tenth of the yield in England.

We have to add an estimate for Ireland. The yield of the income tax in Ireland is very small, about one-

third of the yield of Scotland. If, then, we add 9000 houses for Ireland, we shall probably be near the truth.

We thus get the following figures for the whole of the United Kingdom, making our figures round:

PRIVATE DWELLING-HOUSES IN THE UNITED KINGDOM
PROBABLY CORRESPONDING TO INCOME TAX PAYERS
WITH £700 AND UPWARDS PER ANNUM (1908-9)

	Number.
London	58,700
Rest of England and Wales	188,400
Scotland	27,000
Ireland	9,000
Total	283,100

We can now arrive at an estimate of the total number of income tax payers. It is as follows:

INCOME TAX PAYERS OF THE UNITED KINGDOM (1908-9)

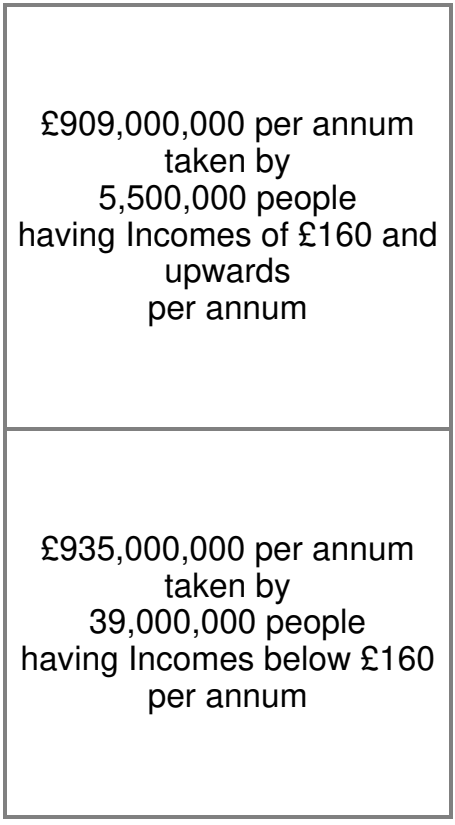
Incomes.	Number.
Between £160 and £700	820,000
Exceeding £700	280,000
Total	1,100,000

I think that this estimate of 1,100,000 may be

accepted with confidence as a near approximation to the actual number of individual incomes which exceeded £160 per annum in 1908-9.

Taking 1,100,000 as a trustworthy figure, we are in a position to show how the population of the United Kingdom is divided by the line of income tax exemption. If we assume that each of the 1,100,000 persons is the head of a family of five persons, we get, by obvious calculation, the following result:

THE EQUATOR of BRITISH INCOMES



In 1908 the Income Tax Exemption limit of £160 per annum divided the National Income into two almost equal parts.

DISTRIBUTION OF THE NATIONAL INCOME AS BETWEEN
THOSE WITH MORE AND THOSE WITH LESS THAN £160 PER ANNUM (1908-9)

	Number.	Income.
Persons with incomes of over £160 and their families (1,100,000 × 5)	5,500,000	£909,000,000
Persons with incomes of less than £160 and their families (total population less 5,500,000)	39,000,000	935,000,000
	44,500,000	£1,844,000,000

These striking facts are expressed in diagrammatic form on page 45. Broadly speaking, it is shown that *one-half of the entire income of the United Kingdom is enjoyed by about 12 per cent. of its population.*

But a still more extraordinary conclusion emerges from the facts we have examined. Of the 1,100,000 income tax payers, 820,000 are persons with incomes over £160 and not exceeding £700. The aggregate income of these 820,000 persons we estimated at £275,000,000 (page 39), and the estimate is a liberal one. By subtraction from the total income of the income tax classes (£909,000,000) we see that the 280,000 rich persons with over £700 per annum possess an aggregate income of £634,000,000 per annum. The facts are clearly shown in the following table and in the diagram which forms the frontispiece of this volume:

RICHES, COMFORT, AND POVERTY, 1908

Distribution of the National Income as between (1) those with £700 per annum and upwards; (2) those with £160 to £700 per annum; and (3) those with not more than £160 per annum.

	Number.	Income.
RICHES		
Persons with Incomes of £700 per annum and upwards and their families, 280,000 × 5	1,400,000	£634,000,000
COMFORT		
Persons with Incomes between £160 and £700 per annum and their families, 820,000 × 5	4,100,000	275,000,000
POVERTY		
Persons with Incomes of less than £160 per annum and their families	39,100,000	935,000,000
	44,500,000	£1,844,000,000

Thus, to the conclusion that one-half of the entire income of the nation is enjoyed by but about 12 per cent. of its population, we must add another even more remarkable, viz.: that *more than one-third of the entire income of the United Kingdom is enjoyed by less than one-thirtieth of its people.*

The broad outlines thus drawn I shall not attempt to amplify, for, as will be gathered from the nature of the available material, such amplification would be of little value. Nor would any useful purpose be served by any arbitrary division of our population into "upper," "middle," and "working" classes. The three divisions of population at which we have arrived, although arbitrary, have naturally arisen in the course of our inquiry, and with some propriety we may term them respectively the Rich Classes, the Comfortable Classes and the Poor Classes.

The great fact emerges that the enormous annual income of the United Kingdom is so badly distributed amongst us that, out of a population of 44,500,000, 39,000,000 are "poor" in the sense that their incomes do not exceed £160 a year. It is no longer incredible that in a population of 44,500,000 people, enjoying an aggregate income of £1,844,000,000, there exist "30 per cent. living in the grip of perpetual poverty." When we realize that 39,000,000 out of our 44,500,000 are poor, measured by a very modest standard of income, the statistics of Booth and Rowntree cease to surprise us. In analysis, the United Kingdom is seen to contain a great multitude of poor people, veneered with a thin layer of the comfortable and the rich.

It will be of interest to compare the above statistics with those which appeared in "Riches and Poverty," edition 1905. The statement then presented was based on the Inland Revenue figures of 1903-4, and the frontispiece bore the heading "British Incomes in 1904." For the purposes of comparison, the 1905 edition figures may be attributed to 1903, since the fiscal year 1903-4 is as to nine months in 1903. Similarly, the figures arrived at in the above pages

may be dated 1908, an interval of five years separating the two investigations.

The following is the comparison arrived at, after adjustment of the earlier figures by raising the estimated number of income tax payers in 1903 from 1,000,000 to 1,050,000, for the reasons given on page 38.

DISTRIBUTION OF BRITISH INCOMES

Range of Income.	1903 Figures of "Riches and Poverty," 1905 edition, adjusted[13] by raising estimate of Income Tax payers from 1,000,000 to 1,050,000.		1908	
	Number of Persons.	Income.	Number of Persons.	Income.
		Million£		Million£
Persons with over £700 a year and their families	1,250,000	570	1,400,000	634
Persons with over £160, but not over £700, and their families	4,000,000	260	4,100,000	275
Persons with not more than £160 and their families	37,250,000	880	39,000,000	935
Totals	42,500,000	1710	44,500,000	1844

The result is to show that, in the five years, the wealthy classes have increased their share of the national dividend, both actually and relatively. We shall later find this conclusion confirmed by a comparison of the respective growths of taxed incomes and wage rates.

The stationariness of wages is a fact which closely demands the attention of the nation.

[11] For a fuller explanation of these Schedules reference should be made to Chapter 21.

[12] See Chapter 21.

[13] The change in the proportions through the adjustment is insignificant and negligible, as will be seen by reference to the original estimate.

CHAPTER IV
THE ESTATES OF RICH AND POOR

OUR review of the extraordinary facts relating to what has been called with grim humour the "National" income, prepares us for an examination of the estates of rich and poor.

Legal distribution of the property of deceased persons can only be made upon payment of certain taxes, commonly called death duties, and legally known as the Estate, Legacy and Succession duties. The nature and extent of these duties I shall discuss in a later chapter. At this point I am only concerned with the facts which are brought to light in the collection of the chief death duty, the Estate duty, as since varied, of the great 1894 Budget[14] of the late Sir William Harcourt.

The principle of graduation was very properly applied to this duty, and accordingly we obtain, through the reports of the Inland Revenue Commissioners, an exceedingly valuable record, not only of the total value of the property which is "left"—it is a suggestive term—by the deceased, but of the classification of that property in large and small estates.[15]

The Estate Duty is payable upon all estates which exceed £100 net (net, that is, after the discharge of all debts due by the deceased) and the Inland Revenue authorities undoubtedly pass under review the greater part of the property which is thus legally taxable. There must be a certain leakage, of course, for such heritages as household furniture, cash in money or notes, bearer bonds, and so forth, are

sometimes divided up amongst the relatives of a departed property owner without account to the State, and it is difficult properly to assess unquoted securities, goodwills, trade stocks, furniture, etc. Moreover, large sums pass *inter vivos*. How much property thus escapes official observation we do not know, but it is probably a considerable amount.

PROPERTY LEFT AT DEATH IN THE UNITED KINGDOM.
NUMBERS AND VALUES OF ESTATES BROUGHT TO THE NOTICE OF THE INLAND REVENUE COMMISSIONERS IN THE FIVE YEARS 1904-5 TO 1908-9.

Class of Estate.				190[illegible]
				Number.
A. *Estates not Dutiable*:				
Bankrupt Estates				1,628
Estates not exceeding £100 net				15,931
		Total A		17,559
B. *Estates Liable to Duty*:				
Small Estates:—				
(1) Not exceeding £300 gross				18,505
(2) Between £300 and £500 gross				8,846
Net Capital Values"—				
Exceeding	£100	but not over	£500	5,853
"	500	"	1,000	10,098
"	1,000	"	10,000	16,704
"	10,000	"	25,000	2,295
"	25,000	"	50,000	883
"	50,000	"	75,000	288
"	75,000	"	100,000	161
"	100,000	"	150,000	128
"	150,000	"	250,000	89
"	250,000	"	500,000	44
"	500,000	"	1,000,000	23
"	1,000,000	"	2,000,000	↑
"	2,000,000	"	3,000,000	1
"	3,000,000			↓
		Total B		63,918
Total Estates				81,477

Class of Estate.				1907 Number.
A. *Estates not Dutiable*:				
Bankrupt Estates				1,663
Estates not exceeding £100 net				16,475
		Total A		18,138
B. *Estates Liable to Duty*:				
Small Estates:—				
(1) Not exceeding £300 gross				19,340
(2) Between £300 and £500 gross				9,736
Net Capital Values:—				
Exceeding	£100	but not over	£500	6,374
"	500	"	1,000	10,782
"	1,000	"	10,000	17,356
"	10,000	"	25,000	2,341
"	25,000	"	50,000	908
"	50,000	"	75,000	278
"	75,000	"	100,000	144
"	100,000	"	150,000	109
"	150,000	"	250,000	90
"	250,000	"	500,000	51
"	500,000	"	1,000,000	17
"	1,000,000	"	2,000,000	4
"	2,000,000	"	3,000,000	1
"	3,000,000			2
		Total B		67,533
Total Estates				85,671

Before setting out particulars of the numbers and values of the estates revealed through the operation of the Estate Duty, it will be well to remind the reader of the number of deaths per annum in the United Kingdom. In the years 1899 to 1903, the figures were as follows:—

DEATHS IN UNITED KINGDOM

Year.	Deaths.
1904	707,000
1905	670,000

1906	681,000
1907	679,000
1908	677,000

Average Deaths per annum 1904-1908 = 683,000.

We see that the mean number of deaths in the five years 1904-8 was just over 680,000 per annum.

We now inquire, as to these 680,000 persons who die in the United Kingdom in a year, how many leave property of sufficient value to be brought under the notice of the tax-gatherers, and what is the value of the property left by them.

These questions are answered in considerable detail by the table on pages 52 and 53, which shows, for each of the last five financial years of which we have record, the numbers and values of the estates reviewed.

It will be seen that, taking the average of these five years, we get the following summary facts:—

Deaths per annum	683,000
Sworn Estates per annum, number	83,206
Estates of less value than £100 net each per annum	17,626
Estates exceeding £100 net each per annum	65,580
Net value of Dutiable Estates per annum	£278,300,000

The question now arises, what is the average value of the tiny estates which are not the subject of affidavits? What is the amount of property per head left by the poor people who form the great majority

of the inhabitants of our rich country? There are the few humble sticks of furniture, and the small sums invested in savings banks, friendly societies, trade unions, building societies, etc., What are these worth?

The Chief Registrar of Friendly Societies, Mr Stuart Sim, in his latest Report (No. 105 of 1909), p. 44, gives us the Summary of Registered Provident Societies and Thrift Institutions, which appears on page 56.

The total funds, £439,000,000, represent the savings of some millions of people, but the total number of "members," nearly 34,000,000, must not be taken to stand for so many individuals. There is, of course, much duplication in the membership, one individual being sometimes member of two, three, four, or more societies or clubs. A carpenter, earning 30s. a week, may be a member of his trade union, member of two friendly societies, have a few pounds in the Post Office Savings Bank, and be a depositor in a building society, thus figuring as "five members" in the list.

The list is not complete, for it does not cover the industrial insurance companies, which waste in costly management so large a part of the sums paid them, and unregistered friendly societies and slate clubs.

THRIFT INSTITUTIONS: SUMMARY OF REGISTERED PROVIDENT SOCIETIES AND CERTIFIED AND POST OFFICE SAVINGS BANKS AT DEC. 31st, 1907.

NATURE OF INSTITUTION.	No. of Returns.	No. of Members.	Funds.
Building Societies:			£
Incorporated Societies	1,852	565,047	57,300,118
Unincorporated Societies	58	58,000	15,989,111
	1,910	623,047	73,289,229
Friendly Societies, etc.:			
Ordinary Friendly Societies	6,563	3,416,869	19,346,567
Societies having Branches	20,640	2,710,437	25,610,365
Collecting Friendly Societies	55	9,010,574	9,946,447
Benevolent Societies	73	29,716	337,393
Working Men's Clubs	1,036	272,847	381,463
Specially Authorised Societies	162	70,980	532,717
Specially Authorised Loan Societies	618	141,850	897,784
Medical Societies	96	313,755	65,513
Cattle Insurance Societies	60	4,029	8,570
Shop Clubs	7	12,207	1,349
	29,310	15,983,264	57,128,168
Co-operative Societies:			
Industries and Trades	2,267	2,461,028	53,788,917
Businesses	399	108,550	984,680
Land Societies	146	18,631	1,619,716
	2,812	2,588,209	56,393,313
Trade Unions	652	1,973,560	6,424,176
Workmen's Compensation Schemes (1)	59	99,371	164,560
Friends of Labour Loan Societies	248	33,576	260,905
Total Registered Provident Societies	34,991	21,301,027	193,660,351
	Banks.	Depositors.	Deposits.
Railway Savings Banks	18	64,126	5,865,072

Trustee Savings Banks (including Investments in Stock)	222	1,780,214	61,729,588
Post Office Savings Bank (including Investments in Stock)	15,166	10,692,555	178,033,974
Total Certified and Post Office Savings Banks	15,406	12,536,895	245,628,634
Grand Total	50,397	33,837,922	439,288,985

(1) The figures given include 64,700 members, and £105,475 funds undistributed, at 31st December 1907, in respect of Schemes whose Certificates had expired or were revoked at that date.

Note.—Where Returns are made to a date other than 31st December the particulars at the nearest date available are given.

On the other hand, it would be a profound mistake to regard the sum shown—£439,000,000—as belonging entirely to manual workers. No small part of the funds of building societies, savings banks, etc., belong to the middle classes, and even professional men do not disdain to purchase houses through building societies.

Additions must be made for the tiny stocks of little shopkeepers and the "furniture" in poor houses, but on the latter account those who know what the furniture of the poor usually consists of will make modest estimates of its value. Its exchange value is almost negligible, and its value in use is that it is a factor in the sordid discomfort of the poor home, being in that respect not unworthy of the ugly walls which enclose it.

Altogether it is probable that we may estimate the total property of the poor at less than £500,000,000 in 1908, and regard this sum as belonging chiefly to

a great mass of people, forming by far the greater part of the 39,000,000 persons under the line of Income Tax exemption. Probably about £15,000,000 of this sum passes at death per annum, and only a small part of it, chiefly the house property, comes under review by Somerset House.

With the facts we have reviewed we are in a position to arrive at a just idea of the respective proportions of rich and poor estates. On page 59 will be found a table which shows the nature of those proportions. I have taken the averages of the past five years arrived at in the tables on pages 52-53, and have made a rough division between rich and poor by drawing the line at the possession of property worth £1,000 net capital value.

To give a true idea of the division of deaths in the two classes, it is necessary to make allowance in the rich class for the deaths of the children of the well-to-do. It may be taken that, in addition to the 20,000 adults who die every year possessed of estates worth upwards of £1,000, 7,500 children and young persons die in well-to-do homes. I then place in the upper part of the table the number of deaths remaining after deduction from 683,000 of all the other figures in the table.

In arriving at the amount of property left by the poor I have assumed that of the £15,000,000 of savings estimated as passing at death per annum, £5,000,000 does actually come under review in the first few lines of the table on pages 52-53. The balance, £10,000,000, I have brought into the account as corresponding to the 592,294 deaths in the first line of the table on p. 59.

With these explanations the table will speak for itself, and its tale is a startling one. We see that,

drawing the line between the rich and poor arbitrarily at the possession of £1,000, of the 683,000 persons who die in a year, 28,397 die rich or very rich, leaving £259,700,000, while 654,603 die poor or very poor, leaving between them only £29,500,000.

The figures over £10,000 are worth special attention:—

FORTUNES OVER £10,000 EACH (NET)

Year.	Number.	Value.
1904-5	3,912	£186,600,000
1905-6	3,924	195,700,000
1906-7	4,172	218,200,000
1907-8	3,945	197,200,000
1908-9	3,986	187,100,000

Year by year, with the regularity of the seasons, about four thousand persons die leaving between them about £200,000,000 out of total estates declared to be worth about £300,000,000.

PROPERTY LEFT BY 683,000 PERSONS

Average of 1904-5 to 1908-9

	Deaths.	Propery Left.
POOR AND VERY POOR		
Died with so little property that no affidavit was sworn (Property estimated at £10,000,000, see p. 58)	592,294	£10,000,000
Died Bankrupt	1,670	—
Died leaving less than £100 net	15,956	900,000
Died leaving between £100 and £500 net	34,279	10,000,000

Died leaving between £500 and £1,000 net	10,404	8,600,000
Total Poor and Very Poor	654,603	£29,500,000
RICH AND VERY RICH		
Died under age without property	7,500	—
Died leaving between £1,000 net and £10,000 net	16,910	62,100,000
Died leaving between £10,000 net and £1,000,000 net	3,980	179,500,000
Died millionaires	7	18,100,000
Total Rich and Very Rich	28,397	£259,700,000

TOTAL RICH AND POOR	683,000	£292,500,000

170 persons per annum die worth £150,000 each; 80 die worth over £250,000 each; 26 die worth over £500,000 each; and 7 die worth about £2,500,000 each.

Thus, in an average year, 26 persons die leaving between them far more than is possessed by 654,000 poor persons who die in one year. Again, in a single average year, the wealth left by the few rich people who die approaches in amount the aggregate property possessed by the whole of the living poor.

[14] Finance Act, 1894 (57 & 58 Vict. c. 30).

[15] It was in the first edition of this work that attention was first drawn to this new source of information.

CHAPTER V
THE NATIONAL ACCUMULATIONS

WE pass from the consideration of the property which is left at death in a single year to the estimation of the value of the total capital stock of the United Kingdom.

We can proceed by two different methods. We can argue from the property left by those who die in a single year to the property possessed by the living, or we can capitalize that part of the national income which is derived from property. The former method was used as long ago as the 'fifties by Porter in his "Progress of the Nation." The second method has been employed by many statisticians, notably by Sir Robert Giffen.

In the following table I have formed an estimate of the accumulated wealth of the nation at the present time, dividing it into three categories:—

(1) "National" property in the proper sense, i.e. property in the possession of the Imperial Government or Local Authorities.

(2) Land and Capital Stock within the United Kingdom owned by private individuals, and

(3) Property in foreign countries and British Possessions owned by persons in the United Kingdom.

ACCUMULATED WEALTH OF THE UNITED KINGDOM: 1908

[This table should not be quoted without the context]

(1)	PUBLIC PROPERTY (IMPERIAL AND LOCAL)	
	(a) Imperial Property	£550,000,000
	(b) Local Property	1,370,000,000
		£1,920,000,000
	Subtract (1) National Debt (£762,000,000) and (2) Local Loans (£600,000,000)	1,362,000,000
		£558,000,000
(2)	PROPERTY IN THE UNITED KINGDOM OWNED BY PRIVATE INDIVIDUALS:—	
	(*c*) Agricultural Lands and the Farmhouses, Buildings, Fences, Roads, Ditches, etc., thereof. Profits under Schedule A of Income Tax (1908-9) £52,000,000 capitalized at 20 years' purchase	£1,040,000,000
	(*d*) Houses, Business Premises, etc., and their Lands. Profits under Schedule A of Income Tax (1908-9) £217,000,000 capitalized at 15 years' purchase	3,255,000,000
	(*e*) Other Profits from Land under Schedule A of Income Tax (1908-9) £1,300,000 capitalized at 25 years' purchase	32,000,000

(*f*)	Farmers' Capital. Estimated at £6 per acre for 47,000,000 acres under cultivation	282,000,000
(*g*)	The National Debt (neglecting the small amount held abroad)	762,000,000
(*h*)	Local Debts	600,000,000
(*i*)	Capital of Miscellaneous Trades:—	
	(1) Profits of Miscellaneous Businesses, Professions, etc., taxed under Schedule D of Income Tax in 1908-9 (allowing for profits assumed to escape taxation £60,000,000, see p. 16), and deducting for profits from abroad (£25,000,000, see p. 16), were £444,000,000. One-half of this sum (£222,000,000) assumed to be from capital and capitalized at 10 years' purchase	2,220,000,000

	(2) Profits of small traders who are not Income Tax payers are in part derived from capital	100,000,000
(*j*)	Railways. Profits taxed under Schedule D 1908-9 = £43,000,000 capitalized at 25 years' purchase	1,075,000,000
(*k*)	Mines and Quarries. Profits taxed under Schedule D 1908-9 = £18,000,000 capitalized at 5 years' purchase	90,000,000
(*l*)	Gasworks. Profits taxed under Schedule D 1908-9 = £7,800,000 capitalized at 20 years' purchase	156,000,000
(*m*)	Ironworks. Profits taxed under Schedule D 1908-9 = £5,100,000 capitalized at 5 years' purchase	25,000,000
(*n*)	Waterworks. Profits taxed under Schedule D 1908-9 = £6,200,000 capitalised at 20 years' purchase	124,000,000
(*o*)	Canals. Profits taxed under Schedule D 1908-9 = £4,200,000 capitalized at 20 years' purchase	84,000,000
(*p*)	Markets, Tolls, Fishings, Cemeteries, etc. Profits taxed under Schedule D 1908-9 = £1,400,000 capitalized at 20 years' purchase	28,000,000

(*q*)	Other Interests and Profits taxed under Schedule D 1908-9 = £7,700,000 capitalized at 20 years' purchase	154,000,000
(*r*)	Furniture, Works of Art, etc., in Private Houses. Assumed to be one-sixth of the value of "Houses" in Schedule A (see item *d*)	540,000,000
		£10,567,000,000

(3) PROPERTY IN PLACES ABROAD OWNED BY PERSONS IN THE UNITED KINGDOM

(*s*)	Interest from Indian, Colonial and Foreign Government Securities taxed under Schedule C 1908-9 = £32,200,000 capitalized at 25 years' purchase	805,000,000
(*t*)	Interest from Indian, Colonial and Foreign Securities, including Railways, taxed under Schedule D 1908-9 = £56,600,000 capitalized at 20 years' purchase	1,132,000,000
(*u*)	Other Profits from abroad derived from property assumed to have a capital value of about	700,000,000
		£2,637,000,000

SUMMARY

(1)	Public Property	£558,000,000
(2)	Property in the United Kingdom owned by Private Individuals	10,567,000,000
(3)	Property in places abroad owned by persons in the United Kingdom	2,637,000,000

£13,762,000,000

To the explanations given in the table itself some further notes may be added. For the greater part, the estimates are based, it will be seen, upon Income Tax statistics. The items thus arrived at are near approximations to the truth. The table also contains some necessarily rough estimates of uncertain items.

The matter of public property is an exceedingly difficult one to deal with. In item *a* I have estimated that our warships and stores of naval and military material, Imperial shipyards, dockyards and arsenals, public offices, galleries, museums and their contents, government factories and workshops and their plant, post office, telegraph and telephone capital, etc., are worth £550,000,000 at a conservative estimate. The capital value of all our ships, allowing for depreciation, cannot be less than £150,000,000, and naval works and material must be worth fully £80,000,000. Army material and military works are of less value, but can scarcely be estimated at less than £120,000,000. The value of the post office, telegraph and telephone businesses at only 15 years' purchase of the profits would be £60,000,000. The Suez Canal shares are worth £28,000,000. Thus £550,000,000 as an estimate of the total value of all Imperial property is not an excessive figure.[16]

The public property in the care of local authorities, as trustees for the nation, is exceedingly great. It is convenient to consider common lands in this connexion. Probably there are some 2,000,000 acres of common lands in England and Wales—all that remains unfilched of full many times that area.[17] If we value these commons at an average of £25 per acre—some of the commons, as in Surrey, are worth

from £200 to £2,000 an acre, valued at present market rates—we get £50,000,000.

Roads are an important item in the national valuation—they are almost all that is left to the nation of the nation's area. There are about 22,000 miles of main roads and about 97,000 miles of minor roads. These have value as land and value as highways, but if we value land and construction together at an average of only £5,000 per mile we arrive at about £600,000,000 as a conservative estimate of the value of the roads of the United Kingdom.

There remain to consider the values of the parks and other land, buildings (including offices, houses, schools, markets, asylums and workhouses), bridges, sewers, lighting systems, gasworks, electric light and power undertakings, tramways, waterworks, reservoirs, etc.

The outstanding debts of the local authorities of the United Kingdom are now about £600,000,000. The whole of this amount has been spent upon the objects referred to and they are worth considerably more. I submit that it is a very conservative estimate to value local government property at 20 per cent. more than the amount of the outstanding loans or say £720,000,000.

We thus arrive at £1,370,000,000 as a rough but reasonable estimate of the value of the local property. Adding it to the £550,000,000 of Imperial property we get £1,920,000,000 as a valuation of that portion of the accumulated wealth of the United Kingdom which is in the collective ownership of the nation.[18]

But, against the possession of these large amounts

of property we have to set the mortgages upon the public assets which are represented by the National Debt and Local Debts. These, of course, are not directly secured upon Imperial and Local Government property, but upon the Imperial and local revenues. It is convenient, however, to regard them as mortgages, and to deduct them as I have done in the table. Making this deduction, I am able properly to include the amount of the national debt and local debts in my estimate of the value of private property (see items *g* and *h*). This gives a true view of the subject. The people of the United Kingdom collectively own relatively little property. In the time to come this will be remedied, for local authorities are rapidly acquiring reproductive undertakings. Until they are paid for, however, by the discharge of the loans raised to acquire or equip them, we do well to remember that they are mortgaged to individuals. Therefore, in deducting the debts from the valuation of public property and in adding them to the private property I submit that I am presenting an accurate picture of the actual position.

To sum up this part of the subject, the people of the United Kingdom collectively possess property worth £1,920,000,000 and are collectively indebted to a few of their number in the sum of £1,362,000,000. Thus, all that they may be said to own collectively is property worth the comparatively insignificant sum of £558,000,000.

I pass to the private property which is commonly called "national" wealth.

In item *c* agricultural lands and the farmhouses and other buildings thereon are valued at £1,040,000,000. In 1898 the Royal Commission on Agriculture arrived at the value of lands by taking 18

years' purchase of the profits of 1893. The value of agricultural land is now rising with the appreciation in the price of food.[19]

Item *d* "Houses," it should be clearly understood, covers not only dwelling-houses, but factories, workshops, offices, and all other premises save farmhouses. It also includes, as is so often overlooked, both house value and land value. In capitalizing at 15 years' purchase, the market value of the property is certainly not overstated. The £3,255,000,000 so arrived at is a handsome sum and by far the most considerable item in the list. It includes, in the value of factories and other business premises, a considerable amount of trade capital.

It should not be forgotten that we are speaking of economic valuation, not of intrinsic value. Houses which rank for no small part of the £3,255,000,000 are of small intrinsic value, their economic value being only produced by the sheer necessities of those whose needs must find a roof. London contains great areas of filthy brick-work which are worthy to be destroyed, but worth many millions to the houselords who draw rents from them.

Item *f* deals with farmers' capital. Here I have used the figure arrived at in 1905 by R. H. Inglis Palgrave. [20] After careful examination of the amounts of capital per acre employed in various parts of the country, Mr Palgrave considers £6 an acre an excessive estimate, but Major Craigie, who has given the subject much attention, is inclined to think it too low.

Items *g* and *h* have been already referred to.

Item *i* (1) is an estimate of the amount of capital employed in the miscellaneous trades and

professions taxed under Schedule D of the Income Tax. I have assumed that one-half of the estimated profits were derived from capital, and this half I have capitalized at 10 years' purchase. The amount so arrived at—£2,220,000,000—may be regarded as a reasonable estimate, not as an accurate one. In 1908, it may be pointed out, the nominal "paid up" capital of registered joint-stock companies amounted to £2,123,000,000.

Under *i* (2) £100,000,000 is put down as a rough estimate of the capital employed by small traders whose incomes are less than £160 per annum. I think that £100,000,000 is a liberal estimate, but it should be noted, against this opinion, that in 1885 Sir Robert Giffen's estimate was £335,000,000. In either case the figure is sheer guesswork; there is no proper statistical material.

Items *j* to *q* need little comment. I point out, however, that the profits of mines, quarries and ironworks are capitalized at only 4 years' purchase by some authorities in view of their exhaustible character.

Item *r* relates to furniture, works of art and other movable property. I have estimated this to amount to one-sixth of the item "Houses" (*d*). It is right to point out, however, that this estimate is very much at variance with former ones. Sir Robert Giffen in 1885 took one-half of the value of "Houses," and Mulhall and other statisticians have commonly used this estimate. But is it reasonable? I think not. In the first place the item "Houses" covers a great number of business premises the contents of which are valuable but are already estimated for in item *i*. The item also covers the value of all the land connected with the premises. Deducting for land and for business

premises, could we, even as to the balance, assert that the average private dwelling contains furniture and other effects worth 50 per cent. of the cost of the structures? Enquiry has shown me that such an estimate would be only warrantable in the case of rich houses. But rich houses, as we have seen, are comparatively few, and "comfortable" houses not many. Coming to the great bulk of the small dwelling houses of the United Kingdom the furniture and effects are so poor that their value, unfortunately, as compared even with that of the mean houses which shelter them, is small, and in many cases negligible.

In taking one-sixth instead of one-half of item *d* in arriving at item *r* therefore, I feel that I am making the most liberal possible estimate. To make the figure about £1,600,000,000, as we should do by taking the traditional one-half of the value of "Houses," would, I submit, be very wide of the mark.

The total value thus estimated of the property in the United Kingdom owned by individuals affords a striking contrast with that owned by the State. It amounts to £10,567,000,000.

We have now to consider the third category: "Property in places abroad owned by persons in the United Kingdom." The items speak for themselves and are capitalized at very reasonable rates. We get the remarkable fact that certain persons in this country own about £2,600,000,000 of property in places abroad.

The grand total of the whole estimate is £13,762,000,000—£300 per head of the population, or say £1,500 per family of five persons.

[16] There is also, of course, the value of the trained personnel of both army and navy, which

could not be taken at less than £250 per soldier and £400 per sailor, but I confine this estimate to the value of "property" commonly so called.

[17] There are no commons in Ireland and Scotland.

[18] In 1885 Sir Robert Giffen estimated Government and local property at £500,000,000, but I do not know his reasons for naming that figure.

[19] Lord Eversley seems to think that 25 years' purchase meets the conditions of 1905. See discussion in the Royal Statistical Society's Journal for March 1905.

[20] "Estimates of Agricultural Losses." Paper read to the Royal Statistical Society in March 1905.

CHAPTER VI
THE MONOPOLY OF CAPITAL

IN view of the facts as to rich and poor estates which we examined in Chapter 4, it is obvious that to state that the accumulated wealth of the United Kingdom probably amounts to £300 per head of the population, or £1,500 per family of five persons, is to mask in averages a great inequality of distribution.

Reverting to the Death Duty records, it is possible, by means of them, to give a true idea of the manner of distribution amongst our people of the greater part of the nearly £14,000,000,000 of capital.

I again direct attention to the tables on pages 52 and 53. Year after year, with extraordinary constancy, a certain amount of money passes in each class of estate. So small are the variations in relation to the magnitude of the totals that it is hardly necessary to average the five years in working at the figures.

If about 65,000 persons die every year leaving about £279,000,000, what is the ratio to these figures of the numbers and property of the living?

The question thus raised is an exceedingly interesting one. Porter in his "Progress of the Nation" seems to have assumed a ratio of 45 to 1, but I do not think that the true figure can be so high as this.

The British Crown, since Queen Anne, has passed at the following dates:

Anne,	1702
George I.,	1714
George II.,	1727

George III.,	1760
George IV.,	1820
William IV.,	1830
Victoria,	1837
Edward VII.,	1901
George V.,	1910

Thus, in 208 years, the Crown has passed eight times, or, on the average, once in about 26 years.

I have investigated the dates at which a considerable number of well-known estates have passed at death during two centuries and have found the most remarkable variations in different families. The Earldom of Suffolk has passed at average intervals of 16.7 years between 1731 and 1898. The Earldom of Coventry has passed at intervals of 22 years between 1712 and 1843. These are intervals which are well under the average, while above the mean are cases quite as remarkable. The Earldom of Essex, between 1709 and 1892, has passed only four times, giving an average of 45.7 years. The Earldom of Bathurst, again, between 1775 and 1892, passed only five times, giving an average of 43.4 years.

Taking the mean of a large number of actual cases, I get an average of 29.2 years and I have decided to take 30 as a round figure which cannot be far from the truth. Assuming, then, that there are thirty living property owners for every dead one in the final column of the table on page 53, I have constructed the table entitled "The Division of Property: An Argument from the Dead to the Living," which appears on pages 74 and 75. The figures in columns 1 and 2, taken from the table in Chapter 4, are multiplied by 30 to form the figures in columns 3

and 4. The results are exceedingly interesting.

THE DIVISION OF PROPERTY: AN ARGUMENT FROM THE DEAD TO THE LIVING

CLASSES OF ESTATE	THE DEAD	
	Averages of the Death Duty Records in the five years 1904-5 to 1908-9.	
	(1) PERSONS.	(2) PROPERTY.
		£
Less than £100 net	15,956	900,00
Less than £300 gross	18,917	3,600,000
£300 to £500 gross	9,288	3,700,000
£100 to £500 net	6,074	2,700,000
Total Estates not over £500	50,235	10,900,000
£500 to £1,000 net	10,404	8,600,000
£1,000 to £10,000 net	16,910	62,100,000
£10,000 to £25,000 net	2,338	41,000,000
£25,000 to £50,000 net	910	35,100,000
£50,000 to £75,000 net	291	19,400,000
£75,000 to £100,000 net	145	13,200,000
£100,000 to £150,000 net	133	16,900,000
£150,000 to £250,000 net	90	19,700,000
£250,000 to £500,000 net	54	20,600,000
£500,000 to £1,000,000 net	19	13,600,000
Over £1,000,000 net	7	18,100,000
Total Estates over £500	31,301	268,300,000
Grand Total	81,536	279,200,000

CLASSES OF ESTATE	THE LIVING		AVERAGE VALUE OF ESTATES PER HEAD.
	Figures of columns 1 and 2 multiplied by 30 upon the assumption that each dead property owner in column 1 corresponds to 30 living ones.		
	(3) PERSONS.	(4) PROPERTY.	
		£	£
Less than £100 net	478,680	27,000,000	56
Less than £300 gross	567,510	108,000,000	190
£300 to £500 gross	278,640	111,000,000	398
£100 to £500 net	182,220	81,000,000	444
Total Estates not over £500	1,507,050	327,000,000	216
£500 to £1,000 net	312,120	258,000,000	826
£1,000 to £10,000 net	507,300	1,863,000,000	3,672
£10,000 to £25,000 net	70,140	1,230,000,000	17,536
£25,000 to £50,000 net	27,300	1,053,000,000	38,571
£50,000 to £75,000 net	8,730	582,000,000	66,600
£75,000 to £100,000 net	4,350	396,000,000	91,034
£100,000 to £150,000 net	3,990	507,000,000	127,067
£150,000 to £250,000 net	2,700	591,000,000	218,800
£250,000 to £500,000 net	1,620	618,000,000	381,481
£500,000 to £1,000,000 net	570	408,000,000	715,789
Over £1,000,000 net	210	543,000,000	2,585,714
Total Estates over £500	939,030	8,049,000,000	8,571
Grand Total	2,446,080	8,376,000,000	3,424

In the first place, the total property comes out at £8,376,000,000 which is about £5,400,000,000 less than the estimate of private property arrived at in Chapter 5. This is not surprising. There can be no question that a considerable amount of property evades the Death Duties. On page 78 will be found details, taken from the Reports of the Inland Revenue Commissioners, of the various descriptions of property which passed in the year 1908-9. Take the item "Household Goods, Apparel, etc." It amounts to but £6,000,000. Now, in Chapter 5, as the reader will remember, I formed an estimate of

£550,000,000 as the value of such effects, this estimate being £400,000,000 lower than that made by Sir Robert Giffen twenty years ago. The £6,000,000 is officially described as relating to "household goods, pictures, china, linen, apparel, etc." Multiplied by 30 it gives but £180,000,000, which is certainly £300,000,000 less than it should be. It will be seen that "Book Debts, Stock, Goodwill, etc.," figure for only £17,000,000 in 1908-9, pointing to under-estimation. Similar undervaluation probably obtains in regard to other items of property, while bonds to bearer frequently escape taxation. Of investments in places overseas a very great part undoubtedly escapes death duty.

Another and most important point is that a considerable amount of property eludes the Death Duties through gifts by the living. The following figures are significant:—

COMPARISON OF (1) INCOME TAX ASSESSMENTS AND (2) ESTATE ASSESSMENTS

	Gross Assessments to Income Tax. Million £	Net Estates Reviewed for Death Duties. Million £
1895-6	677.8	213.2
1896-7	704.7	215.8
1897-8	734.5	247.3
1898-9	762.7	250.6
1899-1900	791.7	292.8
1900-1	833.3	264.5
1901-2	867.0	288.9
1902-3	879.6	270.5
1903-4	902.8	264.1
1904-5	912.1	265.1
1905-6	925.2	272.2
1906-7	943.7	298.5
1907-8	980.1	282.3
1908-9	1010.0	270.9

It will be observed that there is a remarkable lack of correlation between the income tax and the death duty assessments. The former have grown most satisfactorily. The latter grew in the first few years of the operation of the Harcourt revised Death Duties and then became, for practical purposes, stationary. There can be no doubt that the explanation is to be found in the increase of gifts made *inter vivos* to avoid the payment of death duty, and that the estates reviewed in 1908-9 should have been nearer £400,000,000 than £300,000,000.

Parliament has tried to meet this avoidance by

enacting (Finance Act of 1909, which was passed into law in 1910 after rejection by the Peers in 1909) that gifts *inter vivos* shall not be exempted from death duty unless made more than three years prior to the death of the giver.

The apparent discrepancy between the £8,376,000,000 arrived at on page 75 and the £13,700,000,000 arrived at on page 65 is therefore not an inaccuracy, but an accurate consequence of the facts referred to.

As it stands, then, the table on pages 74-75 represents the greater part, but not the whole, of the property of the persons to whom it relates. Nevertheless, it gives us as accurate an idea of the manner of distribution as though it dealt with the whole.

Classification according to (1) Size of Estate and (2) Description of Property, of the Gross Value of the Estates which passed at Death in the Fiscal Year 1908-9

Size of Estates	Stocks, Funds, Shares, and other like Securities.	Cash in the House and in Bank.	Money lent on Mortgages, Bonds, Bills, etc.	Trade Ass *i.e.* Boo Debts, St Goodwi etc.
	£	£	£	£
Not exceeding £300 gross	239,910	1,263,509	119,186	222,
Between £300 and £500 gross	392,345	974,686	211,362	262,
£100 to £500	265,873	354,133	110,053	664,
£500 to £1000	1,586,521	1,633,265	760,018	863,
£1000 to £10,000	21,247,265	6,169,300	7,281,737	4,296,
£10,000 to £25,000	18,767,290	2,345,310	4,112,023	2,184,
£25,000 to £50,000	17,675,813	1,454,151	3,111,506	1,704,
£50,000 to £75,000	10,562,035	726,051	1,561,811	1,334,
£75,000 to £100,000	7,534,683	572,995	1,354,405	852,
£100,000 to £150,000	10,175,403	567,701	1,479,966	668,
£150,000 to £250,000	9,738,895	317,672	888,356	736,
£250,000 to £500,000	11,377,749	860,505	1,648,587	1,244,
£500,000 to £1,000,000	3,370,659	36,126	280,636	1,177,
Over £1,000,000	6,318,402	616,113	82,533	1,059,
Total	119,252,843	17,891,517	23,002,179	17,272,

Size of Estates	Policies of Insurance.	Household Goods Apparel etc.	Agricultural Land.	House Property Busines Premise
	£	£	£	£
Not exceeding £300 gross	562,756	277,353	100,014	598,
Between £300 and £500 gross	353,865	210,848	94,088	967,
£100 to £500	507,869	239,037	329,362	2,862,
£500 to £1000	844,829	404,730	588,750	4,120,
£1000 to £10,000	3,553,234	1,673,603	4,102,764	18,168,
£10,000 to £25,000	1,400,980	849,525	2,432,372	6,516,
£25,000 to £50,000	1,067,993	633,560	2,465,454	4,322,
£50,000 to £75,000	314,705	360,607	1,407,645	2,091,
£75,000 to £100,000	337,012	208,217	1,741,005	1,161,
£100,000 to £150,000	490,791	364,077	1,373,393	1,635,
£150,000 to £250,000	535,038	336,487	1,542,264	1,454,
£250,000 to £500,000	279,200	448,789	1,611,265	1,222,
£500,000 to £1,000,000	179,368	-*39,952	1,649,580	614,
Over £1,000,000	282,723	225,708	1,253,498	307,
Total	10,710,363	6,192,589	20,691,454	46,044,

* Capital transferred in the year to other classes exceeded that brought into the classes.

Size of Estates	Ground Rents and similar Burdens.	Other Property.	Total Gross Capital Values.
	£	£	£
Not exceeding £300 gross	1,505	388,068	3,773,049
Between £300 and £500 gross	5,811	397,431	3,870,096
£100 to £500	13,008	517,903	5,863,568
£500 to £1000	43,922	1,226,606	12,073,152
£1000 to £10,000	571,404	7,811,769	74,876,160
£10,000 to £25,000	790,506	4,802,567	44,202,042
£25,000 to £50,000	724,520	4,199,814	37,359,491
£50,000 to £75,000	371,867	2,061,497	20,792,733
£75,000 to £100,000	271,003	1,225,183	15,258,871
£100,000 to £150,000	354,061	1,485,937	18,595,273
£150,000 to £250,000	561,046	2,479,257	18,590,492
£250,000 to £500,000	411,398	2,257,972	21,363,311
£500,000 to £1,000,000	105,066	992,010	8,365,169
Over £1,000,000	188,350	6,571,469	16,905,728
Total	4,413,467	36,471,483	301,889,135

The table is full of striking contrasts. I have divided it into two parts, the lower of which consists almost entirely of the income tax paying classes. We should expect those with incomes exceeding £3 per week for the most part to be the property owners of the nation. It will be seen that the number of persons with £500 of property and upwards indicated by this table is 939,000. This number may be compared with our estimate of income tax payers, which was 1,100,000.

Of the 939,030 persons with £8,049,000,000, as many as 312,120 own between them but about £258,000,000, leaving 626,910 persons with £7,791,000,000.

Of the 626,910 persons with £7,791,000,000, as many as 507,300 have between them £1,863,000,000, leaving 119,610 persons with £5,928,000,000.

And it is amongst the big estates that we must assuredly look for the bulk of the avoidance of Death Duties, which is clearly indicated by the table on pp. 76-77. Thus the closer we get to the facts the more amazing the monopoly of capital appears. It is literally true to say that a mere handful of people owns the nation. *It is probably true that a group of about 120,000 people who with their families form about one-seventieth part of the population, owns about two-thirds of the entire accumulated wealth of the United Kingdom.*

It is an inevitable consequence of the monopoly of capital by a few people that the distribution of the national income is as pictured in the frontispiece of this volume. If we were quite unable to investigate incomes, we should know without investigation that the facts as to capital must have as a corollary a grossly uneven distribution of income. If, again, we had merely the known facts as to incomes before us, and death duty statistics were not available, we should be able to deduce from them just such a monopoly of wealth as is examined in this chapter.

As to the insignificant fraction of the national wealth owned by the working and lower middle classes, it is mockery to term it the "capital of the working classes," as is done not infrequently. It corresponds, for the most part, to the squirrel's store of nuts. It stands chiefly for sick pay, unemployment benefits, funeral moneys, bits of jerry-built houses, and so forth. It is rarely industrial capital used for the benefit of the savers.

Those who have so little property cannot bargain fairly for the sale of their services with those who own the national undertaking. A small group of private owners exercises the effective government of

the nation through the possession of the means of production, which are the means of life. As for the Government at Westminster, it is impotent because, like the mass of the people, it owns little or no property. It cannot even control the chief source of the national wealth—coal, or the prime factor in trade—railways. The investments of the State, like the investments of the masses, are a negligible quantity. And those rule who own.

CHAPTER VII
THE AREA OF THE UNITED KINGDOM

LET us now consider the area of the United Kingdom. I use the word area with intention, for it is its area which differentiates land from all other commodities. Man can make soil by disintegrating rock. He can entirely strip the soil from a given superficies. He can change a fen into a farm. He can rob land of its fertility by careless cultivation. He can rear floors above land or sink shafts below it. Upon the base afforded by a small piece of land he can manufacture enough cloth to clothe a multitude. There is one thing, however, which he cannot do. He cannot change the geographical position of land. The element of area, of extension, is inherent and immobile, unchangeable and indestructible.[21]

It follows that the manner of the control of land is an exceedingly important matter to a community. The immobile area is the base of all human activities. Upon it we needs must live, and the manner of our distribution upon it largely determines our happiness.

In the United Kingdom, as we have already seen, the people collectively own but little property, and of the entire area of the country, the control of which so largely determines their relations with each other, but the roads, rivers, and a few insignificant commons and parks are public property. The whole area measures 77,000,000 acres and nearly 77,000,000 acres are private property.

As we might expect from the facts we have already examined, the greater part of the area is in a

comparatively small number of hands. There are a large number of landowners, but great landowners are few.

As in many other parts of these enquiries, we are faced with a plentiful lack of precise information as to the ownership of the soil. The more important the subject, the less trouble we take, as a people, to keep record of it. In 1910 it is impossible for any man to say precisely how many persons own British land. No Bluebook on the subject has been published for thirty-five years. The last return of landowners, known as the "New Domesday Book," was made in 1873, and is forgotten by the present generation, although it created much interest and controversy upon its publication.

The contents of the New Domesday Book were carefully corrected and analysed by Mr John Bateman.[22] For England and Wales alone his summary of the figures, revised as to the great estates down to 1883, is as follows:—

OWNERSHIP OF LAND IN ENGLAND AND WALES

Number of Owners.	Class of Owner.	Acres.
400	Peers and Peeresses	5,729,979
1,288	Great Landowners	8,497,699
2,529	Squires[23]	4,319,271
9,585	Greater Yeomen[23]	4,782,627
24,412	Lesser Yeomen[23]	4,144,272
217,049	Small Proprietors	3,931,806
703,289	Cottagers	151,148
14,459	Public Bodies	1,443,548
	Waste	1,524,624
973,011	Waste	34,524,974

While the number of owners came out at nearly 1,000,000, it will be seen that the ownership of the greater number is a very small thing indeed. For practical purposes, about 38,000 persons owned by far the greater part of England and Wales. The analysis shows:

38,214 people owned 27,473,848 acres:
average 719 acres each.

934,797 people owned 5,526,502 acres:
average 6 acres each.

Again of the 934,797 small owners:

703,289 people owned 151,148 acres:
average less than 1 rood.

As to the United Kingdom, Mr Bateman's analysis showed:

UNITED KINGDOM LAND OWNERSHIP: 1883

	Acres.
Total Area	77,000,000
Owned by 2,500 persons	40,426,000

It has been quaintly observed in mitigation of these facts, and with a view to reconciling the British people to the humiliation and economic servitude involved in these facts, that some part of the 2,500 persons' 40,000,000 acres consists of mountain and waste land. As a matter of fact, this plea is a further condemnation of the position, for very little indeed of our small British area ought to be "waste." British landowners are responsible to the nation for their wanton neglect of afforestation. Let the "waste" land of the rich be handed over to the nation if it is declared to be valueless to its few owners.

Since 1883 the number of owners has doubtless increased, but not largely, for even those people who own little strips of land bearing houses chiefly do so on leasehold tenure, being in effect employed in the engaging process of nursing ground rents for a future generation of the few who own. It may be that in the United Kingdom at the present moment there are about 1,250,000 freeholders, but the substantial ownership of British land remains as it is faithfully pictured in the above figures.

As need hardly be added, these facts about land ownership are a most striking confirmation of the conclusions arrived at in these pages as to the monopoly of capital.

As we are land animals, we are compelled, such of us as cannot command the capital necessary to buy a base to live upon or work upon, to come to terms

with the individuals who are in possession of the British area. The payment which is made for permission to use land is commonly called rent, and the total amount of the rent paid for the use of the 77,000,000 acres is a considerable sum. We can form a very fair estimate of it from the Income Tax returns already examined.

First, as to the landlords' revenue from agricultural land. This we obtain from Schedule A of the Income Tax. The income assessed in 1908-9 was £52,000,000 gross, but as we have already noted, part of this was not real income. Between the cost of repairs (for which the Commissioners allowed £6,360,000), adjustments on appeal, etc., the net income from agricultural lands taxed in 1907-8 was about £44,000,000. But this is the rent, not of the land alone, but of the farms as going concerns, with all their buildings, fences, roads, ditches, etc. The actual rent of the land alone may perhaps be put at £35,000,000.

Secondly, we come to the rents of all lands bearing houses, factories, business premises, etc. The gross income assessed under Schedule A of the Income Tax in 1908-9 was £217,000,000, of which £49,000,000 was for the Metropolis alone. From this figure considerable deductions have to be made to arrive at net income. The Commissioners allowed for repairs £33,700,000, for Charities, etc. £7,400,000, for empty property £8,000,000, for over-assessments, etc. £3,900,000. Thus the real income from houses and the land upon which they stand, accruing to private landlords is reduced to £164,000,000. Of this £164,000,000 how much is rent from land alone?

In London about one-third of the gross assessment is land rent. In the Provinces the proportion is

smaller; probably less than one-fourth. As to the former figure, the L.C.C. surveyor, after careful examination of the subject in detail, a few years ago estimated the land values of the Metropolis at £15,000,000, which was just over one-third the gross assessment of land and buildings together. I take, then, the Metropolitan land rents at £16,000,000 and those of the rest of the United Kingdom at one-fourth of the gross assessment (£164,000,000), or £41,000,000. Thus we arrive at £57,000,000 for the whole of the United Kingdom. To this we have to add £1,000,000 of miscellaneous sporting rents, tithes, etc.

But Schedule A does not exhaust the profits derived from the ownership of land. Under Schedule D are assessed Railways, Mines, Quarries, Ironworks, etc., which are undertakings attached to land, and in the profits of which land rents form a part. The most important case is that of mines. In 1893 the Royal Commission on Mining Royalties carefully calculated all mining royalties, dead rents, etc., received by freeholders in 1889 at less than £5,000,000.[24] This sum has now probably increased to about £7,000,000, including mines and quarries of all descriptions. The rental value of the land employed in Railways, Canals, etc., can hardly be taken as more than £6,000,000 per annum.

Collecting the figures we have estimated, we get:

ESTIMATE OF LAND RENTS OF THE UNITED KINGDOM

From Farm Lands	£35,000,000
From Lands bearing Dwelling-Houses, Factories, Business Premises, etc.	57,000,000
From Sporting Rents, etc.	1,000,000
From Mines, Quarries, etc.	7,000,000
From Other Property	6,000,000
[25]	£106,000,000

Thus, in round figures, we get £106,000,000 as an estimate of the tribute which is paid to private owners for permission to use the area of the United Kingdom. As we have seen, 2,500 persons own one-half the whole area, while 38,200 persons own three-fourths of the area of England and Wales, so that the greater part of this income of £106,000,000 goes into few hands.

In view of the fact that the total income of the United Kingdom has been estimated at £1,840,000,000, it is at first surprising that the amount of this land rent is not larger than £106,000,000, and it is of interest to ask why it is, in view of the monopolization of so much of the whole area by so few people, that the land rents are not greater than they are.

The first explanation is the influence of free imports and cheap transport in putting at our disposal the harvests of the entire world. Cheap food for our people has spelt "loss" to the landowner. The landowners possess just as much land as before,

neither more nor less, but as the produce which it yields is lower in price, they have been able to exact, for permission to produce the kindly fruits of the earth, a smaller rent. As our wealth has grown in the last generation the tribute paid to the owners of agricultural lands has grown less. Now that food is again appreciating in price the land tribute will on this account rise again.

But, while the rent paid for farm lands has fallen since the seventies, the rent paid for urban sites has increased, and, of course, a further portion of the whole area has passed from the first category into the second. The country-side has been increasingly deserted, and our big towns have grown,[26] both by their own natural increase, and by a continual influx from the villages and small towns.

How is it, then, that the landlords have not been able to exact a greater rent than about £57,000,000 for the use of urban sites? In the first place, while this sum may seem small in proportion to the total income of our people, it is very large in relation to the exceedingly small area for the use of which it is exacted. Almost the entire area of the United Kingdom is sparsely populated. It is an empty country dotted with small crowded spots called towns. When we reflect, then, that the land rent of the great empty country is £35,000,000, while the land rent of the crowded towns is £57,000,000, we see the latter item in its true light, as enormous in relation to the insignificant area for permission to use which it is paid.

In this connexion it is important to observe that an exceedingly large manufacturing business can be carried on upon a small piece of the earth's surface, measuring 50 feet by 100 feet, or only an eighth part

of an acre. The whole of the manufacturing plant of the United Kingdom stands upon a base which cannot possibly amount to more than a negligible fraction of the whole area of the country. Thus, while the industrial has to bid high for the use of land, he needs, as a rule, but a very small piece for his purposes. The area needed for a tennis court is often sufficient for the base of a business in which 100 or 200 hands are employed and which draws a huge profit from their labour.

Or take the subject of housing. All the urban sites of the United Kingdom together occupy a negligible part of its area. If our 9,000,000 houses occupied half an acre each, as unfortunately they do not, they would account for but 4,500,000 acres out of our 77,000,000 acres.

But apart from the fact that the size of the area which yields urban land rents is exceedingly small, local rates are a perpetual charge upon land rents. The point is that, as the renter of fixed property is rated according to his rental, the size of the rental he is able to pay is in part determined by the amount of the rates. The higher the rates, the less rent he can afford, and therefore the less can the landowner obtain for the use of his land.

For the reason just stated, it is often argued that the landowner actually pays local rates.[27] The fact that he is unable to exact as much rent as though no rates existed is said to be equivalent to an actual payment by the landowner of the difference between the rent which he receives and the rent which he might receive. This economic doctrine is worth examination.

In the first place it is not only the rates which the occupier takes into consideration when he decides

that he can afford to rent a certain property. He considers "rates and taxes." The Inhabited House Duty is taken into consideration fully as much as the poor rate. If it did not exist the tenant could afford to pay a higher rent.

Let us carry this a little further. What is the Inhabited House Duty? It is an Income Tax roughly proportioned to the size of a man's income by the size of the house which he inhabits. But there is another Income Tax, the Income Tax commonly so-called, levied at so much in the £ on incomes over £160 per annum. Is the Income Tax taken into consideration by a family man looking out for a house? Not directly, perhaps, in the same way that he adds the "rates and taxes" to the rent before deciding that he can afford a certain eligible residence, but indirectly there can be no question whatever that the Income Tax has great influence in deciding a man's rental. Indeed, the raising of the Income Tax from 6d. to 1s. may directly cause a man to leave a £60 house for a £50 house. We see, then, that if the landowner pays the local rates, he most certainly pays the Inhabited House Duty, and further that if he pays the form of Income Tax called the House Duty, it is at least arguable that he pays the Income Tax proper.

But that is not all. There is another determinant of the rent which a man can afford, and that is the price of gas. In and around London the variation in price is considerable, and the careful householder does not forget the fact when deciding whether to live North, South, East, or West. South of the Thames gas is cheaper than in the North. According to the doctrine under examination, therefore, the landowners North of the Thames must at least "pay" the difference

between the two rates.

Again, on the same lines it might be argued that, as a rise in the price of building materials checks building and therefore makes a landowner ready to accept a lower rent for his land, the landowner actually pays the increased cost of building when materials rise.

And so we might proceed from one logical step to another until we arrived at the comfortable conclusion that, if the sole expense of a householder were his rent, he could pay his whole income as rent, and that, therefore, the real "loss" of the landowners is the difference between the entire income of the nation and the land rents which they now actually receive.

The whole truth of the matter is: For long years rates have been levied upon the occupiers of fixed property. Contracts as to the use or sale of land and the property affixed thereto have been made between man and man with full knowledge of the existence of rates. While, therefore, it is perfectly true that, but for the existence of local levies, the owners of the soil would be receiving a higher tribute than is actually the case, it is straining the meaning of language to say that they pay the rates, or that the rates are an actual burden upon them. In so far as present-day landowners have inherited their land from men who were given it by a worthless Sovereign or in any other way came by it without proper consideration, to talk of the burden of rates upon real property can scarcely excite sympathy. In so far as present-day landowners acquired their property for proper consideration or inherited it from those who so acquired it, the rates were taken into account when the price was paid, and no burden can

therefore truly be said to exist. If to-day A gives £1000 for a piece of land he does so with full knowledge of local rates, and the seller gets less for his land because of his knowledge. Therefore, when A, in his turn, leases his land and a house built upon it to another person, he cannot allege that he bears the burden of the rates. Yet it remains true that, if the burden did not exist, the land would yield A a higher rent. In a word the rates have become a rent-charge upon the property.

To sum up the conclusions of this chapter, we have seen that while the total income of the nation is £1,840,000,000, the landowners take £106,000,000 as land rent, and that this amount would be much greater but for (1) the untaxed admission of competitive foodstuffs, (2) the very small area occupied by the towns, and (3) the levying of local taxation upon fixed property.

[21] *Cf.* Marshall, "The fundamental attribute of land is its extension."—"Principles of Economics," Book I, p. 221.

[22] "Great Landowners." John Bateman (Harrison).

[23] These classifications are purely arbitrary.

[24] See C 6980, page 79.

[25] It has been constantly stated that the land rents of the United Kingdom amount to £250,000,000. Such an estimate is unwarranted.

[26] It is only in the large towns that land rents have risen. Many towns of less than 20,000 in population are decreasing in size and their rents consequently falling. In the ten years ended 1901 no less than 187 towns of from 2,000 to 50,000 inhabitants declined in population.

[27] The point is of so much importance that it may be well to quote some expressions of

opinion on the subject.

"In practice there is little doubt that the majority of intending tenants, both in town and country, do take the precaution of enquiring what rates or taxes they will have to pay, and vary their estimates accordingly. In their case, then, it is the landlord, and not the tenant, who bears the burden of the rates." "Land Nationalisation" (p. 86), by Harold Cox. (Methuen & Co.).

"We have assumed with most economists, that in the end, on the average, the rates, however levied, fall upon the owner (inasmuch as they compel him to lower the rent which he demands for his property)." "Towards a Social Policy" (p. 49), by a Committee of Liberals. "The Speaker" Publishing Co. Ld.

CHAPTER VIII
THOSE WHO WORK AND THOSE WHO WAIT

WE have seen that, although the sum of the land rents taken by the owners of the British area is actually very great, it is small as compared with the total of the national income. We have also seen that there is a simple explanation of this. We have become a manufacturing and a town-dwelling people, and the area occupied by our factories and towns is very small. The chief demand for land is confined to the outskirts of such towns as are increasing in size. The landlords of the big towns have their pockets increasingly filled with unearned increment, while the landlords of the empty country are reminded in the most practical possible way of that inherent quality of immobile area to which we have referred as the distinguishing characteristic of land. When we speak of a town as growing rapidly we refer to the growth in relation to the area of the town, not in relation to the area of the country. I reiterate this point because, when it is once realised, we see our way as a community to an exceedingly simple solution of many important problems. We speak of the enormous size of London. As a matter of fact, the whole area administered by the London County Council is but 75,000 acres. Again, "Greater London" contains but 443,000 acres, and yet is the dwelling-place of 7,000,000 people, or far more than the entire population of the 2,420,000,000 acres of the Dominion of Canada.

We shall return to the foregoing considerations hereafter.

As a result of the small amount of land required as a base for the establishment of industrial plant, or for the warehouse or stores of a distributive business, it is usually but a small part of the total product of an industrial or commercial organisation which is taken by the owner of its site. That this is usually true is obvious from the fact that of a total annual income of £1,840,000,000 the owners of area are able to exact but £106,000,000. Of this £106,000,000 again, as was pointed out in the last chapter, £35,000,000 is exacted from farmers who make the meagre profit of from £17,000,000 to £26,000,000 per annum over and above their rentals. Out of the teeming populations of the towns, with all their manufacturing and commercial activities, the owners of area are able to draw but about £57,000,000.

Now let us revert to the extraordinary figures which are the basis of the frontispiece to this volume.

We have shown that, of a total income of £1,840,000,000, as much as £634,000,000 is taken by a small group of persons numbering 280,000, or with their families 1,400,000. The great landowners are obviously amongst these 280,000 persons, and the greater part of British land rents are therefore included in their income. But, if the whole of it be included, there still remains £528,000,000 of income not derived from land rents, and taken by a very small number of persons.

The explanation of this fact is to be found in the monopoly of capital which we examined in Chapter 6. In so few hands is the greater part of the accumulated capital of the country concentrated that, in spite of the fall in the rate of interest, the lion's share of the national income is secured by a

few. Each "dose" of capital may produce a smaller return than of old, but there are more "doses" of capital in the possession of the few capitalists, and these, in relation to the whole population, add but very slowly to their numbers, so slowly that we get the extraordinary congestion of capital revealed by the Death Duty returns and pictured in the table in pages 74 and 75.

Thus the monopoly of capital is a more far-reaching thing than the monopoly of land, and it secures for a number of people almost as limited as the great land-owning class, a gross profit compared with which the sum of British land rents is insignificant.

It is of interest to show, from a number of concrete examples, how the joint product of mental and manual labour comes to be shared up between those who work and those who wait.[28]

The following particulars are extracted from recent balance-sheets of ten well-known industrial joint-stock companies, each of which is representative of hundreds of others. I shall distinguish the concerns by a letter only, for I am not criticizing individuals, but seeking to illustrate the causes which produce inequalities of wealth.

Company A owns a well-known proprietary article. The balance-sheet examined is dated 1904. Its issued capital is £1,000,000, and there are no Debentures. A Profit and Loss a/c shows that the year's sales amounted to £411,000. The total expenditure incurred in manufacturing the year's production was only £218,000. There was therefore a balance of profit amounting to £193,000. That is to say, after paying all outgoings, including wages, salaries, rent, advertising, and so forth, produce which cost

£218,000 to manufacture was sold for nearly twice as much. A dividend of 20 per cent. was paid for the year, and £30,000 carried to reserve. What, then, did those get who worked to produce the goods which were sold for £411,000? Obviously, a part only of the £218,000, probably not more than £100,000. If it be taken as £100,000, we see that those who worked to make the products of the Company (including the brain work of managers, foremen, etc.) obtained only £100,000, while the shareholders of the Company took £192,000. A great slice of the increment went into the pockets of individuals who certainly had not earned it.

Company B is a restaurant company and the balance-sheet is for 1903. It does not publish a Profit and Loss a/c. The issued capital is £189,000, but a great deal of this is "water," for bonus shares have been issued year after year. In the year under review the profits amounted to £76,000, or over 40 per cent. of the amount of the watered capital. We do not know what the Company pays in wages, but I doubt if it reaches £30,000 per annum, or one-half the amount of the year's profits. The employees are chiefly young girls who are paid a few pence per hour. This case is an exceedingly instructive one to the student of "unearned increment," because the restaurants are many in number and situated on most valuable sites. After paying the ground landlord's unearned increment, the sleeping partners in this concern gain, as they sleep, a hundredfold more unearned increment than the ground landlords.

Company C sells an article of food. The balance-sheet is dated 1903. Its issued capital is £2,000,000, and there are £500,000 of 4½ per cent. debentures. Much of the capital is represented by goodwill. The

net profit for the year, after paying Directors' fees, amounted to £139,000. In spite of the enormous capital, the sleeping "ordinary" partners get 7 per cent. Again we do not know the wages paid, but it is hardly likely to be as much as the net profit of £139,000. If the employees get that sum, which is doubtful, the sleeping partners gain as much as all the workers who make and sell the products of the Company and manage and direct it.

Company D is an engineering firm. The balance-sheet is dated 1904. The issued capital is £3,500,000 and there are £1,500,000 of 4 per cent. debentures. The net profits for the year were £636,000, which sufficed, after paying debenture interest, preference dividend, directors' fees, etc., to give the ordinary shareholders 15 per cent. It is not probable that the wages paid in a year are greater than the £636,000 of net profit, but if they amount to £1,000,000, which is unlikely, the workers of the Company gain little more than the shareholders.

Company E is a restaurant company. Date of balance-sheet 1903. The issued capital is £325,000 and in addition there are £100,000 of debentures. The profits for the year amounted to £52,000. After paying debenture interest, and preference dividend, the ordinary shareholders got 16 per cent. The amount of wages paid is not known, but it is probably under £20,000. To take this liberal estimate, the workers get £20,000; the sleeping partners £52,000.

Company F is an engineering concern; the balance-sheet is for 1903. The issued capital is £5,000,000 and there are debentures for £2,250,000. The net profits for the year amounted to £556,000. After paying debenture interest and preference dividend,

10 per cent. was paid to the ordinary shareholders. Again it is impossible to state with accuracy the amount of wages paid, but it is improbable that they exceed the amount of the net profit. 5,000 men at £80 per annum would come to £400,000.

Company G is engaged in manufacturing cotton. Its capital is £10,000,000 and there are debentures for over £1,000,000. The net profit (the balance-sheet is for 1903) amounted to £2,684,000, which is a return of 25 per cent. on the entire capital. I do not know the wages bill, but if the company employed 5,000 people at £100 a year each, and 10,000 more at £50 a year each the total wages would be £1,000,000. Such employment would still leave the sleeping partners with nearly three times as much increment as the workpeople!

Company H is a restaurant company, which fortunately gives us a profit and loss account. The balance-sheet is for 1904. The issued capital is £570,000 and in addition there are £300,000 of 4 per cent. debentures. The profit and loss account shows the following figures:

Gross Profit on Trading	£474,000
Salaries, wages, *rents*, rates, repairs, horsekeep, maintenance and other expenses	327,000
Profit	£147,000

Here we have the statement that included in the £327,000 of total expenses is a certain sum which was paid in salaries and wages. What was it? We do

not know, but the company had 90 restaurants at each of which about 10 persons were engaged. That means 900 employees. If they were paid £40 a year each (as a matter of fact they were paid less than that) the wages would amount to £36,000. If, in addition, at headquarters, etc., 100 more people were employed at £100 each, that would mean another £10,000 a year or a total wages bill of £46,000. The net profits were £147,000. Therefore the investors got at least four times as much as those who worked to make the profits! As for the landlord's share, a glance at the figures shows that it must have been very small in proportion to that taken by the sleeping partners. Yet again the business is done upon some of the most valuable sites in the whole country. The business, indeed, is only valuable because of the sites, yet the capitalist and not the landlord takes the lion's share of the unearned increment .

Company I is a manufacturing firm in an important trade. The balance-sheet is for 1903 and the directors complain of "*depression of trade*." The issued capital is £500,000 and there are debentures for £300,000. The net profit made was £70,000 which, after paying debenture interest, sufficed to provide 10 per cent. for the shareholders. If the company "finds work" for 1,000 men at an average of £70 per man, the profits, even in depression, are more than is paid to the workmen who make the profits.

Company J works a great monopoly service under licence from the State.[29] The issued capital amounts to £5,500,000 and in addition there is Debenture Stock amounting to £3,570,000. In 1904 the income amounted to over £2,019,000 and the outlay, including rents, wages, materials, management, etc.,

to £1,155,000, leaving a net profit of £864,000. Of this the State took £186,000 for royalties, leaving a balance of £678,000 for the share and debenture holders. Thus the sleeping partners took far more than the entire earnings of managers, clerks, operators, and workmen. The number of individuals employed by this concern in 1904 was 30,000. As illustration of a fact already referred to, viz. that a great business needs but a small base, it may be added that the year's rents (building *plus* land rents), taxes and insurance came to only £77,000. Thus, while the landlords of most valuable sites took something much less than £77,000, the capitalists took £864,000 out of the business done upon the sites.

I have thus described the earning and distribution of a very considerable amount of income by 10 large industrial joint-stock companies. It should be observed that the profits made were won in a period of trade depression and falling wages, when short time and unemployment slew their thousands.

The consideration of such companies is exceedingly instructive for another reason. In them the functions of capital and of business ability are usually divorced. Their shares are, as to a great part, held by mere sleeping partners, while the business ability is supplied by managers or managing directors who, while they may have a certain proprietary interest in the company, rarely own more than a small part of the capital. In the cases quoted, after payment for both labour and skill in management, great and disproportionate sums remain over to reward those who "wait."

The companies quoted cannot be regarded as exceptional cases. The reader has but to glance from

day to day at the reports of company meetings published in the daily newspapers to note the steady manufacture of dividends by industrial and other joint-stock concerns. In 1908 the number of joint-stock companies registered in the United Kingdom and believed to be trading was 45,000 and the paid-up capital £2,100,000,000. In 1908-9, the corresponding financial year, 37,937 "public companies" were assessed to income tax and declared their profits at £291,000,000. From this £291,000,000 we have to make certain deductions before we arrive at the profits of ordinary joint-stock companies, for the total includes railway companies and some banks, waterworks, etc., not registered with the Registrar of Joint-stock Companies. Allowing £65,000,000 on this score we have £226,000,000 left as the profit made by joint-stock companies having a nominal capital of £2,100,000,000. Many of these companies have debenture capital but, on the other hand, it is probable that, of the £2,100,000,000, fully one-third is "water"—exaggerated goodwills, promoters' profit, underwriters' commissions, bonus shares and the rest of it. Anyone who is interested in this point should examine the yearly return of companies registered which now shows not only the amount of capital "considered as paid up" but the actual amount subscribed in cash and the payments for underwriting. In a recent return I find such items as this:

Capital considered as paid up	£76,683
Minimum Subscription required	£7
Amount allotted before beginning business	£16,729

and this:

Capital considered as paid up	£25,000
Minimum Subscription required	£8,000
Commission for underwriting	25 per cent.
Amount allotted before commencing business	£8,010

That is how a great part of the £2,100,000,000 of registered joint-stock "*paid up*" capital is made.

Setting dummy capital against debentures, we see that, after payment of wages to the workmen and foremen, after the payment of salaries to clerks and officials, after the reward of business ability by the payment of managers or managing directors, after the payment of royalties to patentees where such were payable, after the payment of all rents exacted by the owners of area, there remained a profit of £226,000,000, being over 10 per cent. on the total paid-up capital, watered and unwatered, of all the joint-stock companies registered in the United Kingdom.

We have also to remember that a large amount of unearned increment accrues to many of the sleeping partners who draw the £226,000,000 through the appreciation of their securities on the stock markets. Thus the £1 shares of Company H referred to above were quoted in July 1905 at £6 each, which means that either the present or past holders of the shares gained not only handsome interest, but saw their capital increased sixfold without any exertion upon their part. This creation of a market in the profits of usury has terribly unfortunate results for the employees of joint-stock companies. To the original shareholders who sold at a huge premium the 30 per

cent. dividend was 30 per cent. To the new shareholder who pays the price which has arisen from the usurious profits, the 30 per cent. dividend is only 4 per cent. or 5 per cent. He goes to the shareholders' meeting clamouring for his 5 per cent., and eager to resist any suggestion that the wages of those who make his profits should be increased. The very success of the company thus becomes an argument not for the increase of wage but for a reduction of expenses. The managing director knows that he has got to face a body of shareholders who, for the most part, rate a high dividend as a low one. This point was illustrated in my own experience recently in a very striking way. Writing in the "Daily News" I commented upon the small wages paid by a well-known company paying a dividend of 30 per cent. per annum. This roused the indignation of a shareholder in the company who wrote me a letter the chief point of which ran as follow:

> "Most of the shareholders have paid £6 or £7 per share, and so get a return of not more than 5 per cent."

So one set of taskmasters passes out of the game with its tremendous gains, and is succeeded by another set. To the latter the poor workpeople are not churning out 30 per cent. but a mere 5 per cent. When the new shareholders enter their premises they see easy work done by overpaid people who make dividends of only 5 per cent. If, at a shareholders' meeting (it has happened at company meetings) a shareholder pleads for higher wages for the employees, he is howled down. They are earning only 5 per cent!

Another illustration is to be found in railway stocks, many of which have (1) been deliberately

watered, and (2) risen in price on the market, so that, while railway men are badly paid, the present holders of the stocks are apparently making small profits. Many railway companies have enlarged their ordinary capital by the delightfully simple process of multiplying by two. £100 of original stock has been changed into £100 of "preferred" and £100 of "deferred." This has not been done behind the scenes, but boldly and with the permission of our rich men's parliament. As a consequence it is made to appear that the net receipts of railways are only about 3½ per cent. of their "paid-up" capitals. But the nominal capitals have not been "paid-up"; and even in so far as the original capital is concerned much of it is unreal. Thus the magnitude of the injustice which they suffer is hidden from railway servants. They risk their lives for the public every day and what do they get for it? In 1908, the 27 leading railway companies paid in wages only £30,000,000, or only 25s. per employee per week! These 27 companies own nearly all the railway lines, employ nearly all the railway servants and make nearly all the profits assessed by the Inland Revenue Commissioners. And what do these profits amount to? As I have shown in Chapter 5, they amount to £43,000,000 per annum, or far more than is paid in wages in one of the most dangerous and most useful of all occupations.

It is instructive to note how the joint-stock company promoter calculates the wages factor in forming his plans. I recently had sent to me the prospectus of a gas company, formed to take over and enlarge an existing concern. It began by picturing the fat dividend "earned" by other gas companies, thus:—

The profitable nature of the Gas Companies, and the favour in which their Shares are held by Investors, is shown by the

following particulars, which are obtained from the Stock Exchange Official List, Stock Exchange Year Book, and other Official sources:

The Croydon Gas Company pay 14 per cent., and the £100 Ordinary Stock is quoted at £320.

The Wakefield Gas Company pay 11½ per cent., and the £25 Ordinary Shares are quoted at £63.

The Brentford Gas Company pay 12 per cent., and the £100 Consolidated Stock is quoted at £250.

The Staines and Egham District Gas Company pay 13 per cent., and the £25 Ordinary Shares are quoted at £60.

While the Eastbourne Gas Company's A and C Stock pay dividends of 15 per cent. respectively, and the £10 Shares are now standing at 165 per cent. premium.

What all men who live by work and not by dividends should note is, how such beautiful results are arrived at. Inquiry will show that common "gas" is extracted from certain suitable varieties of coal by the hard labour of individuals employed in the handling of the inventions of the dead. It is hard work and exhausting work. If the shareholders, who only stand and wait, receive such princely dividends, what is the share of those who make the gas?

The company prospectus referred to is good enough to reveal the nature of the division of the spoils. Its own statement is as follows:—

Taking the consumption of Gas at only 30,000,000 cubic feet per annum, and after allowing for the total cost of Coals, Labour, etc., and crediting the sales for Coke and Residuals, Rates, and Taxes, Materials, etc., the income of the Company should be as follows:

By sale of 30,000,000 feet of Gas at 5s. 10d. per 1,000 cubic feet (present price being 6s. 10d.)		£8,750 0 0
,, Sale of Coke, Tar, Breeze, and Residuals, including Meter Rentals		1,813 0 0
		£10,563 0 0
To purchases:		
,, 3,000 Tons of Coal at 17s. 6d. per ton	£2,650 0 0	
,, Purification, 2d. per 1,000 feet	250 0 0	
,, Repairs and Renewals to Works and Machinery, 4d. per 1,000 feet of Gas made	500 0 0	
,, Repairs, Services to Mains, Lamp Columns, and Meters, 2d. per 1,000 feet of Gas made	250 0 0	
,, Directors' Remuneration, Secretary and Manager's Salary, Wages at works, Rates and Taxes, etc., and Miscellaneous Expenses	1,353 0 0	5,003 0 0
Net Profit		£5,560 0 0
To pay 6 per cent. on 15,000 Preference shares at 6 per cent	£900 0 0	
To pay 12 per cent. on 15,000 Ordinary shares at 12 per cent.	1,800 0 0	2,700 0 0
Leaving a surplus, available for further dividends on the Ordinary Shares and for Reserve Fund		£2,860 0 0

The company expects to sell its gas and by-

products for £10,563. It further expects that its entire outlay in producing the £10,563 worth of gas, etc., will be only £5,003, leaving a net profit of £5,560! Now let us look for the estimated *remuneration of labour*.

Here are the lines:—

To directors' remuneration, secretary and manager's salary, wages at works, rates and taxes, etc., and miscellaneous expenses	£1,353
And the repair and renewal items, which include some wages	750
Total	£2,103

So that £2,103 per annum covers, not only wages at works, salaries, directors' fees, but repairs, rates and taxes, and miscellaneous expenses, which must include postages, stationery, etc. It is obvious, therefore, that the total reward of all bodily and mental labour, all furnace-feeding and more or less scientific management, all work whatsoever connected with the gas-making and repairs is calculated by the promoters to cost something less than £2,103. Therefore, it is actually promised to investors, in the light of day, that they can take out of the product of the company's labour profits amounting to £5,560, while all the workers, including managers, are to take only about £1,500. And nothing is more certain than that, in the present condition of what we prettily call the "labour

market," thousands of men, with thousands of women and children dependent upon them, would clamour to have the chance to take a share of the £1,500 while working to make £5,560 for the investors. Nor is it that we are merely examining the extravagant promises of a prospectus. There is nothing impossible in this scheme; the company has a good thing, and it is bound to make fine profits. I have given above a few specimens of gas dividends. Here are some more:

Name of Company.	Nominal Value of Shares or Stock.	Dividend.	Price of Shares (1905).
The British Gas Light Co., Ltd.	£20	10 p.c.	£41
The Ipswich Gas L. Co. (A Stk.)	10	13½ p.c.	28
Eastbourne Gas Co. (C Stock)	10	15 p.c.	28
Harrogate Gas Co. (A Stock)	100	17 p.c.	340
Aldershot Gas and Water Co.	10	11½ p.c.	23
Portsea Is. Gas Lgt. Co. (B Shs.)	50	13 p.c.	127
European Gas Co., Ltd.	10	11 p.c.	23
Bournemouth Gas and Water Co.	10	14 p.c.	30

Watford Gas and Coke Co.	100	13½ p.c.	276

In each of these cases the remuneration of labour is much less than the remuneration of those who "wait."

Thus the records of public companies place at our disposal a very fair picture of distribution as it is. We cease to wonder at the terrible error in the distribution of the nation's income. It is brought home to us that a few individuals, through a monopoly of capital, have a great economic advantage over the multitude of their fellows. That it is impossible to argue that the error of distribution accords, even roughly, with the intrinsic value of the various orders of services, is sufficiently shown in the case of these companies, for their gross profit is usually subject to deduction for the reward of brain-power before assessment by the Income Tax Commissioners. We see that it is not any form of ability, either in design or in organization (which is but design) or in manual effort which secures the largest rewards in industry. It is capital, as capital, which takes the lion's share of the product of the mental and manual labour exercised upon the small area of land which serves for the basis of our industries.[30] The landlord's share, although actually great, is relatively small. In agriculture the conditions are different. It is the landlord, as landlord, who takes the lion's share of the product of the cultivated acres of the United Kingdom.

[28] I use this phrase with intention. Interest, once defined as the reward of "abstinence," is now usually explained by the economists of the

schools to be the reward of "waiting." "Abstinence" has been laughed out of court.

[29] The State has now agreed to buy out this undertaking.

[30] In view of the fact that the Single Tax doctrines of Henry George are still sedulously propagated in this country it is of interest to quote here the following passage from one of Mr George's latest works:

"*We have no fear of capital, regarding it as the natural handmaiden of labour; we look on interest itself as natural and just; we would set no limit to accumulation, nor impose on the rich any burden that is not equally placed on the poor; we see no evil in competition, but deem unrestricted competition to be as necessary to the health of the industrial and social organisms as the free circulation of the blood is to the health of the bodily organism—to be the agency whereby the fullest co-operation is to be secured. We would simply take for the community what belongs to the community, the value that attaches to land by the growth of the community; leave sacredly to the individual all that belongs to the individual; and, treating necessary monopolies as functions of the State, abolish all restrictions and prohibitions save those required for public health, safety, morals, and convenience.*"—From "The Condition of Labour" by Henry George. Published by Swan, Sonnenschein, 1891. Pages 91 and 92.

This gospel of unrestricted competition (in the same volume Henry George chided Pope Leo XIII. for counselling the State to restrict the employment of women and children) is actually preached to the poor as a solution of the problem of poverty.

CHAPTER IX
PROFITS, BAD TRADE AND UNEMPLOYMENT

IF we look at the amounts of profit assessed under the income tax during the last fifteen years we are struck with the steady growth of the figures:—

GROSS PROFITS ASSESSED TO INCOME TAX

1893-4	£673,700,000
1894-5	657,100,000
1895-6	677,800,000
1896-7	704,700,000
1897-8	734,500,000
1898-9	762,700,000
1899-1900	791,700,000
1900-1	833,300,000
1901-2	867,000,000
1902-3	879,600,000
1903-4	902,800,000
1904-5	912,100,000
1905-6	925,200,000
1906-7	943,700,000
1907-8	980,100,000
1908-9	1,010,000,000

These figures have been widely quoted, and with reason, as indicative of rapidly growing prosperity. We see that the gross assessment to income tax has actually grown by over £336,000,000 since 1894. We could have no better proof of the growth of the national product which is divided up amongst us.

There is but one set-back in the table. It occurred in the year 1894, when the total gross assessment fell by £16,600,000, and the assessment under Schedule D (Trades and Professions) fell by £16,000,000. This fall, of course, was only an apparent one caused by an alteration in the limit of exemption. Since that date there has been remarkable growth. Since "Riches and Poverty" first

appeared (1905) the growth has proceeded very rapidly indeed.

It is of interest to inquire into the movement of wages and employment during these years of remarkable prosperity. Did wages rise and was employment constant?

In "Riches and Poverty," edition 1905, pp. 99 *et seq.*, I wrote:

"Let us take some typical trades, and examine the rates of wages paid in these years of rapidly increasing profits.

"The figures about to be quoted are those collected by the Labour Department of the Board of Trade.

"London carpenters in 1894 were paid 9½d. per hour. In 1897 the rate rose to 10d. and in 1903 to 10½d. In Birmingham in 1894 the rate was 9d. and in 1903 9½d. In Belfast the rise between 1894 and 1903 was from 7¾d. to 8½d.

"Bricklayers' labourers in London were paid 6½d. per hour in 1894 and 7d. in 1903. In Manchester the rate remained constant at 6d. per hour. In Birmingham there was a rise from 6d. to 6½d. Masons' labourers in Glasgow have been paid since 1894 a constant rate of 5½d.

"Turning to coal-hewers we get some considerable changes, which are best shown in tabular form:—

NOMINAL DAILY EARNINGS OF COAL HEWERS
1894-1903

	Northumberland	Durham.	Sth. Staffs. and East Worcestershire.	West Scotland.
	s. *d.*	*s.* *d.*	*s.* *d.*	*s.* *d.*
1894	5 9	5 5	4 8	6 0

1897	5 0	4 11	4 4	4 6
1900	6 0	5 10	4 8	6 3
1901	7 9	7 5	5 0	8 0
1903	6 0	5 10	5 0	5 9

"In the ten years there has been a considerable variation, but the high rates of 1901 were brief in duration. Coal-hewers' wages have now gone back almost to the level of 1894.

"Engine fitters in London earned 38s. in 1894 and 39s. in 1903. In Birmingham and Manchester the rates rose from 34s. in 1894 to 36s. in 1903. In Newcastle there was a greater rise in the same period, from 31s. 6d. to 36s.

"Ironfounders in London obtained 38s. in 1894, 40s. to 42s. in 1900 and 40s. in 1903. In Manchester the rates were much the same. In Birmingham 36s. was paid in 1894 and 38s. in 1903.

"Compositors in London were paid 38s. in 1894 and 39s. in 1903. In Manchester the rate remained constant at 35s. In Glasgow the rate remained constant at 34s.

"Agricultural labourers in the Eastern Counties obtained 11s. 1d. per week in 1894 and a gradual increase to 13s. 1d. in 1903. In the North near coal there was a rise from 17s. 5d. to 18s. 4d. In the Midlands 13s. 5d. was paid in 1894 and 14s. 6d. in 1903.

"Textile wages are best expressed by an index number. Taking the rate of 1903 as 100 the rate paid in 1894 was nearly 95 per cent. of that of 1903. This increase refers to cotton spinners and weavers and linen and jute operatives taken together.

"A mere recital of the foregoing facts is sufficient to show that the rise in wages in 1894-1903 was at a

much lower rate than the growth of profits in the same period."

Revising this work for 1910, I regret to say that the changes in the above-quoted rates have been so few that it is not worth while to rewrite what I set down five years ago. Wage rates have been almost stationary in the interim, and the changes that have been made in the above figures are too insignificant to be worth recording.

The matter is best dealt with by setting out the Board of Trade wages index numbers. In the important table on page 112 I have contrasted the representative wage index numbers prepared by the Board of Trade with index numbers representing the gross assessments to income tax. In a similar table in "Riches and Poverty," 1905 edition, I did not take into consideration the growth of the number of income tax payers. In the present calculation I have assumed a growth of income tax payers of 10,000 a year throughout the period, which must be very near the truth.

It will be seen that, representing the profits of 1900 by 100 and calculating the profits of other years as percentages of 100, the total profits index number rises from 86.8 in 1893 to 112.5 in 1908.

The wages are treated in the same way, the rates of the years before and after 1900 being expressed as percentages of the rates of that year. It will be found that the index number expressing the unweighted average of the building, coal-mining, engineering and textile trades, and agriculture rose from 90.1 in 1893 to 101.0 in 1908.

It is a striking contrast:—

PROFITS AND WAGES CONTRASTED
(From Table on page 112).

	Profits. Per cent. of those of 1900.	Wages. Per cent. of those of 1900.
1893	86.8	90.1
1900	100.0	100.0
1908	112.5	101.0

It should be remembered that the income tax assessments are largely made upon the average of the profits of the three years preceding the year of assessment (see Chapter 21), and that the income tax has been better collected in recent years, but even when allowance is made for this the figures remain remarkable.

The table does much less than justice to the growth of profits, for this reason. As will be seen by the table on page 37, the growth of income tax payers has been chiefly in the region of small salaries, which (see p. 36) average about £200 a year. The addition of 10,000 income payers at £200 a year adds but £2,000,000 to a year's aggregate assessment. But the addition of 10,000 £200 income tax payers in a year, little as it adds to the aggregate, waters down the average income tax income (col. C, p. 112), and so lowers the Profits Index Number. If one could separate the small salary earners from the table, *profits would show a much more decided growth*, considerable as is the rise in the index number as modified by the small fry.

On the other hand, the Wage Index Number deals with certain trades—mining, textile, engineering, building, agriculture—which have certainly gained more in wage rates in the period than a great mass of

labour outside the groups named. Therefore, while the Profits Index Number minimizes the growth of profits, the Wage Index Number exaggerates the growth of wages as a whole. On the latter point, see Chapter 2.

TAXED PROFITS AND WAGES CONTRASTED

The Wage Index Numbers are those of the Board of Trade (Cd. 4954). The Profit Index Numbers are based upon the Inland Revenue Assessments. The Financial Year 1893-4 is taken to correspond with the Calendar Year 1893.

Note.—The wages and profits of 1900 are represented by 100. The wages and profits of the other years are expressed as percentages of those of 1900.

YEAR	PROFITS.				WAGE
	A. Gross Assessments to Income Tax.	B. Probable Number of Income Tax Payers.	C. Average Gross Income of Tax Payers.	D. Index No. of Incomes. 1900 = 100	E. Wages I No. 1900 =
	£	Number.	£	Per Cent.	Per Ce
1893	674,000,000	950,000	709	86.8	
1894	657,000,000	960,000	684	83.8	
1895	678,000,000	970,000	698	85.5	
1896	705,000,000	980,000	719	88.1	
1897	734,000,000	990,000	741	90.8	
1898	763,000,000	1,000,000	763	93.5	
1899	792,000,000	1,010,000	784	96.0	
1900	833,000,000	1,020,000	816	100.0	1
1901	867,000,000	1,030,000	841	103.0	
1902	880,000,000	1,040,000	846	103.6	
1903	903,000,000	1,050,000	860	105.3	
1904	912,000,000	1,060,000	860	105.3	
1905	925,000,000	1,070,000	864	105.8	
1906	944,000,000	1,080,000	874	107.1	
1907	980,000,000	1,090,000	899	110.1	1
1908	1,010,000,000	1,100,000	918	112.5	1
Increase 1893-1908	49.8 Per Cent	15.7 Per Cent	29.5 Per Cent	29.5 Per Cent	12.(Per Ce
Increase 1900-1908	21.2 Per Cent	7.8 Per Cent	12.5 Per Cent	12.5 Per Cent	1.0 Per Ce



PROFITS AND WAGES, 1893-1908
(see Table on p. 112).

Thus in recent years the proportion of the national income taken by labour made no gain upon the proportion taken by capital. On the contrary, labour took a diminished share of the increased product.

Since the Boer War labour has barely retained the increase which it obtained between 1894 and 1900.

The seriousness of the position is increased by the great rise in the cost of living, as the following figures testify:

WAGES AND COST OF LIVING

	Board of Trade Wages Index No.	Board of Trade Wages Index Number Retail Price of Food in London
1895	89.1	93.0
1900	100.0	100.0
1908	101.0	109.0
Increase per cent.	13.3	17.2

Thus, real wages have actually fallen since 1895.

Again, as has been already remarked, the Board of Trade Wages Index Number deals with trades which on the whole have gained more than wages generally. Railway wages have been stationary for years, even while the cost of living has been going up. On the German and Swiss national lines the men have been granted higher wages in compensation for increased costs; here our railway companies abuse their monopolistic position to the uttermost in regard to wages as in regard to the public welfare.

In addition to reduced rates of wages in slump years, the working classes are made to bear the brunt of depression through (1) "short time" or partial unemployment, and (2) dismissal.

UNEMPLOYMENT.—TABLE SHOWING, FOR THE END OF EACH MONTH IN 1900-1910, THE NUMBER OF MEMBERS OUT-OF-WORK IN THE TRADE UNIONS WHICH PAY "UNEMPLOYMENT BENEFIT." THESE FIGURES DO NOT INCLUDE MEMBERS RECEIVING STRIKE OR SICK PAY

Date.	Membership.	Number out of Work.	Per Cent.
1900			
January	521,833	14,252	2.7
February	524,872	15,114	2.9
March	524,199	11,821	2.3
April	525,865	13,075	2.5
May	531,608	12,645	2.4
June	533,119	13,992	2.6
July	533,499	14,566	2.7
August	534,331	15,971	3.0
September	536,242	19,520	3.6
October	535,668	17,750	3.3
November	539,175	17,715	3.2
December	540,102	21,496	4.0
1901			
January	545,539	21,682	4.9
February	543,487	21,159	3.6
March	544,688	19,618	3.8
April	547,197	21,018	3.6
May	544,460	19,487	3.4
June	541,651	18,605	3.4
July	539,422	18,164	3.9
August	543,971	21,025	3.7
September	542,917	20,180	3.7
October	544,827	19,995	3.8
November	545,832	20,614	3.6
December	554,018	25,703	4.6
1902			
January	553,218	24,470	4.4
February	561,708	24,072	4.3
March	551,270	20,241	3.7
April	550,958	21,349	3.9
May	549,023	21,926	4.0
June	554,893	22,832	4.2
July	550,169	21,859	4.0
August	551,565	24,549	5.5
September	553,870	27,522	5.0
October	548,442	27,270	5.0
November	549,197	26,454	4.8
December	552,415	30,302	5.5
1903			

January	547,671	27,685	5.1
February	549,843	26,471	4.8
March	559,129	24,096	4.3
April	554,901	22,665	4.1
May	554,524	22,102	4.0
June	556,695	24,804	4.5
July	555,743	27,394	4.9
August	561,946	30,751	5.5
September	558,508	32,179	5.8
October	555,105	32,358	5.8
November	562,954	33,614	6.0
December	559,897	37,501	6.7
1904			
January	561,226	36,767	6.6
February	563,824	34,388	6.1
March	567,232	33,950	6.0
April	561,611	33,706	6.0
May	571,384	36,002	6.3
June	573,373	34,066	5.9
July	568,272	34,494	6.1
August	575,061	37,006	6.4
September	575,575	39,005	6.8
October	576,642	39,396	6.8
November	577,268	40,244	7.0
December	573,726	43,435	7.6

UNEMPLOYMENT—*continued*

Date.	Membership.	Number out of Work.	Per Cent.
1905			
January	578,910	39,315	6.8
February	578,708	35,778	6.2
March	578,684	32,558	5.6
April	575,968	32,348	5.6
May	575,512	29,487	5.1
June	576,346	29,995	5.2
July	576,472	29,845	5.2
August	578,444	31,046	5.4
September	578,542	30,696	5.3
October	584,288	29,560	5.0
November	586,040	27,769	4.7
December	581,630	28,734	4.9
1906			
January	588,121	27,614	4.7
February	586,956	26,064	4.4
March	585,376	22,465	3.8
April	582,201	21,037	3.6
May	590,919	21,080	3.6
June	593,830	21,785	3.7
July	595,637	21,464	3.6
August	596,010	22,528	3.8
September	598,611	22,826	3.8
October	600,122	26,313	4.4
November	604,370	27,446	4.5
December	597,198	29,212	4.9
1907			
January	617,911	25,990	4.2
February	618,574	23,932	3.9
March	618,230	22,058	3.6
April	619,591	20,310	3.3
May	624,993	21,081	3.4
June	622,584	22,189	3.6
July	631,158	23,291	3.7
August	632,068	25,458	4.0
September	631,241	28,914	4.6
October	638,788	30,079	4.7
November	639,678	32,010	5.0
December	644,298	39,343	6.1
1908			
January	649,789	40,580	6.2
February	639,073	40,900	6.4
March	639,716	43,853	6.9
April	638,237	48,035	7.5
May	627,613	49,515	7.9

June	653,327	53,766	8.2
July	646,511	53,163	8.2
August	648,585	57,912	8.9
September	593,444	55,793	9.4
October	591,053	56,200	9.5
November	644,770	58,349	9.1
December	679,060	61,619	9.1
1909			
January	688,588	59,786	8.7
February	696,688	58,670	8.4
March	700,654	57,450	8.2
April	700,867	57,250	8.2
May	699,779	55,473	7.9
June	698,284	55,331	7.9
July	693,848	54,877	7.9
August	697,268	53,918	7.7
September	695,720	51,749	7.4
October	694,930	49,664	7.1
November	696,415	45,569	6.5
December	692,153	45,963	6.6
1910			
January	694,456	47,259	6.8
February	701,252	40,121	5.7
March	701,766	36,543	5.2
April	699,932	30,475	4.4
May	703,439	29,787	4.2
June	702,522	25,866	3.7
July	698,888	26,664	3.8

As to the amount of short time worked between 1900 and 1910, we have no adequate information, but as to unemployment the evidences have forced themselves upon public attention in every part of the country.

How ruthlessly the workman is made to bear the chief burden of bad trade and how, even in the best years, there is always a surplus of unemployed labour, can be clearly shown.

There are about 2,000,000 men and women Trade Unionists in the United Kingdom, belonging to some 1,300 Trade Unions, and forming but about one-seventh of the manual workers of the United Kingdom. Some of these Unions pay "unemployed

benefits," and are therefore enabled to record accurately how many of their members are out-of-work. The membership of these particular Unions is about 650,000. The Board of Trade collects from them, monthly, details of the members out-of-work and these details are published in the official "Labour Gazette." From that publication I have compiled the table on pages 116-117, which shows faithfully, so far as about half a million of our workmen are concerned, how capital deals with labour. It covers the years since 1900, and continues the record printed on pp. 106-107 of "Riches and Poverty," edition 1905.

The period examined covers a complete trade cycle, with its fat years and lean years. I think the reader cannot fail to be struck with the extraordinary variations in the state of employment shown in the table. Even in the best year of the period, 1900, and in March, the best month of that year, 11,821 members were receiving out-of-work pay out of a total of 524,199, and before a month had passed 1,200 more men had been discharged. By January, 1901, the number of unemployed exceeded 21,000, or 4.0 per cent. By the end of 1901 the employers had rid themselves of 26,000 men out of 554,000. Throughout 1902 the number receiving out-of-work pay was round about 25,000 at the end of each month, the figure rising to 30,000 in December. By the end of 1903 another 7,000 were discharged, and in December 1904 the total rose to over 43,000 out of 574,000, or 7.6 per cent. In 1905 there was improvement, continuing in 1906-7. At the end of 1907, however, 39,000 out of 664,000 were out of work, and a year later 62,000 out of 679,000, or 9 per cent., were unemployed. 1909 saw recovery, which has happily continued until now (August

1910). At the end of July 1910 the unemployment rate had fallen to 3.8 per cent.

These facts relate, not to casual labourers, but to the flower of our skilled workmen—to a class of men who are least likely to suffer (1) because they are the most needed instruments of capital, and (2) because they are organized and best able to resist injustice. If we were able to set out the facts relating to all manual labourers we should probably get a picture even more distressing. It is at any rate unlikely that, amongst manual labourers as a whole, employment is better than in the chief Trade Unions.

In December 1904, the Hackney Town Council conducted a census of the unemployed of Hackney. It was carried out in a very sensible way. At a cost of about £150 every house in the borough was canvassed between December 12th, 1904, and January 31st, 1905, and particulars obtained from every person over 16 years of age found to be unemployed. The results were:—

		Population (1901)	Houses.	Unemployed.
North	Hackney	45,110	9,152	465
Central	"	69,368	9,837	1,090
South	"	104,794	14,751	2,963
	Totals	219,272	33,740	4,518

South Hackney, which contains the poor Homerton Ward, of course gave the worst results. The unemployed in South Hackney actually numbered 3 per cent. of its whole population, men, women, and children! Taking the borough as a whole, including well-to-do Stamford Hill, the unemployed rate came out at nearly 7 per cent. of the "employable"

population of all classes. 530 cases of "pawning and selling home" were discovered. Thus, for all classes of workers in Hackney, the unemployment rate was almost precisely the same as the rate in the Trade Unions paying unemployment benefit. It is also worthy of note that, out of a total number of 4,315 males unemployed, as many as 1,477 were "labourers," and 1,167 of these "general labourers." These facts, impressive as they are, amount to an understatement of the case, however. Many of the unemployed, from feelings of delicacy, failed to record their condition for fear of public attention being directed to them personally. Mr Councillor Fairchild of Hackney told me that he knew of forty cases of unemployment not returned in the census. This goes to show that we are justified in taking the unemployed Trade Union rate as really representative of the whole body of labour. While, on the one hand, it excludes postmen, railway servants, policemen, and others who have quite regular work, it does not include the great mass of "labourers" and other casual workers whose state of employment must always be worse than that of the men belonging to the benefit-paying Trade Unions.

It is well to point out, for the facts are little known, the enormous sums expended by the chief Trade Unions in out-of-work pay. For recent years the figures have been:—

EXPENDITURE ON UNEMPLOYED BENEFIT BY CERTAIN TRADE UNIONS HAVING A TOTAL MEMBERSHIP OF ABOUT 650,000

Year.	Expenditure.
1898	£234,000

1899	185,000
1900	261,000
1901	325,000
1902	429,000
1903	516,000
1904	655,000
1905	523,000
1906	424,000
1907	466,000

Thus, even in the best recent years, 1899 and 1900, these Unions had to pay out £185,000 and £261,000 respectively to sustain members out-of-work. Modern industry works with a constant margin of unemployed labour, a margin which ever tends to depress wages and to place the employed at a disadvantage in bargaining for the sale of their services.

The sums above named are part, of course, of the alleged working class "capital" referred to on page 56, and often advanced as proof of the *riches of the poor*. In plain fact they are abstracted from poor wages in order to keep the home together when those poor wages fail altogether in seasons of unemployment. To term them "capital," or to flaunt them as "wealth," shows a curious perversity of ideas.

While we do not know how many workers are unemployed at any given time, it is probable that, as the whole body numbers about 15,000,000, and 60,000 are sometimes unemployed out of a group of 650,000 of these, the total may reach 500,000 or 600,000 or more in bad years.

Yet, when we obtain particulars of the profits of capital in "bad years of trade," we see little

diminution in the handsome sums confessed to the Commissioners of Inland Revenue, and we understand how profits are sustained at the expense of the suffering and partial degradation of a great body of British citizens larger in number than the entire landowning and capitalist classes. I shall be surprised if it does not occur to some of those who read these lines that in view of the extraordinary profits shown in the totals on page 112 the wholesale dismissal of workmen at the first symptom of slackening trade is a disgrace to our civilization.

As I have remarked earlier in these pages, unemployment is by no means confined to the manual labour classes. All the humbler units of commercial life are subject to treatment which is little better than that accorded the "workman." As I write there are thousands, if not tens of thousands, of clerks, writers, warehousemen, shop assistants, travellers, canvassers, agents, and others out of work and undergoing terrible sufferings in the endeavour to keep afloat. Cases are frequent in which advertisements offering berths of small account are hungrily applied for by hundreds of applicants. It is a sad reflection that for the vast majority of our people there is no such thing as security of tenure of employment. The profits assessed to income tax, the income, that is, of about one-ninth of our population, continue to rise by leaps and bounds, but the state of employment remains very much as it was. After a careful examination of the employment records of forty years the Board of Trade gave their verdict in 1904 (Cd. 2337, p. 84), that "the average level of employment during the past four years has been almost exactly the same as the average of the preceding forty years."

But, as our population to-day is very much greater than in 1860, the same "average level of employment" means that there are far more unemployed workmen in England to-day than was the case forty years ago. The proportion of out-of-works is neither larger nor smaller, but the magnitude of the problem is greater because there are more of us.

No attempt is yet made by our inadequate Census to obtain particulars of the number of unemployed. The Census Bill of 1910 led to a wrangle as to whether a religious census should be taken, but there was not even a wrangle as to whether the golden opportunity should be seized to ascertain the number of unemployed. So the Census of 1911 will come and go. Before the Census of 1921 is taken many proposals will be made for dealing with unemployment, but no one will know the size of the problem to be dealt with.

There is, of course, no remedy for unemployment under present economic conditions. All that can be done by the State, consistently with the private ownership of land and industrial capital, is to *remedy the distress arising from unemployment*, and as I write (1910) the Government are contemplating a scheme for unemployment insurance, based on contributions by men and masters, with aid from taxation. Such a scheme should be strongly supported, but there should be clarity of ideas as to what is effected by insurance. Unemployment insurance no more cures unemployment than life insurance cures death. All that is done by it is to *relieve the distress caused by the unemployment*. It is a great and worthy object, but the unemployed workman drawing his out-of-work pay, *is still unemployed*.

The Labour Party has propounded a "Right-to-Work" Bill, but this again, on examination, suggests work *or maintenance*, its promoters seeing clearly that economic work cannot be made to order by a State which is as poor in property as the workmen themselves. The Right-to-Work Bill is thus no more a *remedy for unemployment* than an insurance scheme is such a remedy.

Nor can the State, by pursuing its few public works chiefly in bad seasons, level unemployment as between good years and bad, or as between good seasons and bad. The troughs of the waves of depression are too great to be filled by such means, and they deceive themselves who think that they can rule those waves by the manipulation of Government contracts.

The Labour Exchange is a useful machine for organizing labour to meet the vicissitudes of individualistic industry. It has been described as equivalent to the *organization of industry*, but that is a misnomer. The organization of industry can only begin with the organization of the means of production. If we organize production we necessarily organize labour. If we enrol unemployed workmen, and move them about as pawns to suit the uneconomic conditions of unorganized capital units ("Come and tell us if you want a man;" "Come and tell us if you want a job") we may save the workman some trouble and loss of self-respect in finding new jobs, and render more tolerable his periods of idleness, but most surely we neither organize industry nor increase the volume of employment.

CHAPTER X
PART OF THEIR WAGES

IN considering the earnings, as distinguished from the rates of wages, of the manual labour classes, we have found it necessary to make an allowance for time lost through sickness and accidents. Let us now examine the available records of the industrial accidents and diseases of occupations which are part of the wages of the working classes, and at the price of which the comforts of the well-to-do are purchased.

As to persons employed in factories and workshops, we have the reports made to the inspectors under the Factory and Workshop Act of 1901. By Section 19 of the Act it is provided that where there occurs an accident which either

(*a*) Causes loss of life to a person employed in a factory or workshop; or

(*b*) Causes to a person employed in a factory or workshop such bodily injury as to prevent him on any one of the three working days next after the occurrence of the accident from being employed for five hours on his ordinary work, written notice shall forthwith be sent to the factory inspector for the district.

If the accident arises from special causes defined as machinery moved by power, boiler explosions, escape of gas or steam, or use of hot liquid or molten metal, the casualty has to be reported to a Certifying Surgeon as well as to the Inspector.

It is also provided that if any notice required by Section 19 as to an accident in a factory or workshop is not sent to the local inspector, the occupier of the factory or workshop shall be liable to a fine not exceeding £5.

Thus, under the Factory and Workshop Act, an accident is not always a reportable accident. One worker may meet with a trivial accident which, though he is able to continue work, prevents him from doing his ordinary work for, say, the next six hours only after the accident. This would be a reportable accident. A second worker may meet with an accident which, though it does not prevent him from continuing his ordinary work for five hours on "any one of the three working days next after the occurrence of the accident," may afterwards develop into a permanent partial disablement, so that for weeks, or even months, he may be unable to do any work. This accident would not be "reportable" under the Factory Act.

But there is a more important reason why the official records of accidents are incomplete. It lies in the fact that the administration of the Factory and Workshop Act by the Home Office is lax, and the staff of men and women inspectors ridiculously inadequate. The number of factories and workshops under inspection in 1908 was as follows:

FACTORIES, WORKSHOPS, ETC.,
UNDER INSPECTION, 1908

Class of Works.	Number of Works.
Factories	110,691
Workshops	149,398

260,089

The staff of inspectors and assistant inspectors in 1908 was stated officially to be of an authorized strength of 200. This is an improvement upon the 152 recorded in "Riches and Poverty," edition 1905, p. 115, but it cannot be termed adequate. If we imagine the 260,000 registered workplaces divided equally amongst the staff we see that each inspector has to deal, on the average, with 1,300 workplaces. If, then, each registered workplace were inspected only once in each year, each inspector would need to inspect 32 factories or workshops per week. As this is a physical impossibility, it is clear that each registered workplace is not called upon even once in each year.

Whether an employer does or does not report a reportable accident largely depends upon the vigilance of the local inspector, and as it is physically impossible for a few inspectors to be vigilant in regard to many employers there can be no question that an exceedingly large number of accidents go unreported. No reflection is made here upon the inspectors themselves; it is simply pointed out that, however devoted they may be, they cannot properly carry out the work which needs to be done.

The Factory Report for 1908 (Cd. 4664) enables us to make the following comparison with the 1903 figures given in "Riches and Poverty" (1905 edition).

CASUALTIES IN FACTORIES AND WORKSHOPS, 1903-8

	Fatal Accidents.	Non-Fatal Accidents.
1903	1,047	92,600

1908	1,042	121,112

The fatal accidents have remained stationary; the non-fatal accidents have curiously increased. The explanation is largely that the additional staff of inspectors has led to better reporting of accidents. Probably many still go unreported.

However, merely to take the list of "reported" accidents as it stands, we get the gruesome total of 1,042 persons killed and 121,000 wounded in factories and workshops in a single year.

A considerable number of the non-fatal accidents are of a serious character, as may be judged from the following details showing the cases reported to certifying surgeons as arising from the "special causes" already referred to:

FACTORIES AND WORKSHOPS: ACCIDENTS REPORTED TO CERTIFYING SURGEONS, 1908

Degree of Injury.	Number.
Fatal	1,042
Loss of hand or arm	126
Loss of part of hand	3,303
Loss of part of leg or foot	78
Fractures	1,680
Loss of sight	44
Injuries to head or face	5,109
Burns and scalds	5,617
Other injuries	24,902
	41,901

The number of reports to the Certifying Surgeons in 1903 was 30,509 ("Riches and Poverty," edition 1905, p. 117).

Having formed an idea, if an inadequate one, of the deaths, mutilations and injuries which occur in our factories and workshops in a single year, let us pass to the question of diseases of occupations. The particulars on page 129 are taken from the Factory Reports.

DISEASES OF OCCUPATIONS IN FACTORIES AND WORKSHOPS

(Cases reported under the Factory and Workshop Act)

Disease and Industry.	CASES. Year ended December.		DEATHS. Year ended December.	
	1908	1903	1908	1903
LEAD POISONING				
Smelting of Metals	70	37	2	2
Brass Works	6	15		
Sheet Lead and Lead Piping	14	11		
Plumbing and Soldering	27	26		
Printing	30	13	2	2
File Cutting	9	24	2	2
Tinning and Enamelling of Iron Hollow-ware	10	14	0	
White Lead Works	79	109	3	2
Red and Yellow Lead Works	12	6	0	
China and Earthenware	117	97	12	3
Litho-transfer Works	2	3	0	
Glass Cutting and Polishing	3	4	1	

Enamelling of Iron Plates	7	4	0	
Electrical Accumulator Works	25	28	1	
Paint and Colour Works	25	39	0	1
Coach Making	70	74	3	5
Shipbuilding	15	24		1
Paint used in other Industries	47	46	1	1
Other Industries	78	40	5	
Total Lead Poisoning	646	614	32	19
MERCURIAL POISONING	10	8		
PHOSPHORUS POISONING	1			
ARSENIC POISONING	23	5	1	
ANTHRAX	47	47	7	11
TOTAL FACTORIES AND WORKSHOPS	727	674	40	30
LEAD POISONING AMONGST HOUSE PAINTERS AND PLUMBERS	239	201	44	39
GRAND TOTAL	966	875	84	69

The greater part of the table, it will be seen, refers to factories and workshops, but a line is added to show the cases of lead poisoning amongst house painters.

Thus, in 1908, 84 workpeople, and in 1903, 69 workpeople, succumbed to poisoning or anthrax,

while about 966 non-fatal cases were reported in the later year. Hundreds more, of course, go unreported, but the figures as they stand, representing only part of the terrible truth, make one shudder.

Most of the lead poisoning cases under china and earthenware refer to women and young girls, and it should be noted that the figures for 1903 are very much better than those of previous years. Prior to 1899 one in every fifteen of the persons employed in lead processes was reported as suffering from plumbism! Stringent new rules were made in 1898, a monthly medical examination being provided for, and in 1899 the reported cases fell from 457 to 249. Now they have fallen, as our table shows, to about 100 per annum. That is bad enough, for only some 6,000 pottery workers are employed in the lead processes. The improvement, however, shows how much can be done to protect the factory worker. Pity it is that such steps were not taken before the people of the Potteries were stunted by their deadly employment.

The horrible disease, anthrax, is responsible for about ten deaths per annum, and as its bacillus lurks in wool, hair, hides and skins imported from many countries for many industries, a large number of workers, from warehousemen to woolcombers, regularly run the risk of contagion.

Turning to mining, the public is reminded at intervals, by a large scale disaster, of the work of the coal-miner. Momentarily, we think of the perilous nature of the industry upon which our wealth is built, and then the tide of events sweeps on—and we forget.

Who remembers the last Rhondda holocaust? Was it in 1904 or in 1906? How many men perished?

What was the cause? Few could answer these questions. Perhaps the 1910 disaster at Whitehaven will be more easily remembered because of its picturesque horror; because the sea washes over the miners' tomb; because reluctant hands were compelled to build a wall between the dead and the living. But these things are but the scenery of tragedy. It is the deaths that matter, and Whitehaven, awful as it is, accounts for but about one-ninth or one-tenth of the deaths in or about coal-mines of which the year 1910 will take toll.[31]

There will be the usual inquiry in the matter of this disaster, and I assume that the gravest consideration will be given to the circumstances. It appears to have been forgotten that on November 26th, 1907, five men were killed and seven injured at this same Whitehaven Colliery under circumstances which involved breaches of the Coal-Mines Regulation Act, and that on that occasion nearly 200 miners were imperilled. The cause was careless shot-firing, the same cause which destroyed 120 miners in the Rhondda in 1905—and in his official report Mr R. A. S. Redmayne said:—

"Had the flame reached the haulage road, the loss of life would have been very great, as probably all the morning shift, amounting to 180 persons ... would have lost their lives."

Thus there was very grave and recent warning as to the need for care in this fiery mine underneath the sea.

That in passing. My immediate purpose is to point out that such disasters as that of 1905 or 1910, destroying over 100 lives at a single blow, barely disturb the average loss of life in coal-mines, so great is the yearly loss.

DEATHS FROM ACCIDENTS AND EXPLOSIONS IN COAL-MINES, 1851-1908

1851 to 1900	54,322
1901	1,131
1902	1,053
1903	1,097
1904	1,049
1905	945
1906	1,040
1907	1,136
1908	1,116
Total, 58 years	62,889
Average per annum	1,083

Loss of life in getting coal is not a spasmodic thing for occasional tears; it is a day by day matter. The public at large is stricken with horror by such a disaster as Whitehaven. Miners' widows are made every day by trifling accidents of which the public never hears. It is bad that 133 men have been buried and burned off the coast of Cumberland in 1910; it is worse that from 1,000 to 1,500 men will have perished in our coal-mines between January 1 and December 31, 1910.

And what of the maimings? Under the Mines Acts, notification of accidents in mines and quarries is also compulsory. Three classes of accidents are distinguished under the Acts: (1) Fatal accidents; (2) injuries from special causes, viz. explosions of gas, accidents in the use of explosives, and boiler explosions; (3) other injuries not of a "serious"

character, no definition being given of serious personal injury. When death occurs from a case already reported as an injury, a further notification is required.

In 1908, the casualties in British mines and quarries were as follows:

MINES AND QUARRIES, 1908

	Killed	Injured. Disable more da
Coal and Metalliferous Mines—		
1. Underground Accidents:-		
(*a*) Explosions	128	
(*b*) Falls of ground	603	
(*c*) Shaft accidents	90	
(*d*) Miscellaneous	373	
2. Surface accidents	151	
	1,345	1
Quarries	92	
	1,347	1

(The above table gives fuller particulars than that on page 120 of "Riches and Poverty," edition 1905; the latter gave particulars of "serious" accidents only.)

One miner in about 600 is killed, and one miner in six is more or less seriously injured in the course of a year. The incapacity of the injured included in these figures and proportions ranges from one week to life-long disablement.

In the slate quarries of North Wales, one man in every three is injured in the course of a year. The

wages paid are very low.

Returning now to the figures of the table on p. 132, it will be observed that the deaths in recent years are almost precisely the same in number as the average of the fifty-eight years examined. That, of course, points to great improvement, because the number of miners at work and the quantity of coal got has rapidly increased in the period. With regard to explosions alone, the saving of life under the Coal-Mines Acts has been very great. In his valuable paper on the effect of British labour laws upon industrial occupations, read to the Royal Statistical Society in 1905, Mr Leonard Ward, H.M. Inspector of Factories told us:

"The total number of deaths from explosions which occurred during the five years 1856-60 was 1,286, and if the number of persons employed and the death-rate from that cause had remained constant, the total deaths for fifty years would be 12,860; allowing for increase in numbers employed, the total deaths during that period would probably have exceeded 25,000, instead of which the actual total is about 15,000 less than that, hence it would seem that by the prevention of explosions alone, no less than 15,000 lives have been saved during the last fifty years by the operation of the statutes which regulate the hygienic conditions of employment in coal-mines."

That is to say, legislative insistence on ventilation of coal-mines saved some 15,000 lives in fifty years.

This fact should, in the first place, give pause to those who have no faith in legislation, and in the second place it should give encouragement to those who believe that further great improvements can be effected. The law prevented 15,000 deaths in fifty

years; it permitted 10,000 to occur. It is impossible to read such an official report as that upon the Whitehaven explosion of 1907 without being impressed by the great carelessness which still obtains in dangerous mining operations. The last great Rhondda accident occurred through wanton carelessness. I do not know the cause of the Whitehaven disaster, but, speaking of fiery mines generally, it does appear that there is a strong case for the total prohibition of shot-firing. One may hedge round this labour-saving process with what restrictions one will; if it is done under any conditions serious accident or disaster must come sooner or later. Can there be any justification for labour saving of such character?

That is to speak of but one factor in the production of mining accidents. Other considerations, and serious ones, arise in connexion with such a case as that of Whitehaven where workings extend for miles under the sea and where yet there is no attempt made to provide egress to an emergency shaft. The men went down at Whitehaven and out to their work under the sea. They had either to return the way they came or to return not at all. It may be that the provision of a return passage to an emergency shaft would have burdened the undertaking with such a capital expenditure as to prevent the economic working of the mine. If that is so, a nation which owes its industrial greatness to coal should consider whether it is desirable to work this under-sea coal or not, for it would appear obvious that a mine as fiery as the 1907 inquiry proved the Whitehaven colliery to be, must sooner or later be the scene of serious disaster under the given conditions. To pass to another point, a large proportion of mining accidents occur in the shafts. It would be interesting to know

the ages of many of the cages and of much of the winding machinery which are employed in our coal-mines. From reading official reports on mining accidents I have come to the uncomfortable conclusion that far too many of the appliances are fit for the scrap heap.

In the figures relating to mining casualties, many young children are included. In the ten years 1895 to 1904, 414 children between the ages of 12 and 16 years were reported as killed underground, under the heads "haulage," "machinery" and "sundries."[32]

It is quite unknown to the general public how many women, girls and boys are employed in and about mines. The figures of the 1901 Census show that in the coal-mines of England and Wales only, 134,422 boys and 1,458 girls under 20 years of age are employed. Of the boys as many as 31,587 are between the ages of 10 and 15 years! I dwell upon these facts because I once had brought home to my mind in a very striking way the necessity of making them known. Speaking to an audience at the National Liberal Club, I mentioned incidentally that a very large number of children were employed in our mines. To my astonishment, I was loudly interrupted by a certain Liberal candidate for Parliamentary honours, who openly scoffed at the idea that children were so employed, while the audience clearly did not know which of us was in error.

With railway accidents the public is more familiar, although it is questionable whether many people realize that, in an average week, 10 railway servants are killed and 250 are wounded.

By a Board of Trade order, made under the Regulation of Railways Act of 1871, accidents on

railways are compulsorily reported. Fatal accidents must be notified to the Board of Trade within 24 hours after the occurrence of the accident. Non-fatal accidents must be reported whenever they prevent the injured servant on any one of the three days following the accident from working for five hours. The "special causes" distinguished in the cases of Factories and Mines are not referred to.

Legislation has done a little to protect the railway worker. While the number of railway employees has increased considerably in the last 20 years—from 350,000 to 579,000—the number of accidents has remained about the same. Nevertheless, the death roll is still heavy and the number of wounded very great. In 1903 there were 497 killed and 14,356 injured. In 1908 there were 432 killed and 24,181 injured. Of course the risk varies considerably as between one kind of railway employment and another. Railway mechanics have an accident death-rate of 1 in 4,524 and an injury rate of 1 in 147. Shunters, on the other hand, are killed at the rate of 1 in 264 per annum, while 1 in every 17 is injured! Goods guards, who are not brought into contact with the public as are their more fortunate and safer colleagues the passenger guards, suffer almost as badly as shunters—1 in 374 being killed and 1 in 18 injured per annum. Facts such as these show how great is still the risk of railway work and what a debt we are under to those who do it. As to the manner of repayment of the debt it may be again remarked that, in 1908, the 27 leading railway companies, employing something like 90 per cent. of the railway employees of the country, paid an average wage of only 25s. per week. There are probably 100,000 railway employees who receive less than 20s. per week.

In the case of merchant seamen we have only the records of accidents resulting in death. Every illness or injury has to be recorded in the ship's log, but only death statistics are compiled. The fatalities from shipwreck and accident vary considerably in number from year to year, but appear to be falling.

It remains only to record the accidents in engineering works covered by the Notice of Accidents Act of 1894. This Act provides for the notification of accidents in the construction of railways and in the construction, working or repair of tramways, canals, bridges, tunnels, or other works authorized by any local or personal Act of Parliament. Also it covers the use of any traction engine or other machine worked by steam in the open air. Under this Act there have been reported, in recent years, about 60 deaths and 1,200 injuries per annum.

Collecting the figures we have reviewed, we are able to construct the table below, which shows, for all occupations, the number of persons reported as having been either killed or wounded in 1908.

REPORTED CASES OF INDUSTRIAL ACCIDENT AND DISEASE, 1908

Number of Workpeople who suffered Death or Injury.

	Killed, or Died from Disease.	Injured, or Suffered from Disease.
Accidents in Factories and Workshops, etc.	1,042	121,112
Accidents in Mines and Quarries	1,437	148,067
Accidents on Railways	432	24,181
Accidents on Ships, etc.:		
Merchant Vessels	999	3,781
Fishing Vessels	212	392
Accidents in Engineering Works (under Notice of Accidents Act)	32	1,228
Diseases of Occupations	84	966
Totals	4,238	299,727

It should be distinctly understood that these figures refer to reported cases only and that they are far from complete. In the case of factories and workshops it is probable that the greater number of the serious accidents are reported, but thousands of minor cases escape record. The railway figures have been much more complete since 1896, in which year the number of accidents recorded jumped from 7,480 to 14,110 owing to a more stringent regulation as to reporting made by the Board of Trade. The figures as to accidents on ships and in engineering works are very incomplete.

Cases of industrial disease form the smallest part of the table, but if the whole truth could be expressed in statistics, the result would be appalling. All that we have reported under this head are cases of metallic poisoning and of anthrax. Terrible as these are, they affect so few people as to be of far less consequence to the nation than the high death-

rate of Lancashire cotton operatives or Belfast linen workers. Phthisis does not appear in official statistics as a "disease of occupation," but thousands of textile workers die of phthisis resulting from work done in a humid atmosphere. Physical degeneracy is not an "accident," for it progresses with our knowledge and deliberate consent, but how much graver is the deterioration of the jute workers of Dundee than the figures relating to railway accidents. In 1899, Mr H. J. Wilson, H.M. Factory Inspector for Dundee, measured and weighed 169 boys and girls with a view to discovering the amount of degeneracy as compared with the recognized normal. Here is the melancholy result:

PHYSICAL DETERIORATION IN DUNDEE[33]

Age.		Height.		Weight.	
		Dundee.	Normal.	Dundee.	Normal.
		Inches.	Inches.	Lbs.	Lbs.
11 to 12—					
	Boys	50.0	53.5	62.8	72.0
	Girls	51.5	53.0	63.0	68.1
14 to 15—					
	Boys	54.0	59.0	70.5	92.0
	Girls	55.7	59.7	77.5	96.1

Speaking of the deaths from phthisis and diseases of the lungs in Belfast, Dr Whitaker, Medical Officer of Health for that city, says in his report for 1902: "Of the 2,911 deaths reported from these causes, 1,779 were attributed to diseases of the respiratory organs and 1,132 to phthisis. It is therefore evident that these diseases caused upwards of one-third of the mortality in our midst. This is not to be wondered at when we remember the nature of the occupations in which so many of our people are engaged and the unhealthy surroundings which

environ them."[34]

The truth is that many thousands of the deaths which occur in the United Kingdom every year are really caused by "diseases of occupations," and that to the thousands of deaths must be added hundreds of thousands of cases of direct injury to health arising from work in unhealthy and insufficiently controlled factories and workshops.

Death, injury and disease have thus been administered to our industrial population for several generations. To-day, conditions are better than of old, but they are still so bad that to speak of improvement is to indict the past as black indeed. Against the fact that industrial hygiene has improved, must be set the grave consideration that it is in part an enfeebled people which is now provided with a slightly better environment. We have effectually degraded no small proportion of the race; the present measures of industrial control are not strong enough to restore it.

[31] Since these pages went to press, another large scale disaster at Bolton has killed over 300 miners.

[32] See Mr Fenwick's Return "Mines (Fatal Accidents)," No. 140. 1905.

[33] Annual Report on Factories and Workshops, 1900, page 336.

[34] This and many other cognate facts were quoted by Mr Leonard Ward in his paper on Industrial Occupations read to the Royal Statistical Society on May 16th, 1905.

CHAPTER XI
CONSEQUENCES

THE consequences of the error of distribution now demand our attention.

The congestion of so much of the entire income and accumulated wealth of the United Kingdom in a few hands has a most profound influence upon the national development. It means that the great mass of the people—the nation itself—can progress only in such fashion as is dictated by the enterprise or caprice of a fraction of the population. The possessors of wealth exercise the real government of the country and the nominal government at Westminster but timidly modifies the rule of the rich. When we say that about one million people command one-third of the entire income of the nation we mean, broadly, that one million people have under their control the lives of one-third of the population or of 15,000,000 people. When we say that about five million people command one-half of the entire income of the country we mean, broadly, that five million people control the lives of one-half of the population, or of 22,000,000 people. Expenditure is a call for material or immaterial commodities, and a demand for commodities is a demand for labour. That call rules the continuous series of employments which form the main activities and which mould the lives and character of our people. If the call be for worthy things, our people are directed into noble occupations. If the call be for unworthy things, labour is misdirected and degraded.

The self-degradation of a limited number of unduly rich persons would be a little thing from a national point of view if its effects could be confined to the rich themselves. Unfortunately, those effects are not a stagnant pool which we may avoid, but a stream which flows through and pollutes the lives of the majority of our people. A working man may resist the temptation to ape the vices which are bred of idleness, but the highest standard of morality cannot save him from degrading his manhood in the service of waste. Without his knowledge the product of his toil may be bartered for the toy of a moment, and the skill of his hands pass to the foreigner in exchange for the means of wanton luxury. The rare steam coal of South Wales, got in blood and tears in a fiery mine, may be exported to France in exchange for a racing automobile. It would matter little that a limited number of drones inhabited the hive if they had no command of the work of the community. It matters everything when these drones, by their expenditure, can each command thousands of workers to attend their idleness.

There are certain well-defined servants of the rich wholly devoted to their pleasure, such as menial servants, grooms, stablemen, gardeners, makers of expensive articles of food, clothing, furniture, etc., hotel servants, many of the inhabitants of the rich quarters of towns and of fashionable pleasure resorts, many tradespeople and their shop assistants, and other workers. Again, there are certain well-defined servants of the poor, such as petty tradespeople, general storekeepers, the workmen and officials engaged in institutes, charities, free libraries, municipal tramways and other services, public gardens, and so forth. There is often, however, no clear distinction between those who serve the few

rich and those who serve the many poor. Every trade, however useful nominally, has to give of its best to be poured into the cup of luxury and spilt in wanton extravagance. Our 1,300,000 builders, our 1,400,000 metal workers, engineers and shipwrights, our 1,300,000 textile workers, our 1,300,000 clothiers, and all the other persons engaged in our "useful" industries, furnish their large quota of products for the rich and their small quota of products for the poor. The edict of the rich man goes forth and industry hastens to obey it. Bricks from Berkshire which are sadly needed for the building of decent cottages for agricultural labourers are taken into Surrey to form part of one of the vulgar and pretentious red-brick villas which mock every canon of architecture and make hideous the most beautiful portions of that Garden of England. Good fir from Sweden, imported in exchange for the toil of Lancashire or the sweat of Cleveland, roofs in the tenth, fifteenth or twentieth bedroom of the man who has more rooms than children, and more menial servants than guests, while the Census shows us that in England and Wales there existed, in 1901, 3,286,526 tenements of fewer than five rooms, of which 251,667 had but one room, 658,203 but two rooms, 779,992 but three rooms and 1,596,664 but four rooms. The mechanic, the electrical worker, the girl at the loom, all appear to be usefully employed in contributing to the well-being of the nation. As a matter of fact, the lion's share of the wealth they create goes to add to the income of a few, while the remainder is distributed amongst a number so great as to constitute nearly the whole of the population. If we consider the case of the cotton industry alone, it appears, on the surface, that 582,000 workers (172,000 men and 410,000 women and children) are

most usefully employed in the production of articles of the first necessity. They do work, each year, upon some 16,000,000 cwts. of raw cotton which they manufacture into about £120,000,000 worth of cotton goods. But trace the history of these goods. Are they consumed by the countrymen of the people who make them? Alas! no. Of the yearly output of £120,000,000, as much as £100,000,000 is exported to foreign countries and British Possessions, chiefly to foreign countries. Only £20,000,000 worth of the magnificent output of our cotton workers is retained by our 44,000,000 people. In addition there is a consumption of a few million pounds worth of imported cotton goods. Can it be true that our population need to renew their household and personal stock of cotton fabrics to the extent of a value of but 10s. per head per annum? Of course it is not true. From cotton is manufactured, for the person, dresses or blouses of muslin, lawn, cambric, prints, mercerized stuff, etc., shirts and underclothing in great variety for both sexes, handkerchiefs, lace, hosiery, etc., and for the household, cotton sheets and other bed furnishings, curtains of lace, cretonne and muslin, towels, dusters, and a host of other things. Yet so poor are the mass of our people that 10s. per head per annum furnishes them with all the cotton goods which they can afford to buy for both their persons and their households. Great is their need and small are the means available for its satisfaction. If it were not so, our cotton trade would need many thousands more bales of raw cotton per annum, first to supply a quite ordinary home demand and second to export to the foreigner to obtain in exchange the satisfaction of other ordinary needs.

In the following table I have estimated a demand

for cotton goods by a household of five persons. The prices are wholesale and relate to the *materials* only. It should be distinctly understood that nothing is included for retail profit or for the manufacture of the materials into garments. I have estimated for all the cotton goods used on the person or in the household, not forgetting the cotton linings commonly used in woollen clothing.

CALL (AT WHOLESALE PRICES) BY A HOUSEHOLD OF 5 PERSONS, FOR COTTON MATERIALS

For the Person:		
	(1) The Man	£0 16 0
	(2) The Woman	1 9 0
	(3) Three Children	1 2 1
For the Household		1 10 6
		£4 17 7

In framing this estimate I have imagined an exceedingly modest standard of comfort, one such as few readers of these lines would probably care to adopt, and the prices, as I have said, refer to the wholesale cost of the material only. Yet, modest as it is, the estimate works out at nearly 20s. per head. Given such a modest demand, our cotton trade would need to produce about £45,000,000 worth of cotton goods per annum for home consumption alone. As we have seen, it finds a call for only £20,000,000 worth, a great part of which, of course, is absorbed by the "rich" and "comfortable" classes.

It is a deeply significant fact that a nation of 44,500,000 people, producing by its manifold

activities a total income of £40 per head per annum, should be able to afford to retain of its total output of cotton fabrics but 10s. per head per annum.

Let us turn to our woollen and worsted industries. Here we have in an average year an output worth some £65,000,000 of which £23,000,000 is exported, leaving £42,000,000 for home consumption. In addition there is a considerable importation (£12,000,000) of woollen and worsted goods, chiefly woollen goods, of a character which we do not ourselves produce, from France. Thus we have a total home consumption worth £54,000,000 per annum. This amounts to about 25s. per head per annum, a sum which, in view of our climatic conditions, is, if anything, less satisfactory than that for cotton consumption. Again let us picture our working-class household of five persons and inquire what might be its most modest imaginable expenditure upon articles made of wool:—

CALL (AT WHOLESALE PRICES) BY A HOUSEHOLD OF 5 PERSONS, FOR WOOLLEN AND WORSTED GOODS.

MATERIALS ONLY

For the Person:		
	(1) The Man	£3 7 10
	(2) The Woman	2 9 9
	(3) Three Children	3 0 0
For the Household		3 0 0
		£11 17 7

In working out this estimate in detail, I have again

postulated a low standard of comfort. Thus the man is assumed to have but one new woollen suit and one new pair of trousers per annum, and an overcoat once in two years. It is also assumed that the children are partly provided for by adaptation of their parents' discarded garments. Even so, the estimate works out at 47s. per head. At this rate there would be a call for about £105,000,000 of woollen and worsted goods by the 44,500,000 people of the United Kingdom. As a matter of fact, the call is for only £54,000,000 worth, or about 25s. per head on the average. But who is the Average Man? He is a creature of the statistician. The real truth is, of course, that quite a small number of people consume a very great part of our total present annual call for £54,000,000 worth of woollen and worsted goods. The masses of the people spend a sum which is a small fraction of the average expenditure of 25s. per head.

Again, let us consider the boot and shoe industry. Here I have no reliable estimate as to the value of production, but we know that employment in the trade is sometimes exceedingly bad, and that in Leicester, Northampton and elsewhere the greatest distress exists from time to time because the boot manufacturers have *overtaken demand*. What does this mean? There are some 7,000,000 houses in England and Wales not assessed to the Inhabited House Duty because they are under £20 in annual value. It is safe to say that each of the inhabitants of each of these 7,000,000 houses would gladly purchase three pairs of boots and shoes if they had the means to do so, and would then not be overburdened with footwear. That means that a need exists at this moment for 7,000,000 × 5.2 (the average number of persons per house in this country)

× 3 = 109,000,000 pairs. That great demand, obviously, could be renewed, did means allow, within 12 months.[35]

Yet, in November 1904, the Mayor of Leicester (Mr S. Hilton, of Messrs S. Hilton & Sons, boot factors) dealing with the question of want of employment in the boot industry said:

"I think the present great need of Leicester is a new industry. We cannot expect, at any rate for some considerable time, that much more employment will be derived from the boot and shoe trade, at least, not sufficient for a growing population. The rapidity with which boots and shoes are turned out, owing to the improved machinery and modern methods, will supply all the demands for some time to come, and the man who may be the means of introducing some additional industry in this town, which will not only prove remunerative to the employer, but provide work for the many men and youths who are in need of it, will be a benefactor to the town."

With improving methods and machinery, there must, sooner or later, arrive, in every industry, a time when output overtakes visible demand, and when that time arrives, as it is alleged to have done in Leicester, great suffering is caused to many hard-working people. Their trade slips from them, and the matter of re-adjustment, the establishment of new industries, the transition to other employments, entails severe distress. But who can truly say that the boot trade has yet reached, in this country, the maximum of possible output? Certain it is that there are many who need new footwear and cannot afford it, even while Leicester men look vainly for employment. The real truth would appear to be that Leicester is suffering from the under-consumption of

those who, if they had the means, would buy boots. I have shown that 100,000,000 pairs at least could be readily absorbed in Great Britain. Yet men are unemployed at Leicester and the Mayor calls for a new industry!

The fact is, of course, that while 7,000,000 or more poor householders lack the means to buy boots, some tens of thousands of unduly rich households are squandering those means and in effect commanding men to leave the boot trade to take up industries which shall serve their pleasures.

In relation to the trades which supply the materials of clothing the census returns give evidence that our industries are not developing healthily. It should be remembered, however, that it is impossible to measure the growth of luxury by the census returns, although it makes a certain impression in them. The labour of tens of thousands who follow nominally useful occupations is actually devoted to waste. This may be illustrated by two typical cases which recently were brought to the notice of the public. On February 8th, 1905, in the King's Bench Division, a millionaire, well-known in financial circles (his name matters not, for I take the case not to reproach an individual but because it is a typical one) sued a West-End firm of contractors and caterers for damages. It appears that in July 1903 he gave a dinner party with a concert and supper, and engaged the defendant firm to erect behind his residence in Grosvenor Square a temporary supper-room for the occasion. He gave instructions that "no expense was to be spared." The electric light was installed in the temporary structure, and from this or another cause, a fire occurred, and the temporary structure perished a few hours before its time. Out of this arose the

claim for damages, which failed, the jury awarding the contractors their counter-claim for the work done.

It is not the merits of the action to which I direct the reader's attention. What would the mere statistics tell us of the men who were engaged in erecting the temporary supper-room "regardless of expense"? We should find them described as following quite useful occupations:

Building Contractors.
Electrical Engineers.
Plumbers.
Carpenters.
Painters.
Upholsterers.
Carmen.
Labourers, etc.

As a matter of fact the skill and labour of these honourable callings were turned to sheer waste at the command of the millionaire financier. With the same expenditure of time and effort, and with the same consumption of material, those men might have decently housed one or two families for life. Had they been free to choose between the housing of a poor family and the carrying out of a rich man's caprice, can we doubt which work they would have chosen? But they were not free to choose, and inquiry would probably show that they are constantly employed to do similar work in rich men's houses. Their lives are wasted to the nation at large, and devoted to the fancies of a few. In return, they are handed wage-money which is too often unearned by those who pay the bills. Thus A the financier commands B to waste his precious skill, and at the same time commands certain other persons, C and D,

to devote part of their labour to sustaining B while he wastes his time and does nothing for them in return.

Let me give another pertinent illustration:

In July, 1904, a great deal of attention was aroused by a case in which a West-End dressmaker was fined for working her girls at illegal hours. Her excuse was that she was compelled to get finished at very short notice a frock to be worn at Ascot by a certain rich lady. Considerable comment was aroused by the case, especially in view of the fact that a play with a purpose in which a similar incident was introduced was being played at the time in a London theatre.[36] I was particularly struck with the fact that the fashionable customer who caused the trouble was chiefly censured for her dilatoriness and want of consideration in ordering her frock at the last moment. But the gravamen of the offence lay not in ordering the frock late but in ordering it at all. The chief point is not one within the scope of the consolidated Factory and Workshop Act of 1901, but a much greater one, which goes deep down into the roots of the problem of want and poverty in the richest country in the world. For the special Ascot frock, the garment costing anything from 10 to 50 guineas, made to be worn once and then cast aside, is a perfect illustration of the misdirection of life and waste of labour which is caused by the error in the distribution of the national income. For every special Ascot frock worn by one woman, whether that frock be made in legal or illegal hours, a number of other women go insufficiently clad.

Such illustrations might be multiplied indefinitely. At the great Albert Hall Charity Bazaar held in 1904 a titled lady present wore a magnificent dress which

had been completed literally at the eleventh hour of the previous evening by a number of young women whose economic condition is such that only the best of health and the best of fortune can save them from becoming the objects of "charity" in the time to come. As in the case of the temporary supper-room, these girls, to judge by the census of occupations, would appear as following useful occupations. From the point of view of the national welfare, they had better be paid wages for digging holes and filling them up again.

While the rich consume the means of living of the poor we need not be surprised if useful trades languish. A rich person can but consume a limited quantity of useful commodities. After that consumption, having still a great superfluity, he seeks other diversions, and the orders go forth which swell the ranks of the wrongfully employed.

At the other end of the scale, what is the possible expenditure upon goods by the poor? The answer which has been given to this question by the researches of Mr Charles Booth in London and of Mr Seebohm Rowntree in York is seen to be one which can only be regarded as inevitable in view of the figures we have examined. Mr Booth concluded that 30.7 per cent., or nearly one-third of the population of London were probably living in "poverty." Mr Rowntree found that in York, a typical provincial city, in a year of good trade, 7,230 persons, representing 15½ per cent. of the working classes, or 10 per cent. of the entire population of York, were living below a primary poverty line drawn at an income of 21s. 8d. per week for a family of five persons paying only 4s. per week for rent. Mr Rowntree also found 13,072 persons living in York

under conditions which were but little above the primary line, making a total of 20,302 persons, or 28 per cent. of the population of York, living in want.

Mr Rowntree's primary poverty line of 21s. 8d. per week was arrived at thus.[37] He considered necessary expenditure under the three heads: (1) Food, (2) Rent, (3) Clothes, fuel and other necessaries. To begin with food, he framed a dietary which contained no butcher's meat or butter, and allowed such a luxury as tea but once a week. The only meat was bacon and very little of that. It was a dietary "more stringent than would be given to any able-bodied pauper in any workhouse in England or Wales." Taking the lowest co-operative store prices, he found that this dietary would cost 3s. each for the adults and 2s. 3d. each for the children per week. Thus the cost of food alone would be 12s. 9d. per week. Allowing for rent and rates 4s., we arrive at 16s. 9d. per week. To this Mr Rowntree added for clothing, fuel, and all other necessaries 4s. 11d. per week, making, in all, the 21s. 8d. referred to. Here is the estimate in detail:—

MR ROWNTREE'S PRIMARY POVERTY LINE

	s.	*d.*
Expenditure on Food	12	9
Rent and Rates	4	0
Clothing, including Boots	2	3
Fuel	1	10

Lighting, washing materials, furniture, crockery, etc.	0	10
	21	8

It will be seen that nothing is allowed for drink, or tobacco, or newspapers, or postage stamps, or any relaxation whatever. Yet 15 per cent. of the working people of York were found to be living *below* a primary poverty line conceived on such a scale as this. For boots, clothing, underclothing, hats, furniture, glass, crockery, utensils, curtains, washing materials, and gas or oil, only 3s. 1d. per week or £8 per annum (32s. per head per annum). Need we wonder, then, if Lancashire is only called upon by 44,000,000 British people for £20,000,000 worth of cotton goods?

The Board of Trade recently gave us (Cd. 2337) some useful studies of workmen's budgets which show that even Mr Rowntree's 3s. 1d. per week for goods is a larger sum than is expended by most workmen's families with about 21s. per week. The Board of Trade examined 1,944 workmen's budgets with the following results:—

AVERAGE EXPENDITURE ON FOOD BY URBAN WORKMEN'S FAMILIES IN 1904

	Number of Families.
Under 25s.	261
Between 25s. and 30s.	289
Between 30s. and 35s.	416
Between 35s. and 40s.	382
Above 40s.	596

As the Board of Trade point out "It is not to be supposed that the returns received represent in their exact proportions the different grades of working-class incomes in the towns of the United Kingdom. The higher range of family incomes is unduly represented in the returns, partly owing to the fact that the more intelligent operatives have supplied returns more readily and more accurately than those belonging to the unskilled labouring classes."

It is of interest to note that the 261 budgets under 25s. per week averaged 21s. 4½d. per week, which closely corresponds to Mr Rowntree's primary poverty line. The expenditure on food is seen to be 14s. 4¾d. or 1s. 6¾d. more than was allowed by Mr Rowntree. Thus only 6s. 11¾d. per week is left for all other expenditures, including rent, fuel, light, clothes and furniture. If we take the class above, between 25s. and 30s., we see that only 9s. 1½d. is left after payment for food. Even in the class earning from 30s. to 35s. the food bill leaves but 11s. 2d. per week for rent and all other requirements.

If we pass from the town to the country and

inquire into the condition of the agricultural labourer we find an even smaller command of comfort. At the census of 1901 the number of agricultural labourers, shepherds, etc., was 956,000. What of cottons or woollens or boots or furniture can these command? The late Mr Arthur Wilson Fox in the invaluable Report (Cd. 2376) on the wages of agricultural labourers, which was such a labour of love to him, shows that their total earnings including the value of all "truck" vary from 14s. 6d. per week in Oxfordshire to 22s. in Durham, the average being 18s. 3d. for the whole of England. In Wales the average is 17s. 3d.; in Scotland 19s. 3d. and in Ireland only 10s. 11d. The expenditure on clothing in England varies between £6 and £10 by a family of six persons; in Ireland, of course, it is much less.

The simple truth is that the total demand for clothes and underclothes, hats, boots, furniture, china, glass, ironmongery, domestic utensils and other comforts by about 20,000,000 of people out of our population of 44,500,000 is exceedingly small. The greater part of slender incomes is absorbed by the cost of food and drink, and after provision is made for rent, fuel and lighting, the balance amounts to a few odd shillings. We need not wonder, then, that our textile industries have to meet such a modest home demand, or that the Mayor of Leicester cries out for a new industry to employ "surplus labour."

Let us consider the position of bootmakers as customers for the textile trades. The Census figures of 1901 for the boot trade were as follows (England and Wales; 22,000 dealers included):

PERSONS EMPLOYED IN BOOT AND SHOE TRADE,

1901, ENGLAND AND WALES

Men (over 20)	165,589
Women (over 20)	31,734
Boys and youths	32,715
Girls	21,105
Total	251,143

The average earnings of these workers are actually less than £1 per week. The Board of Trade publish monthly the earnings of a representative number of them, derived from particulars furnished by employers. The "Labour Gazette" for August 1910 showed that in July 1910, 60,337 boot workers took £58,147 in a week, or about 19s. per week. After paying for rent and food, how little is left to provide custom for the makers of cottons or woollens. And equally, when textile workers draw meagre wages, how little is left, after the gratification of primal needs, to provide custom for the maker of boots.

Thus the error in the distribution of income connotes an error in the distribution of our population amongst useful and useless, noble and ignoble, industries. Too few of our population are engaged in the manufacture of houses, boots, textiles, and furnishings. Too many of our population are engaged either in the direct production of luxuries or in the production of useful articles to be exchanged for foreign luxuries. The great masses of our people are under-served; a small proportion of our people are over-served. There is enough labour put forth to give material happiness and comfort to all, but so much of the labour runs to waste that only one-ninth of our population can be said fully to possess the means of comfort.

Considerations such as these make us understand how futile it is to boast of the aggregate trade, internal or external, of a nation, or to term that wealth "national" which is the possession of a few.

[35] Some notes of mine on this subject in the "Daily News" brought me the following letter from the provinces:

"You very rightly, I think, referred on Monday and Tuesday to the subject of boots. Here is my own experience. I am a railway man, in constant work at 30s. per week. I am the happy, or otherwise, father of six healthy children. Last year I bought twenty pairs of boots. This year, up to date, I have bought ten pairs, costing £2, and yet at the present time my wife and five of the children have only one pair each. I have two pairs, both of which let in the water; but I see no prospect at present of getting new ones. I ought to say, of course, that my wife is a thoroughly domesticated woman, and I am one of the most temperate of men. So much so, that if all I spend in luxuries was saved it would not buy a pair of boots once a year. But this is the point I want to mention. During 1903 my wages were 25s. 6d. per week, and I then had the six children. My next-door neighbour was a bootmaker and repairer. He fell out of work, and was out for months. During that time, of course, my children's boots needed repairing as at other times. I had not the money to pay for them being repaired, so had to do what repairing I could myself. One day I found out that I was repairing boots on one side of the wall, and my neighbour on the other side out of work, and longing to do the work I was compelled to do myself. I shall never forget the feelings that passed through my mind as I thought of the circumstances; and so it came home to me again when I read your reference to the boot trade, and I decided I would forward this to you. Most surely, as you say, if the 30,000,000 could and would buy those 50,000,000 pairs of boots you mention, there

need not be any slackness in the boot trade; but, as you say again, if your reference to the question is the means of making people think seriously about it, much good will be done."

Thus between my correspondent who sorely needed boots, and his neighbour the bootmaker there stood a wall—and our commercial system.

[36] "Warp and Woof," by Mrs Alfred Lyttelton.

[37] "Poverty," a Study of Town Life, by B. Seebohm Rowntree (Macmillan).

CHAPTER XII
THE WASTE OF CAPITAL

IT has been observed by Professor Marshall that "perhaps £100,000,000 annually are spent even by the working classes, and £400,000,000 by the rest of the population of England in ways that do little or nothing towards making life nobler or truly happier."[38] In view of the fact that the "working classes" are the bulk of the nation, and the "rest of the population" a relative handful, this estimate points to a little waste by the many, and much waste by the few. The fact is, of course, that if the working classes, after prolonged study of dietetics and hygiene, spent their incomes in the most economical way possible, and refrained entirely from alcoholic liquor and tobacco, they would still be unable, save in exceptional cases, to command the means of a noble and truly happy life. As for the "rest of the population," if we consider the 5,000,000 persons who enjoy an income of £909,000,000 per annum, we see very clearly that their superfluity is so great that they could easily add to the fixed capital of the nation at the rate of £500,000,000 per annum, and still have left incomes sufficient, if wisely expended, to command a very considerable degree of comfort. As things are, an enormous amount of wealth is wasted every year upon current expenditure of an ignoble character, even while every city and every industry needs the application of more capital.

Nothing is more striking in the estimate of capital which we formed in Chapter 5 than the small proportions of the total when considered in relation to the extent of the national income. For the total, it

should be remembered, includes the value of the land of the United Kingdom. Subtracting it, we see that the wealth which has been added to the land is worth not more than about £8,000,000,000, whereas the national income amounts to £1,840,000,000. Thus, in the United Kingdom we have accumulated stock, apart from the market price of the land, only to the extent of about four years' income.

The facts which correspond to these figures are that, in every county and in every township, there are more ugly and uncomfortable houses than beautiful and convenient ones, more inefficient plants than well-equipped businesses, more badly clothed than well-clothed people, more evidences of poverty than of wealth. On every hand we see the need of capital, but while its application is so sorely needed, the few rich who command so much of the national income pour it out in wanton extravagance. The growth of luxury has been accompanied by an increasing want of enterprise in industry and commerce. Even in London the most fruitful opportunities lie neglected. The port is inefficient; the Thames highway has been neglected; north and south Londoners remain strangers because of lack of transit facilities; street traffic is archaic; the important railway termini are dirty, inconvenient and unconnected. All these and many less important things cry aloud for the application of capital. In London and in every other town there is a housing problem, and the housing problem is a problem of capital. If the income of the last 20 years had been patriotically expended there would be no housing problem to-day, and the fixed capital of the country would be very much greater than it is.

Another significant fact is the very considerable

investment of British capital abroad, probably amounting, as we have seen, to about £2,600,000,000. These investments are often spoken of as "our foreign investments." There is a grim irony in the phrase. For what in essence are these investments? They left our shores, originally, in the form of exported manufactures, the product of British labour. We had no gold to lend, but some amongst us could command and lend the fruit of our work. These exported products were sent away from our shores by a mere handful of rich persons who saw in foreign or Colonial loans or enterprises the opportunity of gaining a higher rate of interest than at home. Year by year there is returned to those who made the investments, or to their successors in title, a tribute of foreign and Colonial commodities which goes to swell our imports. In 1908 this yearly tribute of imports, for which no present exports have to be exchanged, amounts to about £130,000,000 or £140,000,000. Whether the nation as a whole gains by this tribute depends entirely upon the wisdom and patriotism of those who receive it. If we could ensure its wise use as capital for the promotion of the general welfare, then the United Kingdom would gain materially by the lien which a few of its people possess upon foreign and Colonial activities. But we have no guarantee as to the manner of its use, and too often it but serves to bring to this country commodities which in no way make life "nobler or truly happier." I do not mean that articles of luxury are necessarily imported in payment of the interest on "our" oversea investments, but certain it is that the limited class which owns them are the chief consumers of luxuries. It should never be forgotten that, as has already been pointed out in these pages, the most ordinary raw material may become a

vehicle of luxury, and the commonest forms of labour its servants. Certain imports, *e.g.* motor cars or Steinway grand pianos, can be ear-marked as luxuries, but potatoes from Jersey wasted in a long dinner or Douglas pine from Canada built into a racing pavilion are "luxuries" more to be deplored than the importation of Valenciennes lace or Sèvres porcelain by persons of refinement.

It may be well to remark, in passing, that to place a heavy customs duty upon imported luxuries would in no way benefit the nation at large. It would merely stimulate the production of luxuries in the United Kingdom, and so increase the already considerable number of persons engaged in the trades of luxury.

That we have incidentally gained by acting as a world money-lender is indisputable. The case of Argentina is a familiar one. British exports have been largely lent to that country for the construction of railways. Those railways have cheapened Argentine transport, and so placed at our disposal cheap bread and meat. But this benefit has been incidental and, moreover, shared by the world at large. Against such incidental gains we have to place the criminal neglect of our own country. While capital has gone overseas in a never-ending stream, the people whose united activities produced the commodities embodied in that capital have remained poor for lack of the proper investment of capital at home. Large sections of the British people have unconsciously worked for the benefit of the foreigner and of the British Colonist, never realizing that their own country sorely needed all the capital that their labour could create.[39]

We cannot even lay the flattering unction to our

souls that the British capital which has been sent abroad has gone entirely to build foreign or Colonial railways, or to develop other useful industries, nor, in so far as it has been usefully employed, can we claim much credit for the fact. The sole motive which has influenced the individuals who have thus disposed of the products of British labour has been individual gain. That gain they have sought without regard to any consideration of patriotism. Foreign nations have had our capital indifferently for war or for peace, for building railways or for constructing warships. A generation ago we wickedly poured our capital into Turkey. A generation ago were born hundreds of thousands of British children who, for lack of the full employment of British capital on British soil, are to-day creatures of the abyss.

The flow of capital to places abroad continues to this hour. If South Africa is booming, the possessors of capital hasten to gather dividends on soil thousands of miles away, and with the interest received in this country, direct British labour to noble or ignoble ends, as may seem good in their eyes. If a foreign war is proceeding, they hasten to lend the belligerents as many millions as may be required at anything from five to eight per cent., and with the interest they give righteous or unrighteous "work" to other British sons of freedom. If a South African mine or a Japanese war loan offers apparent opportunities of quicker profits than putting fresh capital into British ironworks, or founding a new British industry, it is the end of South Africa or Japan which is served. Three per cent. gained at home, of course, is not so desirable as ten per cent. gained abroad. If, therefore, a housing scheme at home promises to yield but three per cent., while the employment of coolies in South Africa promises ten

per cent., South Africa and the coolies are "developed"[40] and the housing scheme collapses. This is by no means a rhetorical flourish; it is the statement of a case not more extreme than hundreds which occur every year.

If I have dwelt upon our oversea investments (I use the possessive pronoun for the sake of simplicity of expression) it is because they illustrate in a very forcible way the misuse of British capital. But the neglect of British interests which they illustrate is small indeed when compared with the waste of income upon the pursuit of pleasure and the foundation of worthless industries at home. If the whole of our oversea investments had been made since 1860, the average amount so invested would be not more than £50,000,000 per annum. That consideration enables us to view the matter in its due perspective. The foreigner and the Colonist have gained through the profit-hunting of the few possessors of British wealth, but only to the extent indicated. The oversea investments, with all the taint of national shame which attaches to many of them, sink into insignificance when we consider the wanton waste of labour which has occurred at home. Since 1860 probably as much as £6,000,000,000 of income which should have passed into reproductive capital has been thrown away in forms of expenditure which have been to the degradation of the community. Had that £6,000,000,000 been employed in the promotion of cheap transport, in the attachment of agricultural workers to the soil, in the acquisition of land by municipalities, in the provision of healthy homes for the people, the problems which confront us to-day would be of a different order, and it would not be possible for the dire poverty of one-third of our people to be basely used as a weapon of

political warfare.

And while so much of the labour which might have added to the nobility and happiness of the British people has been wasted by direction of a small fraction of their number, no small part of our employed capital is but the tool of mischief. For just as individual capital goes abroad to seek its usury without regard to principle or patriotism, so at home it engages in the most profitable enterprise known to its limited intelligence, without regard to morality or the national welfare. It is often more profitable to appeal to what is worst in human nature than to seek to supply it with things healthy and honourable. "Is there money in it?" is the only touchstone which individual capital applies to enterprise.

Obviously there must be reciprocation between the demand for luxurious articles and the capital employed in their production. The misdirection of labour which we examined in the last chapter connotes a considerable misdirection of capital. Thus the effects of luxurious expenditure are two-fold. There is dissipation of income in the payment for luxurious immaterial commodities which call for no fixed capital, and again there is the expenditure of income upon luxurious material commodities which call capital to their creation. In either case the result is waste. The menial servant is an illustration of the first process. He is divorced from production and his work lost to the nation at large. The commodity which he sells is obsequious hand-service, degrading alike to himself and the person he serves. The purchase of a motor-car is a striking example of the second process. To produce it a considerable plant is required and capital flows to a business profitable because its customers are rich persons who view low

priced articles with suspicion.

A striking illustration of a combination of the two processes is afforded by a fashionable hotel and restaurant. Here we have a large amount of capital sunk in an enormous building which is sustained entirely by the expenditure of the wealthy. A host of menial servants are employed, whose lives are a denial of manhood and womanhood. In addition there are nominally useful occupations associated with the conduct of the business. It calls for the manufacture of food, of utensils, and of furniture, and a large number of tradesmen and their nominally useful assistants are regularly employed in connexion with its supplies. A hotel of 700 bedrooms directs the services of an army of people, most of whom would appear in the Census as following useful occupations. The whole concern is for the most part an organization for the waste of capital and labour, and its manifold activities are called into existence by the orders of a very limited number of unduly rich people who desire that hand-service shall be at their command at a moment's notice wherever they may be.

Even more extraordinary is the organization of entire districts in the service of wealth and luxury. Nothing can be more pitiable than the spectacle which is presented by a neighbourhood the inhabitants of which are economically dependent upon the patronage of a limited number of well-to-do residents. The local tradesmen, the local builders, the local carters, the local nurserymen, the local physician, the local boat-builders, the entire local organization, with its little capital and much labour, is under the economic over-lordship of a few persons whose patronage sustains the entire machinery. Little

that is useful is produced in the district; but by a process which none of its inhabitants could explain there are imported into it commodities from all parts of the country. Parasites upon parasites, they scramble for the expenditure of the well-to-do, and often contrive to make fat livings out of them. Thus, through the initial evil, the underpayment of labour at one end of the scale, there is created at the other end a class of luxury providers who have no conception of their true position in our social system, or of their uselessness to the community at large.

There remains to consider the tremendous waste of capital which arises from (1) unnecessary competition and (2) weak or bogus company promotion.

In the game of competition frequent attempts are made to establish superfluous businesses in many branches of trade. While industry remains unorganized such waste of capital must continue, for lacking an estimate of the quantity of commodities required in any particular department, the limits of consumption can only be found by fruitless attempts to discover an unsatisfied demand. This blind application of capital, not to service, but in the hope of gain, accounts for the waste of large quantities of labour.

Turning to company promotion, it is certain that hundreds of millions of capital have been wasted in the last twenty years through the dangling of fancy baits before the possessors of unearned increment. The company promoter obtains from Somerset House the names and addresses of shareholders in such concerns as those referred to in Chapter 8, and so is enabled to send to persons who have already tasted the joys of "waiting" a prospectus promising them

even larger slices of unearned increment than they already receive. So other millions derived from labour pass into channels of waste.

The waste and misdirection of capital is a far-reaching matter. Lacking capital, which simply means lacking tools, labour cannot be economically exerted, whether in agriculture, in manufacturing, or in distribution. For the use of tools we leave the great mass of our population dependent upon a comparative handful of rich persons. That dependence amounts to an economic serfdom which places the direction of the lives and labours of the people in the hands of the few. The unduly large share of the national dividend possessed by the rich produces in them grave faults of character and purpose which make them indifferent administrators of the capital without which labour is powerless. The unduly small share of the national dividend possessed by the poor is the source of a stream of moral and physical evils which, mingling with the waters of death which descend from the high levels of luxury, produces effects whose causation is only obscure as long as we neglect the study of the Error of Distribution.

[38] "Principles of Economics," Vol. i., p. 786.

[39] The same is true of France. Our neighbours across the Channel have fully £1,500,000,000 invested in places outside the country.

[40] At Johannesburg on April 15th, 1905, Mr Lionel Phillips is reported to have said: "The Chinese were housed, fed and looked after better than the working population of England." It may well be.

BOOK II
TOWARDS ORGANIZATION

CHAPTER XIII
THE GOLDEN KEY

THE misdirection of labour and the waste of income can be checked if we would have it so. It is in our power, as a nation, to employ the wealth of the community for national ends and to increase abundantly the fertility of labour. It is true that we want "more trade," and it is also true that we need better use of the results of the trade that we have. The problem of poverty is neither obscure nor insoluble; its cause is clear from the extraordinary series of facts we have examined; its solution becomes equally clear when we realize what ample means of remedy we have at our command. We perceive that the chief ramifications of the social problem are but varying effects springing from one cause, the waste of labour. We realize that Poverty, in a nation of 44,000,000 persons possessing an aggregate exchange income of about £1,840,000,000, need be with us only as long as we care to tolerate it. Each social or political problem takes on a new aspect when we consider it, as we should consider it, in relation to the income of the nation and its distribution.

Unfortunately, the facts of the case have been studied by few people, and, in so far as they have been published at all, it has been in pages inaccessible to the public. Of our 44,000,000 people, it is doubtful if as many as a hundred have studied the subject matter at first hand. Even in relation to taxation, the question of distribution is rarely discussed. It is but necessary to listen to a debate on the income tax in the House of Commons to perceive

that on the subject of "ability" the vaguest conceptions exist. Our most ardent reformers discuss their plans without reference to the economic framework of the society which they propose to reform. As a result, we get a vast amount of misdirected effort, a dreary outpouring of vague and empty rhetoric, a pitiful misconception on the part of the public as to the true condition of their finances, industries and commerce, and a succession of timorous proposals for reform ludicrous in relation to the nature and magnitude of the problems with which they seek to deal.

In the following pages an attempt is made to correlate the facts as to the Error of Distribution with many of the problems of government. From the standpoint that we are a people with a great income, with a clear idea as to the ill-distribution of that income and the manner in which, through the joint operations of luxury and poverty, a nation may be devitalized even while its income is growing, let us consider the means of amelioration.

CHAPTER XIV
THE NATION'S CHILDREN

LET us begin at the beginning with what should be the chief care of the reformer—the child.

Every year in the United Kingdom there are some 700,000 deaths and some 1,200,000 births. The social structure which we seek to improve thus offers us a double hope. However degraded, however enfeebled, however criminal many of the units of the present generation may be, they must pass away. Unit after unit is cancelled; unit after unit is replaced. The child, save in a small percentage of cases, is given to us an unsullied page, upon which we may write what we will.

If the reader would realize fully the truth which I have just expressed, let him ponder the following utterance by Professor D. J. Cunningham when under examination by the recent Inter-Departmental Committee on Physical Deterioration. After referring to the manner in which changes in the condition of life affect the growth of an individual class, and more especially how poverty with its squalor, its bad feeding, and its attendant ignorance as to the proper nurture of the child, lowers the physical standard of the poor, he went on to say:

"In spite of the marked variations which are seen in the physique of the different classes of people of Great Britain, anthropologists believe, with good reason, that there is a mean physical standard which is the inheritance of the people as a whole, and that no matter how far certain sections of the people may deviate from this by deterioration (produced by the

causes referred to) the tendency of the race as a whole will always be to maintain the inherited mean. In other words, those inferior bodily characters which are the result of poverty (and not vice such as syphilis and alcoholism) and which are therefore acquired during the lifetime of the individual, are not transmissible from one generation to another."

I break the quotation to accentuate the conclusion:

"Therefore, to restore the classes in which this inferiority exists to the mean standard of national physique, all that is required is to improve the standard of living, and in one or two generations the ground that has been lost will be recovered."

According to Dr Alfred Eichholz, H.M. Inspector of Schools, fully 90 per cent. of the children born in poor neighbourhoods are healthy. Dr Edward Malins, President of the Obstetrical Society, gives it as his opinion that 80 to 85 per cent. of children are born physically healthy, whatever the condition of the mother antecedently.[41] The weight of new-born children, he thinks, is, speaking generally, not below the average—there is a constant reversion to the race standard.

It is probable that these statements of Dr Eichholz and Dr Malins require some modification. Other evidence goes to show that it is far from true that the majority of children born in poor neighbourhoods are healthy. Thus Dr Henry Ashby, of Manchester, a leading authority on the diseases of children, said in a letter to the "Lancet" on October 1st, 1904:—

"My own experience in the out-patient room entirely confirms the opinion that the nutrition of the mother has a very important bearing on the nutrition of the fœtus and that the statement that the

percentage of unhealthy births among the poor is small is not justified by facts. We constantly see fully developed infants a day or two old brought by midwives or neighbours exceedingly badly nourished, blue and feeble, and who are clearly ill fitted, as the event indeed proves, to withstand the conditions of an external existence. There must be numbers of such born in this city that perish within a few weeks of their birth, and who fail to thrive for even a day. There is no question of syphilis; they are the children of poor mothers who have lived lives of hard wear and tear during pregnancy, are themselves badly nourished and weakly, and have felt the pinch of poverty, though often perhaps poverty of the secondary sort. I have a strong conviction also that the infants of the poorer and weaker mothers, even though they are born fairly well nourished, are difficult to rear, and easily waste even when under fairly favourable conditions in a home or hospital."

Evidence to the same effect was given to the Physical Deterioration Committee, but unfortunately ignored in their report. It seems to a layman a common-sense view that if, in the period when a woman has to eat to "feed two," she is badly nourished, and exposed to undue fatigue, the child must suffer. Nevertheless, the striking phrase of Dr Malins, "Nature intends all to have a fair start," may be fully accepted, and Professor Cunningham's words of hope require no modification. What we have to remember is that pre-natal as well as post-natal conditions must be improved if we wish to rehabilitate our stock. If we have not a renewed opportunity with each birth, at least we have it, save in quite exceptional cases, in the person of each pregnant woman. The weight of evidence goes to show that the influence of heredity upon disease has

in the past been greatly exaggerated. The chief causes of deaths from debility, atrophy and premature birth are to be found in the evil environment and malnutrition of the mother during pregnancy. The unborn child fights hard for its life, but in a number of cases, sufficiently large seriously to affect the total population, it is born unfit. It either succumbs rapidly or lingers on to be a curse to itself and its kind.

These all-important facts once realized, an avenue of hope stretches out before us. 1,200,000 new births every year; 1,200,000 new units added to the national stock, and the possibility of ensuring that nearly the whole of them shall be born healthy. Here is Nature ever endeavouring to reform the race—ever offering us opportunity. Combine with knowledge of this opportunity knowledge of the means to take advantage of it. Combine with the determination to secure reform the application of national wealth to truly national ends and all things become possible.

Under what circumstances are the children of the new generation now born? It follows from our examination of incomes that a large proportion of our new births are of mothers who exist in conditions of extreme poverty. Fully one-fourth to one-third of the 1,200,000 are born to want and squalor. In England and Wales, at the census of 1901, of a population of 32,527,843, there were 12,983,109 persons belonging to families living in four rooms or less. In one room each lived families forming 507,763 people. In two rooms each lived families forming 2,158,644 people. In three rooms each lived families forming 3,186,640 people. In four rooms each lived families forming 7,130,062 people.

If the one-third of very poor could be gifted with

all the virtues, if drink were abolished and every penny spent upon scientific principles, we have seen that they would still be unable to command a healthy existence. One-third of our hope of the future is thus mortgaged. One-third of the new-born go to feed the ranks of misery and to form, such of them as do not perish in infancy, the raw material of the social problems of those who are to follow us.

In England and Wales, in 1908, 940,000 children were born. In the same year 113,000 infants died under one year of age, or 120 per 1000 births. The conditions which exist in some of our towns can be gathered from the following figures:—

INFANT MORTALITY
(Rates per 1000 births in 1908)

Towns with High Rates.		Towns with Low Rates.	
Stalybridge	206	Reigate	80
Farnworth	209	Tunbridge Wells	83
Aberdare	198	Hornsey	75
Rhondda	182	Guildford	71
Burnley	194	Winchester	88
Batley	186	Watford	88
Longton	199	Ilford	98
Tunstall	198	Salisbury	95

The towns with low rates cannot be said to possess ideal conditions, but merely to take them as a standard we see how considerable is the wastage of life which goes on in Lancashire and Yorkshire and Staffordshire and South Wales. In some of the poorer wards of our great towns one in three of the children born perish within twelve months. That is the case in some parts of Birmingham, where the Medical

Officer of Health recently stated that "a reduction of 50 per cent. in the rate of infant mortality in Birmingham would mean the saving of 1500 lives per annum."

But death is only one of the symptoms we have to consider in this connexion, and death itself were preferable to the survival of a large proportion of the children of neighbourhoods where the rate of infantile mortality reaches one in every three or four births. Death is the extreme case. Those who do not die in infancy have physical degeneracy as their portion, and, in a world where virility and energy were never more needed by the labourer if he is to bargain successfully for a decent livelihood, enter the fierce lists of modern industry with enfeebled bodies. Docile units thus flood the casual labour market, or, totally unfitted for labour, swell the ranks of the "residuum."

A woman ought not to work for the last three months of her pregnancy or during the three months after her child is born. Further, if the child is to be fed as Nature intended it should not be weaned until about the seventh or eighth month of its life.

What cognizance does the law now take of these simple physiological facts? The Factory Act is not aware that pregnancy precedes childbirth. It recognizes, however, that children are born, and provides that the occupier of a factory or laundry shall not allow a woman to be employed "within four weeks after she has given birth to a child." Thus a feeble attempt is made to protect the working mother for a month after childbirth, but no law whatever protects the child. It is legal for the mother to go back to the factory on the twenty-ninth day and leave the child to take its pitiful chance.

The "four week" provision is largely a dead letter. How is an employer to "know," when a woman applies to him for work, that she bore a child a fortnight before her application? And who shall blame the woman for seeking work, when she must work or starve? Miss A. M. Anderson, Principal Lady Inspector of Factories, gives the following three cases found in a single town in one week's inquiry:—[42]

A. B., aged 24, unmarried, jute worker, had to leave work, being unfit, seven weeks before confinement. Became destitute, and found work with new employer, saying nothing about the baby. Earns 9s. 8d. per week.

C. D., aged 34, married, jute spinner; the child illegitimate. Went back to work three weeks after childbirth. The new employer knew nothing of the confinement.

F. F., aged 32, married, jute spinner. Went back to work in 15 days—to a new employer. Earns 11s. to 12s. per week. Father out of work and disappeared one week after the birth. The woman's mother "takes care" of the new baby and two other children, the eldest of whom earns 8s. a week in a jute mill. Thus 19s. or so per week supports two adults and three children. They all live in a single room which is very dirty.

In spite of an overwhelming mass of evidence as to the devastating effect of the employment in factories and workshops of pregnant women and mothers, the Physical Deterioration Committee's recommendations on the subject were exceedingly timid. They appear to have been impressed with the terrible consequences of the employment of women "from girlhood, all through married life and through child-bearing"; they realized that "the decreasing physical

capacity of the child-bearing woman brings her at last some relief at the hands of the manager of the mill and she is sent away, often to take up the equally unsuitable occupation of charwoman or house scrubber." But, after setting out pages of good reason for action, the Committee, in effect, came to the conclusion that little or nothing could be done, because they were reminded of "the enormous practical difficulties that would accompany any sort of legal prohibition." Even as to extension of the period after confinement during which employment is forbidden, a point as to which, as in many other matters, we are falling behind Western civilization as a whole, the Committee did not advocate the enactment of a longer period than four weeks. They pinned their faith to a medical certificate as to fitness, and production of proof that reasonable care is made for the child in a municipal crèche or otherwise. They also strongly urged the application of "voluntary assistance" in the shape of maternity funds.

Thus lastly they came to the crux of the matter, the subject of "ways and means." The cause of the Committee's timidity is only too plain. It is impossible to make a recommendation of any value which does not entail expense. What is the use of talking of "medical certificates," unless we can ensure that, when the medico has certified unfitness, the poor mother shall have the means of refraining from work? Of what use to talk of "reasonable care" of the infant, unless the means of reasonable care be provided, and what form of care other than that of the mother is "reasonable"?

The whole aspect of the question is changed when we consider the extent of our national resources.

Miss Anderson, in the invaluable memorandum on the subject which she supplied to the Committee, said: "It ought not to be impossible to link together in one great national provident and protective association all the isolated, half-informed societies and agencies at work in aid of maternity and for the saving of infant life. More than that, I believe, with Miss Squire (Lady Factory Inspector), that all over the country, but particularly in the great centres in the Midlands and the North, it needs only an organizing mind and purpose to bring such a national movement into being."

The Committee did not take up the idea of a "national movement." They preferred to urge that "voluntary assistance" should devote itself to the formation of maternity funds. But a problem of so much gravity demands national effort, and the use of the national purse. Out of the labour of the poor is drained the rents, profits and dividends which make the gross assessment to income tax in 1908-9 as much as £1,010,000,000. Of this sum, how much is needed to deal with the problem of the poor mother?

We have to consider not alone the woman who works in the factory, but also the woman who works in the home. A large proportion of the latter are necessitous and ignorant, lacking both the means to feed themselves and their children properly, and the training to apply the means if they had them. The case is one in which education and supply must go hand in hand, and both education and supply should be provided for nationally.

In the school the teaching of personal and domestic hygiene to scholars of both sexes should begin at an early age. In the case of girls, infant hygiene should be added in the higher standards.

Girls should not leave school or continuation classes until they have been seriously trained in domestic duties. At present we herd them in classes of 60 or 80, and leave a teacher, herself often ignorant of the chief duties of womanhood, to impart to them a smattering of matters of secondary importance. Able to write badly, to cipher inaccurately, and to read a novelette, the girl goes forth from the school "educated," and more ignorant of essential things than the untutored savage.

If we would have these children technically trained in domestic economy and hygiene, acquainted with the dietetic value of simple foods, and sent out into the world fit to take their places in the national economy, we must make up our minds to increase our expenditure upon education. We must have more teachers and better trained teachers.

But, if we put our hands earnestly to this work tomorrow, many years would elapse before we could rear a new generation of mothers. What of the mothers who now lack education—of the vast number of girls who are now passing from school into the world they are so unfit to play a part in? Work upon the right lines has already been commenced at Preston, St Pancras, and other places. Let me outline the admirable scheme of Dr J. F. J. Sykes, the Medical Officer of Health for St Pancras.

St Pancras is a poor and crowded London Borough in which, as in many other such neighbourhoods, infants are dying at a younger and younger age from increased immaturity at birth, from diminished capacity to resist disease and from increased rearing "by hand." It is but necessary to take one walk through its mean streets to see that St Pancras is breeding a degenerate race. The Borough Council has

awakened to the terrible evil which increasingly threatens them. They have a most capable medical officer and they have appointed women inspectors to act under his authority. These women inspectors perform the important function of following up the weekly official returns of births. There are about 130 births a week in St Pancras, and all of them cannot be visited by the present small staff, but an endeavour is made to visit every necessitous case. To all the mothers, whether visited or not, a card or leaflet of useful information is sent by post. Dr Sykes does not teach the mothers how to wean or artificially feed their children, but to suckle their babies and to avoid weaning them before their first teeth appear. To the many indigent mothers the women inspectors give advice as to regimen and diet and, where artificial feeding is absolutely necessary, how best to proceed. Endeavour is also made to reach and advise pregnant women. Throughout, the chief aim is to reduce hand-feeding to the smallest possible proportions.

In cases of poverty requiring temporary assistance, the women inspectors give cards of introduction to the Charity Organization Society, or to the Poor Law Guardians. Where health is deranged or there is a desire or necessity to wean, introduction to a doctor or a hospital is arranged for. Where the husband is out of work the case is notified to the Labour Bureau. In every case the hygienic, sanitary and domestic circumstances of the mother and infant are carefully inquired into and reported upon.

This practical work, now in operation in St Pancras, and with variations in some other places, is what is wanted everywhere if we are to rescue the poor children of the new generation. The

appointment of sufficient Women Health Inspectors by local authorities must be made compulsory. In "Riches and Poverty," edition 1905, I wrote: "The Health Inspectors must of course be directed by a capable Medical Officer enjoying a permanent appointment. It is most important that Medical Officers of Health everywhere should have the same security of tenure which they have in London. At present they hold office as a rule at the goodwill of the local authority." Mr Burns's Housing Bill of 1909 has secured this important reform. In future every county will have its independent Medical Officer, unafraid of local influence.

Closely allied to the work of the Health Inspector is that of the medical man, and here is raised a point of the utmost importance. Above all, if we are in earnest about this matter of breed, the public medical service should be greatly enlarged as part of the machinery of a Ministry of Health, and the sale of soothing syrups and other "patent" medicines absolutely prohibited.[43] The Medical Officers of Health should be able to marshal a liberal service of trained medical skill in defence of the national well-being. Also at their command should be an ample supply of Health Visitors and trained and certificated nurses. The creatures, nearly always ignorant and frequently unclean, who now "assist" poor women in their time of trouble, are responsible for part of the infant mortality which swells our death returns. I shall never forget some of the "monthly nurses" I have met in the homes of the poor. One ancient dame I found swilling stout. She leered at me out of a beery eye and explained that she liked stout "because it made her feel as though she could sing." Needless to say, she strongly recommended the same joyful fluid to her patients.

The excellent Notification of Births Act of Lord Robert Cecil (1907) should be adopted (or its adoption enforced—the Local Government Board has power to enforce adoption) universally, in order that Health Visitors may do their work effectually.

Given a properly organized public medical service we could begin at the beginning, with the unborn child. The pregnant woman could obtain, free of charge and as a matter of course, advice upon her diet and conduct. Through such a service, it would be a simple matter to administer a Public Maternity Fund. It is probable that, of the 1,200,000 births per annum, as many as 300,000 are in necessitous families. We cannot afford to allow 300,000 children to be starved before and after birth every year.

The nation must set its face against the employment of married women in factories or workshops, and gradually extend the period of legal prohibition. There is only one proper sphere of work for the married woman and that is her own home. In the case of factory workers the employer must be made to furnish a maternity fund if he wishes to employ married women. Thus penalized he will probably prefer not to employ them—to the very great advantage of the labour market and the nation. There are several model factories in the United Kingdom where the female workers are dismissed upon marriage. This is found to prevent the girls falling victims to loafers who desire to play three days a week. The Jewish community amongst us, the very aliens who are despised by the race they are supplanting in the East End of London, set us an example which we should do well to imitate. The Jewish children are much healthier and stronger than their Gentile neighbours because they are better

mothered. Jewish women find their true avocation at home. The Jew, however poor, does not live on his wife's earnings, and it would be counted shame for a Jewess to work during pregnancy or after childbirth.

But what of the poor woman in her home? We can safely confer upon our medical officers and women inspectors power to report upon and advise the assistance of necessitous cases, before and after childbirth. The mother and child must be fed. Nature must be allowed to fulfil her desire to give the new unit of population a fair start in life. The cost would be surprisingly small. If 300,000 cases were assisted to the extent of £10 each it would entail an expenditure of only £3,000,000 per annum. With £10 per case a great deal could be done.

By assistance to the extent of £10 each I do not necessarily mean a money payment. Often the assistance which is most wanted is personal help. The poor Jewish women of East London have the aid of that excellent institution the Sick Room Helps Society, which is practically a charitable institution, the poor mothers contributing less than one-third of the expenditure. The "Sick Room Helps" provided by this Society are thus described by Miss Bella Löwy:

"They had to take the place of the house-mother when, through confinement or sickness, she was laid low, and when, were it not for their ministrations, the children and husband, and the home (sometimes consisting of one room only) would be absolutely uncared for. The Helps were only sent in where there was no woman or girl old enough and able to do the work. The Sick Room Helps, for the time being, took the place of the housemother, washed the baby, got the children ready and sent them to school, cooked the food, tidied and cleaned up the home, saw that any accumulation of washing was done. In fact, she attended to the hundred and one little things which required to be seen to even in the most modest home, and they could readily understand how much more cleanliness and order

became indispensable when the family had to live, eat and sleep in one room only. The advent of the Sick Room Helps also ensured for the mother peace of mind, as well as of body, at a time when she sorely needed both, and if she knew that her husband and children were well-cared for and well looked after she was assisted on the road to health and strength, and was, thereby, enabled to take up afresh the routine of her numerous daily duties. Formerly the poor mothers used to grudge themselves even a few days of enforced idleness, and, by premature activity in getting up and about, they but too often sowed the seeds of illness and sickness, and brought untold troubles on themselves and their families. Notwithstanding that these facts were well-known and were perfectly obvious to every thinking person, the opposition to what was erroneously termed a new form of pauperization had been very great. But an institution which not only benefited the recipients by nursing them when it was imperatively necessary, but, at the same time, gave employment to deserving women, enabling them to support themselves, and, perhaps, their family, could not be accused of encouraging pauperism in any way."

Mrs Alice Model, the honorary secretary, tells me that the Jewish Board of Guardians applies a sum annually for the relief of destitute women in childbed, which is handed to this Society and applicants for relief are referred to it. If a case is found suitable, a nurse is sent in twice daily and milk and other suitable nourishment provided. Excellent results are obtained and many lives saved. Work on such lines might easily be carried on given a sufficient staff of Women Health Inspectors and an expenditure such as I have mentioned to provide nurses and nourishment.

In this connexion a municipal milk service, which will be discussed in these pages hereafter, would be of the first importance, and it would be found a simple matter to supply pregnant women and nursing mothers with an ample quantity of pure milk. Such a supply might be made universal and be specially supplemented in necessitous cases. In any

case, the mother has a special claim upon the community and that claim should be recognized. The birth of a child is a special tax upon the family in which it occurs, a tax which is deliberately avoided by many people. Yet the unit not only belongs to its family; it is an integral part of the nation, and entitled to the care of a country which desires strong and healthy citizens.

Such provisions should be accompanied by drastic punishment of parents who neglect their duties. Upon report of the Health Officer, the prosecution and punishment of offenders against the nation's children would swiftly follow. We must make the man who neglects his child, which is also the nation's child, feel that he is the greatest criminal of them all.

It is impossible to leave the subject of the birth of the new generation without reference to the necessity for the segregation of the unfit. It must be made no longer possible for the habitual drunkard, the vagrant, the criminal, the mentally defective, to reproduce their terrible kind. The subject is so rarely brought before the public that few people realize the nature and extent of the danger. *Fully two per cent. of our existing elementary school children will never be fit to direct their own lives.* The State has but one duty in the matter and that is to protect society from the breeding of the unfit, while protecting the unfit from themselves. The child of the habitual drunkard is often feeble-minded. The child of the feeble-minded is frequently an idiot. Need we wonder, while the State has no control of the feeble-minded, that our lunatic asylums are ever growing too small for their pitiable populations. Our criminal and workhouse records are full of testimony as to the terrible results of the unchecked propagation of the insane by the

mentally weak. A few years ago, at Daventry, a couple were charged with neglecting their ten-year-old son. It was stated that the child was in the habit of smoking a pipe and drinking beer, supplied by the father. A doctor stated that the boy was a perfect savage. He was undersized and threatened to be an idiot or a criminal. The boy was sent to the workhouse while the mother and father, described as "mentally weak," were sentenced to one day's imprisonment and are now free to bring forth *sui generis*. Another recently reported case which I noted was that of a partly paralyzed old man who applied for out-relief to the Oulton Guardians. He has had thirty children and the youngest, a girl, is described as "practically an imbecile." From her, doubtless, and from others of the brood, the terrible strain will proceed. Mr Amos W. Butler, speaking at the American Association for the Advancement of Science, gave particulars of the descendants of a feeble-minded woman. She was the mother of two daughters, who were free to marry because, like their parent, they were not actually insane. One of them, Rachel, has married twice, and borne eleven children, three of whom are dead. One of the survivors is a criminal and the others are degenerates. The other daughter, Kate, has four children, all feeble-minded, two of them illegitimate. One of them became the wife of a feeble-minded paralytic and has had five awful children. The direct descendants of the woman first mentioned number twenty-nine, and in ten years twelve of them have spent an aggregate of twenty-two years in asylums and orphans' homes.

These details may be nauseating, but of what use to shirk them? It is only when we realize that such propagation is going on unchecked that we see our

duty clear in the matter. We then also see that segregation of the unfit would not increase our burdens, but decrease them.

Segregation recognized as a painful duty, it would no longer be necessary to make any reservation when speaking of the hope that lies in the child. Our 1,200,000 new births per annum would soon regenerate the race. *During the next twenty years about 25,000,000 children will be born in the United Kingdom.*

[41] See evidence before the Physical Deterioration Committee.

[42] Cd. 2175, p. 117.

[43] In this connexion it should be observed that there are 28,000 surgeons, physicians and medical practitioners in the United Kingdom. The number (one to about 300 families) is probably larger than the nation needs, but even to organize the whole of them as public servants, and to make the medical service entirely free, would cost only about £10,000,000 per annum, allowing for salaries ranging from £250 to £1,000.

CHAPTER XV
THE SCHOOL

IN a commonwealth a man would need a healthy mind in a healthy body to be true to himself, and to every man. In an unorganized community, in which each man must needs struggle with his fellow for the right to live, and in which to be unselfish is to be weak, and to be weak is to go to the wall, a man needs a healthy mind in a healthy body in order to set up himself and those dear to him in a fortress impregnable, with ramparts against competitors, secret stores against time of siege, and insurance policies against the horrors that threaten weak women and young children whose champion has departed.

As things are now, we have then, not merely to train the boy to be a man for manhood's sake, but to fit him to fight what has been pleasantly called "the battle of life." He must be not only strong but artful, not only intelligent but cunning, not only brave but aggressive, not only fit to work but fit to bargain, not only an artist but a shopkeeper.

Knowing what we do of the hardness of the competitive system, how unfair we are to these children whom we affect to "educate." We dose them with a little book-learning and pass them on to seek employers. Nothing has been taught them by way of preparation for the real education upon which they are about to enter. They are wholly ignorant of the nature of the machine of which they are about to become an insignificant part. They plunge into the hard work which henceforth is to be their portion

and little that has been taught them is of value in connexion with it. The boy is compelled to play a game for wages without knowledge of the rules. Business presents itself to him as an impenetrable mystery, the secrets of which are known but to a few. He becomes a producer of things which in some way, he knows not how, are sold and bought and come to yield him a certain or uncertain wage. He does not see, nor, if he saw, would he understand, the balance sheet which sums up the processes which yield him a part only of his production. He is not competent to measure the extent of the injustice which he suffers. It is a game played between a few who know and many who do not know.

From the beginning of the child's life, the Error of Distribution plays its part. The opportunity offered the child varies directly with the income of its parent. The frontispiece of this volume measures not income alone; it measures also the degree of opportunity which is offered to the children respectively of the rich, the comfortable and the poor. Since the bulk of the people are poor, the greater number of the nation's children are handicapped at the start. Individually they are deprived of their birthright. Collectively the community is deprived of the proper value of their strength, their intelligence, their genius.

The last point is rarely discussed. Intellect and genius are the possessions of no single class. Year by year we kill off units of our population who might live to work good for their kind. Year by year we brutalize men who, given opportunity, might enrich our literature or ennoble our art. Year by year we waste the greater part of the gifts of our people. Here and there some rare combination of muscle and

brain rises superior to circumstance and lives to command the class which would have repressed him. These exceptional cases serve to remind us of the ability which is lost. We know only of the soldiers who live to be commanders. Probably greater generals than Napoleon have perished as privates in their first battle. That is unavoidable, for in battle some must die. But in the arts of peace the sacrifice of potential commanders need not go on. Given equality of opportunity, the marshal's baton in each private's knapsack, and the nation need not waste one of its great men.

If we are in earnest in this matter of the problem of poverty, we must hasten to equalize opportunity, and having begun with the unborn child, continue our work in the school. We must seek to make the school a preparation for life and endeavour to build up, out of the new generation, citizens who understand, and who, understanding, will see to it that they remain not poor.

In the first place, we have to attend to the child's body. Through the school we can see that the child is properly clothed and properly fed. Through the school we can teach the child to understand its physical nature and to respect it. In a certain class of trumpery novel, the "tubbing" Englishman is distinguished from the unclean foreigner. The simple fact is that the Englishmen who "tub" are quite exceptional specimens of their kind. Few of the 9,000,000 houses of the United Kingdom are provided with tubbing apparatus, and even the London County Council has lately built "model" cottages which contain no bath. We must change all that. The Germans are setting us the example of introducing shower baths into their public

elementary schools, and all the children are bathed once a week. They soon get to enjoy it, and it is rarely that a child objects. Mr George Andrew, in his valuable report to the Scottish Education Department on the schools of Berlin and Charlottenburg,[44] says that in the poorer localities this weekly bath system is found to have an educational effect upon the parents. The mothers, influenced by the knowledge that their children's underclothing will be scrutinized, supply them with clean things. Thus even that least amenable of subjects, the parent, may be reached through the child.

In "Riches and Poverty" edition 1905, I wrote:—

"In the matter of school hygiene and the physical training of children, the introduction of the medico into the school is all-important. At present, proper hygienic inspection of our schools does not exist. Medical officers should be appointed both to see that school buildings are absolutely healthy and to care for the personal health of the pupils. Upon entering the school, the child should undergo a preliminary examination and from thence onward remain under the care of the school doctor. The preliminary examination would decide the question of fitness for normal instruction; defective children would be drafted into special classes."

In 1907 the Education (Administrative Provisions) Act made it the "duty" of local education authorities "to provide for the medical inspection of children immediately before, or at the time of, or as soon as possible after, their admission to a public elementary school" and the "power" of such authorities to make arrangements "for attending to the health and physical condition of the children." It is earnestly to be hoped that this "power" will be exercised; at

present many authorities are blind to it. The reader may judge from a single example the importance of using the schools as a means of physical control and training. Dr Ralph H. Crowley, the Medical Superintendent of the Bradford Education Authority, conducted an inquiry into the physical condition of the school children of Bradford in 1907. The results make painful reading.

Let us begin with the "general condition" of the Bradford children. The examination as to cleanliness was made by observations of the head, ears, and neck, and by rolling up the sleeves of the children. The following approximate figures were arrived at:

CONDITION AS TO CLEANLINESS

	Number.	Per Cent.
Clean	10,000	22.2
Somewhat dirty	22,000	49.0
Dirty	11,500	25.5
Very dirty	1,500	3.3

I think we must agree with Dr Crowley that these figures "show a deplorable state of things." What is to be said of "home life" and "education," which between them fail to teach a child to be clean?

Here are some saddening details as to the condition of the heads of girls:

CONDITION OF GIRLS' HEADS

	No. of Girls.	Per Cent.
Clean	7,000	30

Nits present	8,500	35
Lice present	8,500	35

And these figures, we are told, exclude many children sent home because their heads had "broken out" through the presence of lice.

As to clothing, here are the figures:

CONDITION OF CLOTHING

	No. of Children.	Per Cent.
Good	10,000	22
Average	19,000	42
Bad or very bad	16,000	36

As for boots, the results are worth the consideration of British bootmakers. As many as 6,500 children had foot-gear so bad that in many cases "it was difficult to see how what were meant for boots managed to keep on the feet."

Condition as to nutrition was judged broadly, irrespective of cause. Dr Crowley divided the schools into three classes—better class schools, poor schools, poorest. I take the case of the poorest schools:

C. SCHOOLS—POOREST

Nutrition.	Infants.		Upper School.	
	No.	Per Cent.	No.	Per Cent.

Good or sufficiently good	51	30.7	105	24.4
Below normal	58	34.9	183	42.6
Poor or very poor	57	34.4	142	33.0

Taking the three groups of schools together, we find that 1,019 children out of nearly 2,000 were "below normal" in point of nutrition. More than one-half, that is, were suffering from chronic semi-starvation. Of the 1,019, as many as 344 were described as "poor or very poor."

Very instructively Dr Crowley measured nutrition against mental capacity, and showed clearly how often unhealthy minds are the product of unhealthy bodies. Of children of exceptional intelligence, 62.7 per cent. were of good nutrition. Of dull children only 24.9 per cent. were of good nutrition.

Dr Crowley concluded his significant report with these words:

"No increased facilities for higher education or technical instruction can in any way take the place of attention to the physical side of our children. The future of our nation will depend, not on the ability of the few, but on the fitness of the many, and this fitness must be secured at all cost. It is for us as a nation a matter of life and death."

To proceed, anthropometric statistics should be carefully compiled, and a sickness register kept, so that the nation may judge of the progress made in restoring its stature. The teeth would have special

attention and the school dentist would work hand in hand with the school doctor. Children need few dosings, but in special cases cod liver oil or a suitable tonic could be administered, as is done in Belgium.

In cases of defective nourishment the child must be fed, whatever the character of the parent. No fears as to the loosening of parental responsibility need stand in the way in this essential matter, for drastic punishment of neglectful parents should go hand in hand with our care of the child. Nothing, in my opinion, is so likely to encourage the feeling of parental responsibility, and to shame careless mothers, as the knowledge that at the school the child is regarded as a valuable commodity. In this connexion it would be well for the Board of Education to insist upon periodical reports, not less frequently than every three months, to parents upon their children. A carefully written report upon the progress of the scholar in all departments would be calculated to stimulate the better feelings of the parent.

The greatest timidity was shown by the Physical Deterioration Committee in dealing with the important subject of underfed children. The report runs:

"By a differentiation of function on these terms—the School Authority to supply and organize the machinery, the benevolent to furnish the material—a working adjustment between the privileges of charity and the obligations of the community might be reached. In some districts it still may be the case that such an arrangement would prove inadequate, the extent or the concentration of poverty might be too great for the resources of local charity, and in these, subject to the consent of the Board of Education, it

might be expedient to permit the application of municipal aid on a larger scale."

It is the State that must furnish the "material," not as a matter of charity, but from motives of the purest common sense. The timidity of the Committee is the more remarkable when the evidence presented to them is examined. Dr Eichholz made a special investigation into the conditions of the Johanna Street Board School, Lambeth, as a type of school in a very bad district, and he considers that 90 per cent. of the children are unable, by reason of their physical condition, to attend to their lessons in a proper way. His estimate of the underfed children in the elementary schools of London is 122,000, or 16 per cent. of the whole.[45]

Those alone who have had to do with voluntary free breakfast schemes can have any idea of the terrible hunger of the children who attend them. The hugging of the mug of cocoa, the ravenous swallowing—it cannot be called eating—of the slices of bread, make one shudder to think that, but for such isolated voluntary effort, the poor children would in an hour or so be entering a school at which their attendance is compulsory to—study! And for one helped by voluntary effort how many go hungry to their tasks, utterly unable, through physical weakness, to do their work!

Those who have grasped the importance of the utterance of Dr D. J. Cunningham, quoted in the last chapter, will heartily agree with Sir Shirley Murphy, L.C.C. Medical Officer of Health, that "the child has got to be fed." The chief deterrent to many is fear that parents will be demoralized by free meals at the schools. It must be realized by those who entertain this fear that the parents are often already

thoroughly demoralized, and that their demoralization in the great majority of cases has resulted from the conditions imposed upon them from their birth by our social system. They are what they are because of circumstances over which their control was nominal. *The reader, or myself, if transplanted to Lambeth at a few months old, and nurtured as they were nurtured, would at this moment be what they are.* "There, but for the Grace of God, goes myself," is the reflection which every man should make when he contemplates the waste products of the civilization of which he himself is a favoured part. That truth realized by any man, it is never again possible for him, if he has more than the average share of the nation's income, to grudge a part of the amount by which his income exceeds the average to raise to a higher level the children of those whose lives have been a crying injustice from their cradles—of those who have, with all their faults, done more than their share of the hard labour of the world.

In 1906 the Education (Provision of Meals) Act enacted that a local education authority "may take such steps as they think fit for the provision of meals for children in attendance at any public elementary school in their area" to the extent of a halfpenny rate and no more. So, with extreme timidity, the legislative machine advances.

Games, physical drill, gardening and swimming, should be taught to every child, under proper medical control. I assume the existence of playgrounds in some ample shape—each school having its indoor and outdoor places of recreation and its school garden. A great object is to keep the child from the street. For the same reason, the school

grounds should be open on summer evenings and during all vacations. It is a simple matter to make the vacations a time of real holiday for every child—filled with lively interest and healthful sport. With the physical exercises and teaching of games and, indeed, with all other departments of school life should be associated what Rousseau considered to be the chief moral principle that a child should learn—to do harm to no one. That carries with it the teaching of "manners" in their best sense. Nor should graces of person be neglected. The boy should not be allowed to slouch about with his hands in his pockets. If he does, he is only too likely to slouch into casual labour hereafter.

Clean, neatly clad, healthy, well-nourished, upright, self-respecting and therefore respectful of others, feeling its strength in every limb, well-mannered, capable of lucid expression—is it beyond our powers to make the average child all this? Not if these things are as well worth consideration as the resistance of an armour-plate, the trajectory of a rifle-bullet, or the virtues of a smokeless powder. Not if the proper study of mankind is man.

Having made provision for the body, we may now turn to the mind. I have referred to the child's power of expression, and I think that the average elementary scholar's incapacity to think clearly or to express its ideas with lucidity show how much we have missed the way in our educational methods. We have forgotten that to "educate" is literally to "lead out." The two guiding principles or characteristics of the German school curriculum as described by Mr George Andrew are: (1) The principle of "*Anschauung*" (observation, intuition, concrete), and (2) The development of oral expression.

"Anschauung" literally means "looking at" and as an educational principle it means observation of the concrete as paving the way to the abstract. The child begins school with the supply of words and conceptions which it has gained from infancy in its own house. These have to be corrected and completed; the child's concepts are enriched by fresh observations and by gradual steps it is advanced from the familiar to the strange, from the known to the unknown. In the youngest classes the instruction in reading, writing, arithmetic, drawing, nature study, is all in varying degrees based on "Anschauung," and later the same principle of observation is to be traced in the teaching of such subjects as geometry, geography, and history, where models, pictures, maps, and plans are continually resorted to in order to deepen and vivify the ideas gained from the printed page. Mr Andrew thus contrasts infant teaching in Scotland with that in Berlin:

"In Scotland, infant classes generally begin with the alphabet and the elementary reading-book, the object-lesson being something of an "extra," in which much useful and stodgy information is often imparted to the youthful mind—not always on subjects within its range of actual experience—and then retracted under an incessant fire of jerky interrogatories.

"The Berlin child begins in a different way. With him the "observation lesson" is the starting-point. It is maintained that the child in his natural intercourse at home with his parents, brothers and sisters, and playmates, has equipped himself with a certain rudimentary supply of words and ideas, which concern themselves mainly with objects that have fallen within his own range of vision. He has learned to speak in a language, the purity or corruptness of which will largely depend on his environment. It is on these two lines, his rudimentary knowledge of simple objects and his power of simple speech, that his first school instruction proceeds, individual words and their constituent *sounds* with (the corresponding letter names) being reached by a gradual analytical process. In the

"observation lesson" such objects as are in the schoolroom, or again, the child's body and limbs, his food, his clothes, his home, his street, etc., anything, in fact, which he can see, or has seen, are made use of. But even in this early "observation lesson" one cannot fail to note how the foundations are laid for developing oral expression—for teaching the child *Sprachfertigkeit*. Just as the child comes to school with his rudimentary ideas, and has these gradually corrected and extended by "observation," so also in this lesson the power of speech he brings with him is taken up and developed from the beginning. He is asked to describe what is placed before his eyes; he is made—and this is naturally the first difficulty—to speak in a distinctly loud tone of voice; and he is made to answer in a sentence or sentences. For example, the teacher's watch was taken as the subject of an "observation lesson" in a class of pupils newly come to school. One heard such little sentences as "This is a watch"; "from the watch hangs a chain"; "on the face of the watch are figures," etc. Every now and then some child is made to recapitulate the whole account, e.g. to repeat the above three sentences—a process to which great importance is attached."

Thus from the beginning the child is taught to observe and to express lucidly what it has observed, and this excellent principle—this real "education"—is followed throughout its school life. As a result the children become self-reliant in utterance, able to think clearly and to express their ideas orally or in writing in logical order and appropriate language. Thus, whatever the influence of the home the child gains a proper use of its mother-tongue. In our own country the vocabulary of the home remains the vocabulary of the child, and I know of nothing more painful than to listen to the talk of our "educated" elementary school children in poor neighbourhoods.

There is no subject in the curriculum to which the principles of observation and development of expression are not applied with success. Thus, arithmetic is not taught by rule-of-thumb, as is too often the case in our schools, but from the beginning

the child is led to "count with understanding." The child does not merely learn a series of mechanical rules. He understands the process he employs and can give a lucid account of his knowledge. It is perhaps hardly necessary to add that he studies the metric system, and becomes familiar with the arithmetic of business operations.

Our elementary school curriculum must be made to include the study of the sciences as a matter of course and not as special subjects. Unfortunately, public opinion is still lamentably absent on this point. An ex-Prime Minister is not ashamed to state publicly that he is ignorant of science, and the majority of those who have received what is known as a "liberal" education could not intelligently explain the ringing of an electric bell or the action of their own hearts. This deplorable neglect of science is sadly handicapping us as a nation in every department, and it is a notable fact that the majority of recent scientific discoveries have been made in other lands. In "Riches and Poverty," 1905, I mentioned the following as especially notable: X-Rays, Germany; Radium, France; Synthetic indigo, Germany; Artificial Silk, France and Germany; Incandescent gas light, Germany; Wireless telegraphy, Italy. Since then the English Channel has been crossed by a flying machine—from the French side. I notice that Mr Andrew, in the report already referred to, while acknowledging that science was generally treated excellently in the German schools, obtained a "vague impression that rather much was attempted." Is that vague impression to be wondered at, in view of the pitiable condition of science teaching in the United Kingdom?

As a matter of fact, nothing is more fascinating to

the average child than the science-lesson. The child is instinctively a scientist; its mind is ever searching for the reason of things, and the average British parent is every day through his ignorance of science compelled to evade the simple but very reasonable inquiries of his offspring. It should be our object at the school to encourage the child's wonderings, and to do what we can to cherish the wise habit of wondering. The savage at least wonders when he sees a locomotive. The average "educated" citizen has long ceased to wonder either about the science that moves his train or the science that lights his house.

It is easy to understand how well the two guiding principles of German teaching fit the study of science, or of nature-knowledge, to use the terminology of the Charlottenburg curriculum. The material aim of the course is to give the pupil knowledge of nature in a form suited to his grasp, including, be it observed, the laws of health. Then there is the formal aim—to train the pupil's powers of observation, and to develop his powers of thinking, and to awaken his sympathy with plant and animal life and admiration for the beauty of Nature. At Charlottenburg Natural History is taught under the three sub-divisions A. Botany, B. Zoology, and C. Anthropology. Under the third is taught animal physiology, the laws of health, and first aid in cases of accident. In connexion with Botany, school excursions for the study of plant life are organized. I can imagine no more useful discipline for a town dweller. In the domain of physical science, the pupils are led on to the knowledge of Nature's laws and to the causes of common things. Particular attention is paid, Mr Andrew tells us, to such phenomena or principles as are of importance in domestic, industrial and commercial life—those of domestic

life applying to the girls, the latter two to the boys. Light, heat, magnetism, electricity, mechanics, sound, chemistry and mineralogy are taken. Experiment is largely employed, and the apparatus used is adequate and admirable, in this respect being a striking contrast to the mean outfit which is usually considered good enough in the United Kingdom. The reflection is forced upon one that, in the region of foreign competition, with which this work is not concerned, they will be formidable antagonists, these scientific German children, in the time to come.

In connexion with the teaching of hygiene in schools we can do much to encourage abstinence from intoxicating liquors. If in the study of physiology the harmful effects of alcohol upon the kidneys and other organs is made clear to the children, a very wholesome fear of "drink" will be bred in them.

The little we are doing in the way of teaching domestic economy and cooking to girls needs much strengthening. These subjects should be compulsory in the highest classes of all girls' schools. There is perhaps no other country in which poor women are so ignorant of cooking as in the United Kingdom. There is no simple national dish which every one knows how to make, and it is rarely that poor Englishwomen can make a decent soup or have any idea of the proper cooking of vegetables.

As a preliminary to the abolition of child labour under the age of 16, the introduction of the principle of compulsion in connexion with continuation classes is badly needed. The children are now set free at the most dangerous period of their lives, and nothing but good could arise from compelling their attendance at classes which, in the case of girls, should deal with

infant and domestic hygiene, cookery, and dressmaking, and in the case of boys with science, technics and languages.

In 1908 I introduced into the House of Commons a measure to establish compulsory day continuation schools in England and Wales. The Bill was prefaced with a memorandum which pointed out:

"According to the census of 1901 there were in England and Wales about 4,600,000 persons of both sexes between the ages of 14 and 21 years. According to the reports of the Board of Education the number of pupils aged 15 to 21 years attending day and evening continuation schools of all sorts is only about 387,000."

The Bill itself was as follows:

1. This Act may be cited as the Continuation Schools Act, 1909.

2. The earliest age at which a child shall be entitled to any exemption from obligatory school attendance shall be fourteen years, and the Education Acts, 1870 to 1902, are hereby repealed in so far as they permit the partial or total exemption from school attendance of children under fourteen years of age.

3. Every child whose age exceeds fourteen but does not exceed seventeen years shall be deemed to be a continuation scholar, and is hereinafter so termed in this Act.

4. Every education authority shall establish classes (hereinafter termed a continuation school) for the continued education and technical training, without fees, of all continuation scholars in its district who do not attend approved day secondary or day technical schools.

5. The continuation school shall be carried on at hours which do not terminate later than six o'clock p.m., and every continuation scholar shall attend the continuation school for a period of not less than six hours per week.

6. Sufficient school places, and sufficient teachers, scientific and technical apparatus, material, tools, or plant, et cetera, shall be provided to enable every continuation scholar controlled by

the education authority to be instructed in industry or agriculture, or in domestic economy, in the English language and literature, in the principles of hygiene, and in the duties and obligations of citizenship, and the scheme and curriculum of each continuation school shall be subject to the approval of the Board of Education.

7. For the purposes of the administration of this Act, the education authority may co-opt any number of local employers not exceeding six.

8. Every employer shall permit every continuation scholar in his employ time in which to attend the continuation school, and, failing to permit such attendance, shall be liable on summary conviction to a penalty not exceeding *two pounds* for every day upon which his employee therefore fails to make his due attendance at the continuation school.

9. Every parent or responsible guardian of a continuation scholar who fails to attend a continuation school shall be liable on summary conviction to a penalty not exceeding *ten shillings* for every day upon which the continuation scholar fails to attend the continuation school, unless the non-attendance is due to the fault of the scholar's employer, or to illness, accident, or other unavoidable cause.

10. It shall be the duty of the education authority to prosecute the parent or responsible guardian or the employer of any continuation scholar who is absent from the continuation or other approved school save through illness, accident, or other unavoidable cause:

Provided that no continuation scholar shall be required to attend a continuation school held beyond two miles, measured along the nearest road, from the residence of the continuation scholar.

11. *The cost of carrying out the provisions of this Act shall be paid out of moneys provided by Parliament.*

So much is said about the example of Germany that it may serve as a stimulus to those who think the above provisions too drastic to observe that my Bill was based upon the scheme which is in actual operation at Munich and which may soon be in operation for all German children.

It is by the adoption of such rational methods in our schools that we may give opportunity to the new generation. If they exhibit ability they can advance to, and benefit by, a secondary education which shall fit them to perform the highest service for the State. If their abilities are of a meaner order, we shall at least send them out into the world well-equipped mentally and physically for their life's work and keep a guiding hand upon them after their school days are ended.

With such an education the individual unit of industry would have strength and understanding to contend for a better wage and be fitted to do better work. He would also take thought as to the constitution of the society of which he forms a part, and employ intelligently the franchise which in the past he has so frequently used to his own undoing. In an individualistic society such a unit would be better fitted to hold his own. In the wise collectivism towards which we are steering, he would be fitted to do his whole duty to his fellows and himself.

The relevance of education to the main theme of this book demands little comment. It is obvious that, if we are to provide a proper physical and mental training for our people we must spend more money. Better schools, better playgrounds, better apparatus, more and better trained teachers, classes not exceeding 30 pupils per class, the introduction of the school doctor and school dentist, the provision of meals, the compulsory continuation schools—all these things are needed and all these things are costly. It is only want of reflection upon the enormous resources at the disposal of the State which makes so many people timid in educational reform. Take the matter of school doctors, for

instance. On page 64 of the Report of the Physical Deterioration Committee will be found:

"Dr Eichholz thought it (the medical inspection of school children) was the greatest need in school organization."

Therefore, you would say, Dr Eichholz and the Committee would urge that the "greatest need" be properly supplied. Alas! the report goes on:

"On the ground of expense he would confine a general examination to the poorest schools, and considered that in London the work could be done by ten young men at £250 each."

The Committee, speaking for themselves, say:

"The Committee believe that, with teachers properly trained in the various branches of hygiene, the system could be so far based on their observation and record, that no large and expensive medical staff would be necessary...."

Always the idea appears to be uppermost that this is a poor, a very poor, country, which cannot afford to do the things which it would wish to do. That teachers "properly trained in the various branches of hygiene," which certainly do not cover the diagnosis of disease, should be considered competent to decide which children should or should not undergo medical examination amounts to an expression of opinion that we cannot afford to provide the schools with their "greatest need."

I refer the timid to the fact that the gross assessments to Income Tax in 1908-9 were over £1,000,000,000. The practical point is this. Of the £1,000,000,000, can we spare a few millions for the purposes mentioned in this chapter?

[44] Cd. 2120.

[45] It is of interest to observe that Mr Robert Hunter estimates that 70,000 of the school children of New York arrive at school either breakfastless or underfed. This estimate accounts for 13 per cent. of the school children of the city.

CHAPTER XVI
THE HOME

IT is an amusing statistical fact that at the census of 1901 our "overcrowded" England had but 558 persons to the square mile, or one person to 1.15 acres, or one family to about 6 acres. If in 1901 the population of England and Wales had been distributed evenly over the area there would have been a distance of 240 feet between each person. In 1871 a similar distribution would have removed each person from his neighbour by 288 feet. Thus England is little more "crowded" to-day than it was a generation ago. It is useful to remind ourselves by these statistical exercises that the country is indeed nearly empty, and the towns very full. In the 75,000 acres of the administrative county of London were crowded, at the census of 1901, 4,536,541 people, a number as great as the entire population of Australia, almost as great as the entire population of the Dominion of Canada, and more than one-tenth of the entire population of the United Kingdom. In London and 75 other great towns in England and Wales are crowded about 15,000,000 persons or about one-half of the entire population of the country. As London and the great towns grow, the countryside is increasingly depopulated, and not the countryside alone. Many small towns are decreasing in size. Thus an increasing population is ever huddling closer together in a diminishing number of centres.

The greater number of our new births, then, are in crowded districts. The figures of Book I. tell us, also that the greater number are in urban houses of a rental under £20 per annum. The rental values of the

houses of Great Britain in 1907-8 were as follows:

HOUSES OF GREAT BRITAIN, 1907-8

The figures do not include Ireland, but they include all residential shops, lodging-houses, hotels, farm-houses, etc., in Great Britain.

Under £20 (Exempt from House Duty),	6,875,000
£20 and over (Charged to House Duty).	1,912,000
	8,787,000

Of the 8,787,000 houses fully 7,000,000 are obviously the homes of the very poor, as we should expect if the statements made in the earlier parts of this book are true. In various districts the accommodation which can be bought for £20 a year varies greatly, as has been already pointed out. £20 per annum may command a decent home in some parts of the provinces or Scotland, or a filthy tenement in East London or Manchester. Broadly speaking, the majority of the houses under £20 are fit for demolition. They rank in our estimate of capital (Chapter 5) for a great deal of money; they command an enormous amount of rent, but, I repeat, they are chiefly fit for destruction. In a minority of cases they are indecent or insanitary; in a majority of cases they are either old or ugly or uncomfortable. Rarely are they fit habitations for a self-respecting people. The same is true of many of the houses up to £40 and even £50 per annum in London and other crowded centres. Many £40 dwellings in London are crowded tenement houses, each of several reeking

floors.

What overcrowding means to the lives of those who suffer it may be illustrated by the table prepared by Sir Shirley Murphy, which compares the sanitary areas of Hampstead and Southwark in respect of expectation of life. I have added the fourth column to give prominence to the accusing fact that *the poor are robbed not of means alone but of life itself*:

EXPECTATION OF LIFE IN HAMPSTEAD AND SOUTHWARK, MALES ONLY, IN 1897-1900

Age	Hampstead	Southwark	Expectation of life in Southwark less than that in Hampstead by
Years	Years	Years	Years
At birth	50.8	36.5	14.3
5	57.4	48.7	8.7
10	53.3	45.0	8.3
15	48.7	40.6	8.1
20	44.2	36.4	7.8
25	39.8	32.4	7.4
30	35.5	28.6	6.9
35	31.3	25.0	6.3
40	27.5	21.9	5.6
45	23.8	18.9	4.9
50	20.3	16.2	4.1
55	17.0	13.6	3.4
60	14.1	11.3	2.8
65	11.5	9.1	2.4
70	9.2	7.0	2.2
75	7.1	5.2	1.9

In Hampstead only 6.3 per cent. of the population live more than two in a room in tenements of less than five rooms, and only 11.1 per cent. of the population live in tenements of one or two rooms. In Southwark, on the other hand, 22.3 per cent. of the population are in the first category, and 31.6 per cent. in the second category. The table enables the reader to measure the years which are stolen from the lives of the inhabitants of Southwark. The area of

Hampstead is 2,248 acres and the population 68,416. The area of Southwark is 544 acres and the population 89,800. We should never forget that there are two sorts of crowding, one of which is measured by room or tenement, the other by area.

The Census definition of "overcrowding" by room or tenement is a very modest one. It applies to tenements containing more than two occupants per room, bedrooms and sitting-rooms included. Accepting this definition there were 392,414 overcrowded tenements in England and Wales at the Census of 1901, which were the homes of 2,667,506 people, or 8.2 per cent. of the total population.

That is bad enough, but if we take a more reasonable definition of "overcrowding" and apply the term to all tenements (by tenement is meant a separate occupation, whether a house or part of a house) of three rooms or less we find that in 1901, in England and Wales, as many as 5,853,047 or 18 per cent, of the entire population occupied tenements of either one, two or three rooms. A further 7,130,062 persons or 21.9 per cent. of the population of England and Wales were housed in 4-roomed tenements. The complete tenement figures are as follows:

TENEMENTS (SEPARATE OCCUPATIONS, WHETHER HOUSES OR PARTS OF HOUSES) IN ENGLAND AND WALES. 1901

Number of Rooms in Tenements.	Number of Tenements.	Occupants of Tenements.	Percentage of Total Population in each group of Tenements.	Average Occupants per Room.
1 Room.	251,667	507,763	1.6	2.02
2 Rooms.	658,203	2,158,644	6.6	1.64

3 Rooms.	779,992	3,186,640	9.8	1.36
4 Rooms.	1,596,664	7,130,062	21.9	1.12
5 or more Rooms.	3,750,342	19,544,734	60.1	——
	7,036,868	32,527,843	100.0	——

It will be seen that, even in the 4-roomed tenements, there was an average of 1.12 persons per room (room meaning every apartment in the tenements, including sitting-rooms, attics, box-rooms, kitchens or sculleries), and when we remember the small cubical content of many of these "rooms" we see that as many as 12,983,109 persons, or 39.9 per cent. of the population of England and Wales were certainly crowded, if not "overcrowded."

In Scotland, at the Census of 1901, 969,318 families occupied 3,022,077 rooms, giving an average of only 3 rooms per family. Into the 3,022,077 rooms of all sorts were crowded 4,472,000 people.

While overcrowding, measured by room, slightly decreased between 1891 and 1901, overcrowding on area considerably increased. In the ten years a considerable number of model dwellings—models, that is, of everything that dwellings should not be—were erected, and much ground in London and elsewhere which should have been left open, was covered with buildings of every conceivable degree of ugliness.

As for existing houses, thirty years after the passing of the Public Health Act of 1875, and fifteen years after the passing of the Housing of the Working Classes Act of 1890, a considerable proportion are actually insanitary, and only a minority conform to the most modest standard of convenience and comfort. In the North of England and in the Midlands

there remain tens of thousands of houses built back-to-back, so that there is no passage of air through them.

The Manchester Citizens' Association recently published, from the pen of its secretary, Mr T. R. Marr, a little book,[46] which shows, by a coloured map, that slum property, including many back-to-back and "converted" back-to-back houses, form a great ring round the offices and factories of Central Manchester. Its lessons are enforced by a series of photographs of slum property. Here is a picture of a Salford court, upon which face the living rooms of eleven houses. Standing out in the court, as a public exhibition, are three rotten places of convenience, only one of them usable. Here, again, is a photograph taken in St Michaels' Ward—taken, let us hope, in the absence of St Michael. A group of four closets open on the street, and beside them, surrounded by a group of slum children curiously watching the photographer, is a tap which is the sole water supply of 22 houses. A third picture, also taken in St Michaels' Ward, shows a stone-paved court of eleven houses. There is one tap, an open ash-box, and several closets the doors of which are torn from their hinges.

In Liverpool, according to a paper read before the Royal Sanitary Institute in April 1905 by Mr Fletcher T. Turton, the Liverpool Deputy Surveyor, there were still 8,600 back-to-back houses standing, the death-rate in their area being about 60 per 1,000! Further erection of such houses is forbidden by Mr Burns's Housing Act of 1909, but there are tens of thousands already in existence.

In Leeds there are many of these back-to-back houses, without ventilation, or yard, or private

sanitary arrangements, let at rentals varying from 3s. 6d. to 7s. 6d. per week. As many as three and four houses join at one closet. The closets are frequently in yards, forty yards from the house. In wet weather, rather than carry the waste water from the bedrooms the length of the street, women may often be seen pouring it down the street gully. On Sundays, when the inhabitants are all at home, the difficulty as to sanitary accommodation is intensely aggravated.

In Sheffield, in the Potteries, and many other places, these abominable back-to-back houses are to be found. Few workers' houses in the Potteries have more than two bedrooms. The back-to-back houses in Sheffield number 15,000, and sometimes as many as eight or ten persons are to be found in their three little rooms. If we take only 7 persons to the house there are 105,000 Sheffield people living in these dens.

If there are not back-to-back houses or cellar dwellings in London, there are many squalid areas which contain greater aggregations of the poorest of the poor than can be found in any other part of the country. In Marylebone, Southwark, St Pancras, Holborn, Bethnal Green, Shoreditch, Stepney, and Finsbury upwards of 30 per cent. of the inhabitants live in tenements of one or two rooms. In Finsbury the proportion reaches 45 per cent.; in Shoreditch and St Pancras 37 per cent. In Lambeth, Westminster, Paddington, Chelsea, Kensington, Islington and Bermondsey 20 per cent. and upwards of the population live in tenements of one or two rooms. Only, indeed, in Lewisham, Wandsworth, Stoke Newington, Hampstead, Woolwich, Greenwich, Deptford, Camberwell, Hackney and Fulham, do less than 15 per cent. of the inhabitants occupy

tenements of one or two rooms. Not even the school children of Ancoats or Deansgate, Manchester, exhibit the degree of physical deterioration of those of Lambeth or West Ham.

It cannot be too strongly insisted that in connexion with the problem of housing the people there is not merely the question of "overcrowding" or of "crowding," whether in rooms or on area, to be considered. Not only death and disease but ugliness and inconvenience have to be fought. The speculative builder is covering suburban areas with mile after mile of amorphous dwellings. Acre after acre of smiling meadow is disfigured. Street after street of buildings of unredeemed ugliness reach out into the beautiful country which lies so near to the 75,000 acres of London. Trees are felled; every particle of verdure is scraped away. The town advances, and before its grim threatenings Beauty flies. The lane becomes the street; the hedge is replaced by cast-iron palings; beyond the hedge there arises the row of "bay windows with venetian blinds" which figure in the advertisements. Pass to the rear and you will find the 16 or 18 feet frontage which the builder thought beautiful balanced by a "back addition" which even the builder knew to be ugly. Facing the back-additions, across two "gardens" together not so long as a cricket pitch, another row of rear elevations, and so on, row after row. Such is the vision with which we stimulate the fancy of the more fortunate of the children of the people. We teach them drawing on the latest principles—free-arm—in the school. We give them infinite ugliness as their environment outside the school. We have still to learn that while the dwellings and surroundings of the people are unlovely we cannot hope for a gifted race. We have yet to understand that education

begins when the child opens its eyes and ears to the sights and sounds of the home and its surroundings. It is not alone that the people lack monetary income. To the ill-distribution of wealth is added the ill-distribution of the means of a beautiful life. The majority of our people are denied the vision of beauty, and even those who receive fair wages perish morally for lack of that vision.

From the centre to the circumference there passes all the evil thinking and evil doing which the unnatural conditions of the centre have created in the minds of men. The workman who leaves the centre for the new suburb of Walthamstow is not surprised to find there the ugliness which he left behind him. He does not expect to find Beauty—that is a commodity confined to pictures. He does not wonder that man could be so blind as to create a sore on the borders of one of the most beautiful spots which this earth has to show. He owns his cottage with a smile, oblivious of the might-have-been, and rarely if ever wonders why in a country containing nearly 80,000,000 acres his considerable rental can command so small a share of the surface of his native land.

And surely it is for lack of vision that our efforts in connexion with the housing problem are so misdirected. The rulers of our towns instead of directing their attention to the outskirts have practically confined themselves to tinkering at the centre. Blocks, palatial in size and unholy in principle, have been erected and ironically dubbed "model dwellings." It is true that in all big towns there are a certain number of workmen who must live near their work, but there is usually a far larger number who have no such tie. And the model

dwellings referred to usually succeed in housing not the class which must live near their work but the class who could well go out beyond the suburbs. Thus the effect of tinkering in the centre is often but to set free for the poorest of the poor the tenements deserted by the better class who pass to the new dwellings. That is good in its way, but how much better it would have been to relieve the centre by emptying out its streets into the places beyond. To buy up slums in the centre and create model dwellings is to play into the hands of the landlords—to increase the value of the unbought slums. To empty out the centre of its movable population is to leave a better selection of homes for those who must remain, and to leave the slum landlord to mourn a fall in the value of his "property."

A great deal is often said about unoccupied sites in towns and their suburbs and it has even been suggested that efforts should be used to force them into the market and compel building upon them. Here again is exhibited a most lamentable lack of vision. In so far as town sites are unbuilt upon let them remain so, and if their owners are waiting for a rise in value let us take measures to make that waiting prolonged.

In a widely circulated leaflet on the land question I read: "If we pass through the outskirts of any of our great centres of population, we see pieces of land left practically derelict, with perhaps an old horse grazing there disconsolately, or a few hens investigating a rubbish heap. A little farther on we see houses being built and roads being laid out. We know that still more houses are badly wanted, and we wonder why the land between is not being utilized."

Here we have a reformer ardently desirous of filling up an open urban space which, if he were wise, he would use his best endeavour to keep open for ever. Seeing houses being built and roads being laid out "a little farther on"—what kind of houses and what sort of roads, I wonder?—he is anxious to turn out the disconsolate horse and pile up more houses in the intervening space. It apparently does not occur to him that yet "a little farther on" there is land enough for the housing of an army, and that a horse, however disconsolate, is at the worst a prettier object than a speculative builder's "villa."

Two things are necessary if the housing problem is to be grappled with seriously and not resigned to private profit timorously modified by municipal tinkering. The first is the control of land, and the second ready access to capital. As has been truly said, the housing question is a land question; as has been too rarely remembered, it is even more a capital question.

There is only one effective way in which the community can control land and that is to become its landlord. It is also true that there is only one effective way in which the community can keep in its own hands the "unearned increment" arising from the enhanced value of land created by the presence and work of the community, and again that effective way is for the community to own the land. There is no necessity, however, for the town to play into the hands of suburban landlords by purchasing dear land. It can evade attempts to corner land required by the community by going out and beyond that land if it is held for a rise. Indeed it is better to leave a zone between its present circumference and the site of its new housing area. Even in London, it is a

simple matter to reach land cheap enough for successful housing operations. It is of the utmost importance that all municipalities should without further delay secure considerable areas of the agricultural lands which surround their townships. [47] By doing this well in advance of their building operations they can insure that, as they themselves raise the value of the land by developing it and establishing means of transit, the whole of that value will remain in their hands. Moreover, if the owners of the intermediate land thus see their market failing they will gladly place a reasonable price upon their holdings. In this connexion it is probable that the taxation of land upon its selling value may prove to be of assistance. The man who controls a part of the area of his country and who will neither use it himself nor allow others to use it should in any case be taxed. I attach more importance, however, to the simple and effective policy of widening the radius of operations until cheap land is reached.

It cannot be too clearly understood that simply to tax land on its selling value is of itself no solution either of the land question or the housing question. If land is priced by its owner at £1,000 per acre and he is holding it to obtain that figure, we should not necessarily bring it into the market by taxing it on its selling value. The price asked obviously includes all the rise in value expected by the present owner in the near future; that is why the price is held out for. If the land be taxed upon the capital value the owner, unless very strong financially, would probably have to sell. To do so, he would reduce the price and the land would be taken up by a second owner. The expected rise in value would thus be discounted, and the second owner having obtained the land at a lower rate, would be able to hold the

land for the rise in spite of the tax payable. Thus the tax would not necessarily bring the land into use. Nor, if it did, would it necessarily be devoted to a desirable use. Owner B is not necessarily more moral or public spirited than owner A. Owner A held up the land, but owner B, having bought it, may put it to such base uses that we could wish it had been held up a little longer. Above all, therefore, we must have public control of area.

As the owner of its own sites, the township can be the arbiter of its own developments. This has been clearly recognized in Germany, where, under the encouragement and stimulation of the State governments, municipalities are acquiring land beyond their existing borders. Considerable areas are owned by many German towns. Stettin has 12,500 acres; Mannheim has 5,000 acres; Breslau has 12,000 acres; Frankfort has 11,000 acres.

Large as our population is, it is really remarkable to note how little area would be required to rehouse the people of the towns. Taking the number of families in the United Kingdom at 9,000,000, only 1,800,000 acres, or less than one-fortieth part of the area of the country, would be required to house five families to the acre. This simple calculation helps us to realize the point referred to in a former page—how tiny an area now contains nearly the whole of our 44,500,000 people.

Having wisely purchased land upon its borders, the municipality must take thought as to the distribution of the population upon its new territory. Plans must be made of the new roads, streets, open spaces, and transit facilities long before they are actually required, so that each step in development may be taken deliberately and that no new difficulties may

be built up to be the despair of the future. The well-governed city should study its present and future area as the artist regards his prepared sheet of canvas. Within its borders what varying effects may be produced! With the loving care that the old Italians bestowed upon the preparation of their panels, the municipality should plan the ground upon which the life of the city is to move. It is a picture the arrangement of which means life or death to the citizens; it may easily be made to glow with health and beauty.

Mr Burns's important Housing Act of 1909 has made it possible for local authorities to plan out the future extensions of towns; it will be interesting to see whether there is sufficient imagination in our local rulers to make the provision fructify.

In one of the most valuable contributions to this subject which have been published in recent years, [48] Mr T. C. Horsfall describes the thought and trouble which is given to the planning of the extension of municipalities by German Town Councils. Thus Stuttgart, in 1901, when preparing for a large extension of the town borders (its present population is about 182,000), obtained the advice of skilled architects, engineers, medical authorities, and *artists*. The politico-economic aspect of the matter was also carefully considered. The opinions, plans, and suggestions were then published in a volume to enable all the people of Stuttgart to study the proposals for extension.

Mannheim, again, which is chiefly a manufacturing town, prepared in 1901 building plans which provide for the requirements of industry and housing, while always remembering the claims of Beauty. I quote the following from Mr Horsfall:

"The description of the building plan for Mannheim, prepared by Professor Baumeister, which is published in Numbers 69, 70, and 71 of the 'Centralblatt der Bauverwaltung,' shows that the new part of the town will be provided with a remarkably complete system of narrow railways for passenger traffic, and with an equally complete system of railway lines of the ordinary width leading from goods-stations in all directions, for goods traffic, which will enable every manufactory to load goods on to trucks on its own premises. Carriage, therefore, will be exceptionally cheap in the town. Yet the Town Council, who are thinking so much of economical working, recognize that even their poorest fellow-citizens are men and women, whose bodies and minds need wholesome recreation and an abundant supply of fresh air, of light, and of the influence of flowers and trees. The building plan, therefore, provides for the creation of avenue streets of widths varying from 24 to 43 yards; and Professor Baumeister adds: 'Of course care has been taken to provide open spaces, decorative shrubberies, parks and sites for public buildings.' The width of ordinary streets varies from 8⅓ to 21⅓ yards."

The German building plans provide in what districts factories may be erected and determine (1) how much of building sites may be covered by houses, and (2) the height of all buildings. Thus, even in cases where the municipality does not own its own sites, it can in some measure control the greed of the houselord. It cannot too strongly be insisted upon, however, that absolute sovereignty of the manner of distribution of the people upon area can only be obtained by acquisition of the land.

The practicability of going out and beyond the

township and emptying into the open country the crowded and enfeebled inhabitants of the cities has been amply demonstrated in the United Kingdom. An object-lesson of the most practical character is afforded by the beautiful garden city of Bournville, which the beneficence and wisdom of Mr George Cadbury have raised four miles from the gloomy city of Birmingham.

Most people have heard of Bournville, but few are aware that it is not merely a village erected for the accommodation of Mr Cadbury's employees, but a working model of what may be done to solve the housing problem of great cities. The village of Bournville now no longer belongs to Mr Cadbury, for he has bestowed it upon the nation, the gift being worth not less than £200,000. In December 1900, the estate was handed over to the Bournville Village Trust, which is under the final control of the Charity Commissioners. In the Deed by which the property was made over to the Trustees the founder has thus set forth its objects: "The founder is desirous of alleviating the evils which arise from the insanitary and insufficient accommodation supplied to large numbers of the working classes and of securing to workers in factories some of the advantages of outdoor village life, with opportunities for the natural and healthful occupation of cultivating the soil.... The object is declared to be the amelioration of the condition of the working-class and labouring population in and around Birmingham, and elsewhere in Great Britain, by the provision of improved dwellings, with gardens and open spaces to be enjoyed therewith."

The objects thus outlined have been carried out by the provision of beautiful homes set in gardens

which are at once a source of revenue and of healthful recreation to their possessors.

Less than one-half of the breadwinners of Bournville are employed by Mr Cadbury himself. The village is not a private preserve, as is so often imagined, in which patronized cottagers live a bounty-fed existence, but a free independent and public-spirited community which rules itself in matters of detail through a Tenants' Committee or Council. A census of the inhabitants made in December 1901 gave the following results:—

Proportion of Bournville Householders working in

	Per Cent.
Bournville	41.2
Birmingham	40.2
King's Norton and Selly Oak (manufacturing villages within a mile of Bournville)	18.6
	100.0

Occupations of Bournville Householders

	Per Cent.
Factory workers	50.7
Clerks and Travellers	13.3
Mechanics, Carpenters, Bricklayers and others	36.0
	100.0

Having this working population of people paying rentals between 5s. 6d. including rates and 12s. 6d. excluding rates, the rate of infantile mortality in Bournville in 1903 was only 65 per 1,000 against 331 in the district of Birmingham known as St Mary's.

The architectural beauty of Bournville has not been secured by extravagant expenditure, but by tastefully treating good and simple materials with due regard to utility. Mr W. A. Harvey, the architect, says: "The idea of a cottage home that I have always endeavoured to keep in view is one in which beauty is based on utility." There is nothing tortured, nothing deliberately and queerly "quaint," no plastering of ornament. The houses look comfortable because they are comfortable. The windows are pretty because they are simple casements, the best possible sort of window.

A type of house which particularly pleased me had the following accommodation:

Ground floor:

Living room, 17 feet by 16 feet with ingle-nook and bay window.

Scullery, 13 feet by 11 feet 3 inches, with bath sunk in floor.

Larder, 5 feet by 4 feet 6 inches. Coal cellar, watercloset, tool shed and small paved yard. Verandah in front.

First floor:

Bedroom No. 1, 17 feet by 13 feet 6 inches.

Bedroom No. 2, 13 feet by 8 feet.

Attic Bedroom, 10 feet by 8 feet 7 inches.

Linen cupboard.

The total cost, including fencing, laying out garden, etc., was £280. The house, it will be seen, has no "parlour," but one large living room measuring 17 feet by 16 feet without the ingle-nook and large square bay window. It is an exceedingly attractive and comfortable room, and the sensible idea is appreciated by many of the tenants. The tastes of others are met by the ordinary arrangement of a separate kitchen and parlour.

The picturesque and comfortable houses have a charming setting. They are set back from the road and grouped in such manner as to give each house the best use of the sun—an important matter often neglected in the planning of even expensive houses, and absolutely ignored by the speculative builder. It follows that there are no monotonous roads in Bournville; natural grouping arises from attention to aspect. Each cottage has one-eighth to one tenth of an acre of garden. The gardens are laid out when the houses are built, so that the tenant has not to begin by breaking up uncultivated land. Lines of fruit trees are planted, and these, besides yielding a good supply of fruit, form a pleasant screen between the gardens. As a rule, the tenants take a keen interest in their gardens, and cultivate them with great success. In addition to the cottage gardens there are about 100 allotments, which are eagerly sought after by the inhabitants of the neighbouring manufacturing villages. There are two gardening classes for young men. Two professional gardeners with a staff are in charge of the gardening department, and are always ready to give whatever information and advice may be required, but each tenant is responsible for the cultivation of his own garden. It is a notable fact that

the gardens are found to yield, on the average, 1s. 11d. each per week. Gardening is lovingly fostered by the Village Council already referred to. The members of this Council, whose services are rendered voluntarily, are elected by ballot, and the annual elections and by-elections evoke considerable interest. Through this body arrangements are made for the co-operative purchase of plants, shrubs, and bulbs in great numbers; gardening tools such as mowers, rollers or shears, bought for the purpose, are let on hire; a loan library of gardening books has been formed; also a gardening association with periodical inspections of gardens; while lectures are arranged for the winter, and excursions for the summer. Further, the Council has established and managed with conspicuous success flower shows and an annual fête for the children. The bath-house and children's playground are also under its control.

The roads are 42 feet wide, and are all planted with trees. Out of the 100 acres laid out for building 14 acres have been reserved as open spaces, including parks, green, and children's playgrounds. It is part of the plan that in no part of the little community should children be far removed from a proper playground.

I have already referred to the rate of infantile mortality in Bournville. It may be added that the death-rate for 1904, as certified by the local Medical Officer of Health, was 6.9 per 1,000. The rate for Birmingham for the same year was 19.3. In his report for 1900 the Medical Officer of Health referred to Bournville as follows:—"I have in my previous reports made mention of the model buildings on the estate which has been laid out by Mr George Cadbury. I cannot refrain from again mentioning

how much I admire the system he has adopted. The object of the dwellings has been to give plenty of light and air with a good deal of air space to each house with sufficient land adjoining, and so insure a 'breathing lung' for the inhabitants of these houses. The houses are moreover built on modern principles, and no pains have been spared to make them as dry and free from insanitary conditions as possible. In addition, open spaces have been laid out so that at all times there can never be any danger of increasing the density of the population over the area on which the buildings have been erected. I cannot speak too highly of these dwellings, and I can only hope that we may be able to keep all dwellings as far as possible up to this standard."

To pass to the all-important financial side of the matter, the balance sheet for 1909 gives the following results:

BOURNVILLE VILLAGE TRUST INCOME AND EXPENDITURE, YEAR ENDED DECEMBER 31ST, 1909

Income.		Expenditure.	
Total rents	£9,249	Salaries	£1,313
Other incomes	1,042	Office expenses	164
		Rates, taxes, etc.	754
		Maintenance, repairs and renewals	1,531
		Legal expenses	73
		Miscellaneous	143
		Maintenance of roads and open spaces	244
		Depreciation on fencing, etc.	229
	£10,291		£4,451

Balance excess of Income over Expenditure, £5,840.

The whole of this surplus profit is devoted to building new houses and to buying and developing more land, so that Bournville automatically increases in size year by year. At the present time it is growing

at the rate of about 50 houses, or say, 250 persons, per annum, and the rate of increase will, of course, be progressive.

In considering the above figures it must be remembered that the Bournville Trust in 1900 had the whole estate handed over to it by Mr Cadbury as an absolute gift. No capital charges had therefore to be met. I am informed by Mr L. P. Appleton, the building manager, however, that, with regard to the houses erected by the Trust itself, they all show a net return of 4 per cent. on the capital, after providing for ground rent, rates and taxes, repairs, management and all out-goings.[49]

The respective parts played by land and capital in such a scheme should be carefully noted. If a municipality acquired land at £100 per acre, and laid out roads and sewers at a cost of £400 per acre, and erected upon each acre ten houses costing £280 each, the total outlay per acre would be £3,300, and per house £330. How little a considerable variation in the cost of land affects the result will be realized from the following table:

Cost of Land per Acre.	Cost of Land per House. 10 to the Acre.	Cost of Roads, Sewers etc., per House (£400 per Acre).	Cost of building House.	Total cost of each House and its Land.
£	£	£	£	£
50	5	40	280	325
100	10	40	280	330
200	20	40	280	340
300	30	40	280	350

It is not commonly realized by many of those who write on the housing question that building land is a manufactured article, and that when raw land is

secured housing is as far off as ever unless capital can be secured to develop it. It would rarely be necessary for a municipality to pay more than £200 per acre, but whether it paid £20 or £200 the cost of making roads, sewers, etc., and of erecting the houses would remain the same. To house all our people on the scale of ten families to the acre as at Bournville would absorb only 900,000 acres of land, which could be acquired for quite a moderate sum of money at a small remove from crowded centres, but the cost of manufacturing the land and of manufacturing the houses would be great.

Given the provision of healthy houses by a municipality, would they be appreciated by those for whom they were intended? Here the experience of Bournville is conclusive. The village has never a house untenanted and the new houses are eagerly sought after long before they are completed. There is a constant stream of applications, and this in spite of the fact that Birmingham is distant four miles. Many of the men cycle to and from their work in the big city. They do not come to Bournville for charity rents. They have to pay about the same rentals as in Birmingham. The difference lies in the substitution of a healthy and lovely home for a gloomy and uncomfortable tenement.

There is nothing in the Bournville scheme which cannot be effectively carried out by any municipality. Under the housing acts local authorities possess the power to acquire land for present or future building operations, the power to raise loans, and the power to build. The explanation of their sluggishness in putting the acts into effect is to be found in the fact we have already noted, viz. that the housing question is chiefly a capital

question. This was slightly recognized by the Housing of the Working Classes Act of 1903 which extended the period allowed by the 1890 Act for the repayment of loans from 60 years to 80 years.

The vital importance of good housing makes it necessary to do something to put capital cheaply at the disposal of local authorities for the purpose. The housing question is a national one, and demands the use of national capital. Again we touch the matter of ways and means and again we see the advantage of considering social problems in relation to the income and accumulated wealth of the country. Year by year, as we have seen, an enormous amount of capital is wasted. British workmen, denied proper housing, are paid something less than the value of their product, while the margin is largely wasted in luxury at home or even sent out of the country to establish water works in Argentina, supply the sinews of war to Japan, or employ Chinese Coolies in South African mines. The time has come when the nation must consider the nature of its resources, and study its own development. We must see to it that the demand for houses, the primary demand of a civilized man, is answered, not by the speculative builder, but by the nation itself.

The proposal here made is a simple one. It is that National Housing Loans should be raised and the proceeds placed in the hands of a permanent Housing Board or Commission which should be empowered to guide, assist and if necessary stimulate local authorities to rehouse their poor. The Housing Board should have power to lend money to local authorities, for the execution of approved schemes, for a period of 100 years at a nominal rate of interest, say 1½ or 2 per cent., the loss to be made

up out of the proceeds of Imperial taxation. To deal effectively with the question, a yearly loan of at least £20,000,000 would be needed for some years. Borrowing this at 3 per cent. and lending it out at 2 per cent. would create a charge of only £200,000 for each £20,000,000. If then we authorized an annual issue of £20,000,000 for ten years—in all £200,000,000, the total annual charge through loss of interest would be but £2,000,000. Such a loan, about two-thirds of the cost of the late South African war, would not only rehouse one-tenth of our people, but place local authorities in possession of assets yielding a fine revenue,[50] which on the Bournville plan, could be used for the progressive extension of housing schemes. With access to capital for housing at 2 per cent., and 100 years in which to repay it, local authorities would be eager to claim their share of the national housing provision. The loan would only be granted on the approval of plans for the extension of the town boundaries, for transit facilities, and of plans of the houses, gardens and recreation grounds for which the loan was desired.

Failing action by the local authority, the Housing Board would make a compulsory housing scheme[51] upon representation by the persons lacking accommodation.

A drastic housing policy is needed as much in rural as in urban districts. Want of housing accommodation is helping to thin our country population, and the Housing Acts have been simply ignored in the past by Rural Sanitary Authorities. On this head the Housing Bill of 1909 makes salutary provisions giving county councils power to act in default of rural district councils, and also giving power to the Local Government Board to order

schemes to be carried out within a reasonable time.

We have to do something more for the agricultural labourer than house him, however, and here we touch another question intimately bound up with national development—the land in its primary aspect as the basis of agriculture and the source of food and material. This brings us to the consideration of the empty country.

[46] "Housing Conditions in Manchester" (Manchester University Press price 1s.).

[47] This point should be read in connexion with the more drastic proposal made in the next chapter.

[48] "The Example of Germany," by T. C. Horsfall. Published by the Manchester University Press.

[49] Near York Mr Joseph Rowntree has successfully carried out a housing scheme upon Bournville lines, and provided at the modest rental of 4s. 6d. a week (the rates are an additional 8d. per week) houses within the reach of unskilled workmen. The cottages are thus described:

On the ground floor is a large living room (12 ft. 6 in. by 20 ft. 6 in.) with a bay window and plenty of cupboard accommodation, a small pantry, and a scullery fitted with a copper, bath, and sink. The copper is fitted with a patent exhaust to carry the steam direct into the flues, thus preventing the discomfort which often arises in small houses on washing day. The bath is fitted with a drop-down lid, forming a table when the bath is not in use. Upstairs there are three bedrooms, each fitted with a fireplace, and there is a large wardrobe on the landing. The walls are plastered internally with adamant cement, which dries very quickly, and assumes a smooth hard surface, and is thus more sanitary than the ordinary plaster. All the rooms are fitted

with picture mouldings. Gas is supplied throughout the house, and city water is laid on.

The gardens are not so large as at Bournville and the houses of cheaper construction. The rental named, 4s. 6d. a week, is found to yield a clear profit of 4 per cent., which is devoted, in happy emulation of the Bournville scheme, to the extension of the little community.

[50] On this point the experience of Richmond, Surrey, is of great value. In the "Housing Handbook" Alderman W. Thompson shows what great financial advantages Richmond will reap from its cottage building, although this was carried out on land costing £700 an acre. The houses, built in 1894 and 1900, cost from £162 to £276 each and let from 6s. to 8s. per week. Altogether there are 132 houses containing 650 rooms and 132 sculleries, on six acres of ground costing £4,250 for site; £1,857 for roads and sewers; £505 for sundries, and £31,200 for building, being a total cost of £37,812 and an average inclusive cost of £58 per room. The income gives a gross profit which provides interest at 3¼ per cent. on capital outlay, a sinking fund contribution of £486 per annum, and a net profit of £38 per annum. Thus a large number of people have been well housed at a profit to Richmond. At the end of 42 years from 1897 Richmond will have paid off the entire loan through the operation of the sinking fund and be in possession of a property worth £35,000 and producing a net income of over £1,600 a year. It is found that the tenants take a great pride in their dwellings, and that their social habits have greatly improved.

[51] The Grand Duchy of Hesse compels municipalities to borrow money whether they like it or not. Hesse has determined that her people shall be properly housed—a most wise and patriotic determination. The Duchy therefore lays it down that the first duty of a municipality is to buy land that its borders may extend in a

proper and healthful manner. Further, under the law of 1902, Town Councils which decline to build houses for the people can be compelled to accept a loan from the bank and to lend the money so obtained to a building society which is willing to do the work.

CHAPTER XVII
THE EMPTY COUNTRY

ALTHOUGH it is a well-known fact that the increase of population of the United Kingdom is practically an addition to the urban population, it may be well to preface consideration of the land question in its relation to the national wealth and income by reminding the reader of the precise facts of the case.

If we have regard only to the technical "Urban" and "Rural" Districts, we get the following figures:

ENGLAND AND WALES: POPULATION OF URBAN AND RURAL DISTRICTS RESPECTIVELY

Census of	Urban Districts.	Rural Districts.
1891	21,745,286	7,257,239
1901	25,058,355	7,469,448

Thus the urban population increased by 15.2 per cent., while the rural population increased by 2.9 per cent.

Many of the so-called "Urban" Districts, however, are quite rural in character, being often small towns dependent as business centres upon the agricultural areas in which they are situated. In 1901 there were 215 Urban Districts with populations below 3,000; 211 with populations between 3,000 and 5,000; and 260 with populations between 5,000 and 10,000.[52]

Having regard to these considerations the following figures are arrived at:

(1) Classing with the Rural Districts all those

Urban Districts which had in 1901 populations below 10,000 we get:

	Urban Population.	Rural Population.
1891	18,964,882	10,037,643
1901	21,959,998	10,567,845

This gives an urban increase of 15.8 per cent. and a rural increase of 5.3 per cent.

(2) Classing with the Rural Districts those Urban Districts which had in 1901 populations below 5,000 we get:

	Urban Population.	Rural Population.
1891	20,576,448	8,426,077
1901	23,803,714	8,724,129

This gives an urban increase of 15.7 per cent. and a rural increase of 3.5 per cent.

Combining the three tests, we see that the truth broadly stated is that the rural population is almost stationary while the urban population is rapidly increasing. The rural population is thus a diminishing proportion of the whole.

In 23 rural counties in England and Wales actual depopulation occurred between 1891 and 1901, ranging from a decrease of 7.5 per cent. in Montgomeryshire to a decrease of 1.9 per cent. in Cornwall.

The Census Commissioners make an interesting test of depopulation of rural areas by taking the 112 Registration Districts which are entirely rural, and which had in 1901 an aggregate population of 1,330,319. Their population at each census back to

1801 has been approximately as follows:

POPULATION OF 112 RURAL REGISTRATION DISTRICTS, 1801-1901

Census Year.	Population.	Increase + or Decrease - in preceding decennium.	
1801	932,364		
1811	997,494	+	6.99
1821	1,139,137	+	14.20
1831	1,216,872	+	6.82
1841	1,288,410	+	5.88
1851	1,324,528	+	2.80
1861	1,321,870	-	0.20
1871	1,321,377	-	0.04
1881	1,313,570	-	0.59
1891	1,304,827	-	0.67
1901	1,330,319	+	1.95

The great advance in 1811-1821 was presumably due to the cessation of the long war. In 1851-1891 actual depopulation occurred, but in 1891-1901 there was a gain of 1.95 per cent. Of the 112 districts, however, 73 showed actual decrease in 1891-1901, the total increase being entirely due to an advance in a few of the districts containing mines. It is clear that in the last 50 years there has been actual depopulation of strictly rural areas.

This becomes still plainer when we examine the facts given in the table on page 237 as to the natural growth of the rural areas.

THE MIGRATION FROM THE COUNTRY

	Population.	Increase of Population.	Excess of Births over Deaths.	Loss by Migration.

	1891	1901			
112 Registration Districts entirely Rural	1,304,827	1,330,319	24,492	150,437	124,945
222 Registration Districts which contain urban districts with populations under 10,000	4,176,219	4,215,326	39,107	414,816	375,709
Total of 334 Registration Districts	5,481,046	5,545,645	64,599	565,253	500,654

It will be seen that in a rural population of nearly 5½ millions, the natural increase by excess of births over deaths was, in 1891-1901, 565,253, but in the same time 500,654 persons left these districts either for urban England or for places abroad, so that the total increase in population was only 64,599.

Turning to the number of persons employed in agricultural operations of all kinds, the table on page 239 shows the decline which has occurred.

This extension of the table given in "Riches and Poverty," Edition 1905, p. 223, modifies it somewhat. The reduction of agricultural labourers is not so great as the crude totals suggest. It is the women and boys who have chiefly disappeared from British agriculture, and it should be observed that 248,500 wives and daughters disappeared in 1871 as compared with 1861 merely by reason of the fact that they were enumerated at the earlier date but not at the later one. According to Lord Eversley's careful analysis ("Statistical Society's Journal," 1907), the actual decline of male agricultural employment (men

and boys) in Great Britain was from 1,657,000 in 1861 to 1,236,000 in 1901, or, in England and Wales alone, from 1,449,000 in 1861 to 1,079,000 in 1901. This is a serious decline, but not as great as is commonly supposed.

Nothing is commoner than the belief that the trend to the towns is only to be observed in the United Kingdom. As a matter of fact it is confined to no country and is, indeed, a world-wide phenomenon. Between 1851 and 1906 the urban population of France increased from 25.5 per cent. to 42.1 per cent. of the whole. Between 1871 and 1905 the urban population of Germany increased from 36.1 per cent. to 57.4 per cent. of the whole. In both cases the population classed as "urban" is that contained in towns with at least 2,000 inhabitants.

ENGLAND AND WALES: PERSONS EMPLOYED IN AGRICULTURE, 1851-1901

Census of—	Adults (Aged 20 and over).			Young Persons (under 20).			Total, all Ages.		
	Men.	Women.	Total.	Boys.	Girls.	Total.	Males.	Females.	Total.
1851	1,141,000	336,000	1,477,000	328,000	100,000	428,000	1,468,000	436,000	1,905,000
1861	1,119,000	301,000	1,420,000	323,000	60,000	383,000	1,442,000	361,000	1,803,000
1871	972,000	222,000	1,194,000	277,000	52,000	329,000	1,249,000	275,000	1,524,000
1881	884,000	150,000	1,034,000	254,000	11,000	265,000	1,139,000	161,000	1,300,000
1891	816,000	140,000	956,000	237,000	6,000	243,000	1,054,000	146,000	1,199,000
1901	750,000	143,000	893,000	186,000	9,000	195,000	936,000	152,000	1,088,000

I remind the reader of these facts because it is necessary to distinguish between what is true and what is untrue in the arguments used in support of the cry "Back to the Land." As a general rule the stationariness of the rural population is attributed to cheap imports, or to land tenure, or to want of housing accommodation, or to the attractions of

town life, or to the higher wages offered in industrial pursuits. All these things are causes of migration to the towns, but one of the most potent causes is rarely considered. It is the application of machinery and improved methods to agriculture. To produce a given quantity of food, far less labour is required than of old. Therefore, even in a country like France, which is almost independent of imported food, it is obvious that there must be a trend townwards as the labour displaced from agriculture seeks other employment.

Thus, in considering land in its agricultural aspect *we must not regard it as containing an unlimited field of employment*. Agricultural methods will continue to improve, and the day will undoubtedly come when one man's work applied in agriculture will literally feed a multitude.

But, having made that reservation, let us look at the French and German figures in another aspect. We see that in France, although the urban population has increased, it is still much less than one-half of the whole. In Germany, again, the town population in 1910 is about 60 per cent. of the whole. In our own country, if we counted as urban population the inhabitants of all towns containing 2,000 and upwards, we should find it amount to over 80 per cent. of the whole. While, therefore, not losing sight of the reservation already made, it is clear that, in the United Kingdom, causes other than the application of machinery to agriculture have operated to produce urban congestion.

There was a time when no European country was so rich as England in men who cultivated their own land. To-day there is no country in the world in which cultivation and security of tenure are so widely divorced. Whatever the trend to the towns in

other countries may be, there is no other country in which such a marked diminution in agricultural employment has occurred as in the United Kingdom. The land which bred the bowmen of Agincourt and the Ironsides of Cromwell now sends forth the men of whom Sir Ian Hamilton wrote to Mr Horsfall "I will not give you, a Manchester man, offence, if I say that their physique was hardly equal to the fine standard of their determination and courage.... It is the fault of some one that these brave and stubborn lads were not at least an inch or two taller and bigger round the chest, and altogether of a more robust and powerful build."

Looking at the industry of our people as a whole, the main fact which stands out is want of security of employment. Nearly the whole of our industrial workers are earners of weekly wages, and of our sparse agricultural population but a small proportion are owners. Compare the position of France. There, fully one-half the population are attached to the soil by virtue of ownership and secure in the mother-earth which nourishes them. They may be poor, many of these peasant proprietors, but at least they are not constantly on the verge of hunger; at least they have the glorious privilege of independence.

Our empty country-side is universally admitted to be a great national danger. It is not alone that we are so much dependent upon imported food; it is that the imported food is for the consumption of a race degenerating in the unwholesome environment of town life. Everywhere the cry of "Back to the Land" is raised, but, as though to mock that cry, it is only answered by well-to-do weekenders, attendance upon whom, in faked-up cottages from which labourers have been ousted, has become one of our

many degrading trades of luxury.

We must be under no illusions. We must not believe that mature and debilitated town-dwellers can be planted out in rows to gain a living by entire devotion to agriculture. We can hope for but little from farm colonies for the unemployed. Our chief hope, here as elsewhere, is in the children. We must seek to attach our present rural population to the soil under such conditions that their children may see hope where now there is none.

How shall we secure allotments and small holdings for the agricultural labourer? Parliament in 1906-1909 has given much attention to rural problems, and the Small Holdings Act of 1908, setting up Commissions with power to make schemes for small holdings if County Councils neglect to do so, extending to eighty years the period for which money may be borrowed for the purposes of the Act, and giving powers for the compulsory acquisition of suitable land, is now in operation. The Report for 1908 shows that County Councils in England and Wales acquired 11,346 acres for small holdings and 304 acres for allotments.

We may venture to hope for better results than this, but is it asking too much of the nation, at this juncture, to broaden its conceptions? Why should we not, having regard to the extraordinary facts as to our national wealth and income, having regard to the admitted dangers of our present position, having regard to the best disposition and welfare of our 44,500,000 people upon their island home of 77,000,000 acres,—why, having regard to these things, should we not determine to secure absolute control of area, and, having secured it, to order the first essential of healthful life, proper distribution

upon area?

As has been already pointed out in these pages, the 77,000,000 acres of the United Kingdom, outside the tiny spots called towns which occupy an almost negligible fraction of the whole, *produce a gross rental of only* £52,000,000. This is the sum at which the whole of the land of the United Kingdom, save that small part which is attached to houses, was assessed to Income Tax in 1908-9. It represents the rentals of agricultural lands as they stand with all their farm-houses and other buildings, roads, ditches, fences, etc. In 1898 the Royal Commission on Agriculture valued this land at only eighteen years' purchase. Twenty times £52,000,000 is only £1,040,000,000 or about one-half of one year's income of the country. This, it will be remembered, was the valuation of land which we adopted in Chapter 5.

The question I submit for consideration is this: Is it worth our while to buy up our own birthright at the price of one-half of a single year's income?

The question should be answered with due regard to all the considerations as to agriculture, housing and the distribution of population and industries which have been advanced in these pages. The problem of the town is before us, and not alone the question of the tilling of the soil. It should also be answered with due regard to the question of food importation and the probabilities as to the continuance of cheap supplies.

In 1875-6 the gross assessments of agricultural lands—an area very little larger than at present, for, as has been shown, the largest town occupies a relatively insignificant area—amounted to £67,000,000 or £15,000,000 more than at the present time. If we had bought in 1875, then, and

rents had remained the same, we should have lost capital, but would the value of the land have remained the same? In thirty years we could have created a considerable yeomanry,—men holding land from the State not in fee simple, but nevertheless in absolute security of tenure. They could have paid us rentals at which small holdings would be eagerly competed for, yet rentals larger than are at present derived by the little sovereigns of the British country-side from their tenants. Further, we should have stemmed the current of humanity which for thirty years has flowed to the towns, and done something, in the phrase of Ruskin, to "get as much territory as the nation has, well filled with respectable persons."

My point as to the value that is and the value that might be is illustrated by Sir Robert Edgcumbe's experiment with Rew Farm, in the parish of Winterbourne St Martin, in Dorsetshire. Sir Robert bought this farm of 343 acres for £5,050, made a road through it, and sold it in small holdings at prices ranging from £7 to £20 per acre. The land was eagerly taken up and the experiment has been a great success. When Sir Robert bought the land in 1888 the outgoing tenant was in financial straits—he could not make Rew Farm pay. It was rented at £240 per annum and its net rateable value was £215. It is improbable that a new tenant would have paid more than £200. Yet, under small cultivation, the rateable value of Rew Farm rose from the £215 of 1888 to £346 in 1902, a rise of 60 per cent. In the same period, the rateable value of the parish of Winterbourne St Martin as a whole fell from £2,807 to £2,073.

Apart from the question of small holdings, nothing is more probable than a rise in the value of British

agricultural land to a point far beyond any yet attained. Already, within the last few years, a revolution has taken place in our wheat supplies—a revolution which has gone unnoticed by the British public, so long accustomed to its miraculous cheap loaf in the baker's shop that the miracle has become, as is the fate of all miracles, a commonplace and unregarded thing. The table on p. 245 shows the nature of the change which has occurred:

UNITED KINGDOM IMPORTS OF WHEAT AND FLOUR IN EQUIVALENT WEIGHT OF GRAIN

In Millions of Cwts.

	1895.	1896.	1897.	1898.	1899.	1900.
Russia	23.0	17.2	15.1	6.4	2.5	4.5
Roumania	2.0	5.4	1.2	0.2	—	0.7
U.S.A.	45.3	52.8	54.1	62.0	60.2	57.4
Argentina	11.4	5.0	0.9	4.0	11.5	18.7
Canada	5.1	6.3	6.9	7.7	8.7	8.0
India	8.8	2.1	0.6	9.5	8.2	—
Australia	3.6	—	—	0.2	3.0	2.9
Total of above and other countries	107.2	99.6	88.7	94.4	98.5	98.6

	1901.	1902.	1903.	1904.	1905.	1908.
Russia	2.6	6.6	17.3	23.7	24.8	4.6
Roumania	0.5	2.4	3.1	1.5	2.1	1.8
U.S.A.	66.8	65.0	46.7	18.5	14.5	40.7
Argentina	8.3	4.5	14.2	21.8	24.1	31.8
Canada	8.6	12.2	14.5	9.0	8.4	16.8
India	3.3	8.8	17.1	25.5	22.9	2.9
Australia	6.2	4.2	—	11.4	11.5	5.8
Total of above and other countries	101.0	107.9	116.7	118.2	114.2	109.1

In 1902 America sent us 65,000,000 cwts. of wheat. In 1903 this great supply fell sharply and in 1904-5 it was reduced to less than 20,000,000 cwts. In 1908 there was recovery, but this was but temporary. Sooner or later the United States supply will wholly cease. By 1925 the United States will have some 110,000,000 to 120,000,000 people to feed.

In "Riches and Poverty," 1905 edition, I wrote:—

"The United States failing, we still secured our imported wheat supplies in 1904 and 1905, but at an increased price. Canada failed, but those uncertain suppliers, India and Australia, came to the rescue. Argentina sent us more than ever before and Russia also came into the export market. But the facts as to America remind us that none of these suppliers can be relied upon indefinitely, and some of them are notoriously uncertain. Canada has done badly in 1904 and there will always be difficulties of climate to consider. Moreover, the United States will in future come into the market as a buyer and compete with us for the exports of North-West Canada and Argentina. The sum is that we cannot for the future depend upon dirt cheap wheat raised by scratch farming on virgin soil, and that, as a consequence, the price of wheat will rise. As with wheat, so, sooner or later, with many other foods. When it comes to putting more labour and manure, and less luck, into farming in new lands, then conditions will be equalized, prices of produce will rise, and the price of British land will rise also."

It is now (1910) only necessary to add that the price of wheat has moved thus:

THE RISE IN WHEAT

	British Wheat.		Foreign Wheat.		Indian and Colonial.	
	s.	*d.*	*s.*	*d.*	*s.*	*d.*
1894 (lowest on record)	22	10	22	10	23	6
1904	28	4	30	5	29	7
1905	29	8	31	2	30	8

1906	28 3	30 1	30 3
1907	30 7	32 4	33 10
1908	32 0	36 0	36 1
1909	36 11	39 2	40 3

Merely as a commercial speculation, then, it would be well worth our while to invest £1,000,000,000 in buying up the United Kingdom. The land is now probably at bed-rock price, and we should come in, as the slang phrase goes, on the ground floor. The really dear land, that of the towns, we could pass by. We want to get our industries and our people out of the towns and with control of area we could do it. The State, as landlord from John o'Groats to Land's End, could afford to dispense with the acquisition of the tiny areas upon which the majority of our people are now crowded. Land nationalization, viewed in this way, presents no insuperable financial difficulties. On the contrary, it would put us in possession, at an absurdly low price, of the opportunity to recreate our social structure and the means to dispense with all taxation in the time to come. Under wise management the national acreage could soon be made to yield a revenue from farms, allotments, market gardens, houses, factories, forests, etc., of something over three pounds per acre on the average, for it would house the greater part of our people and produce a larger part of our food by intensive cultivation. If we wisely use our resources, our 77,000,000 can be made to produce, under methods of intensive cultivation and co-operation already in practice, if not enough food to feed our population, certainly a larger proportion of our supplies than at present.

Also worth consideration is the important matter

of afforestation. There are now but some 3,000,000 acres of woods and plantations in this country, and many of these are badly managed, for forestry is almost an unknown art in the United Kingdom. Landowners do not understand it; their agents do not understand it. Yet its possibilities are enormous and might be realized within twenty to thirty years of the simple financial operation which I have suggested. There need be no acre of the 77,000,000 not useful or not beautiful. Millions of acres of land now termed waste may be clothed in verdure to yield a steady and certain income and make us largely independent of imported timber. There is no greater authority on this subject than Dr Schlich, and he gives it as his opinion, confirmed by thorough investigation of British and foreign conditions,[53] that five or six million acres could be brought under wood, thus producing the bulk of the timber we require. Every acre afforested would require about £2 worth of labour. After planting, each acre would need only about five days' labour a year, but that means 30,000,000 days of work. The timber grown and cut, there would be the transport, lumbering, and allied industries calling for labour. Dr Schlich estimates that 500,000 men, or say 2,500,000 people, would find employment through the afforestation of say six million acres, and the estimate is based upon solid foundations.

It may be asked, why do the present owners of "waste" land miss such an opportunity? The answer has several parts. Landowners are for the most part (1) ignorant of the subject, (2) unprovided with capital, (3) unwilling to wait. A business which does not begin to yield income for some 15 years is not for the average private landowner. But the people, who have waited so long for the right to tread their

own soil, can wait these fifteen years and other fifteen if need be.

Given the overlordship of area, the establishment of a permanent Land and Housing Commission, the nationalization of the means of transport, the establishment of well endowed schools of agriculture and forestry, and a generation of well-born children, what possibilities open out before us!

Is this conception too large for a race which talks of Empire? In the United States there is a private trust which was organized by a single individual with a capital of 1,000,000,000 dollars—a trust which owns territory, mines, railways, steamships and mills, and supports 1,000,000 people. Business transactions are growing greater, and must greater grow, for the world cannot afford to peddle with its resources. The future is with the men who realize that it is not more difficult to think in millions than in thousands. Within the last few years we have spent on a war with a small people £250,000,000 in the name of Empire. £250,000,000 is the price of one-fourth of the entire area of the Mother Country. It is high time for a little Imperial thinking in the home market.

[52] These facts are summarized from the Census Reports.

[53] See his excellent "Forestry in the United Kingdom."

CHAPTER XVIII
ORGANIZATION

IT has already been remarked in these pages that quite inadequate numbers of persons are engaged in the production of many useful articles. This would be true even if all the individuals enumerated as producers in the census returns were fully employed upon existing plant and under their existing managers. As a matter of fact, they are not fully employed. Unemployment or short time always exists in greater or less degree. Between inadequate numbers and inadequate employment of those numbers the quantity of *ponderable commodities* produced in the United Kingdom is so small, as we have seen, that only a small fraction of our people are well housed or well clothed. A great multitude craves for satisfaction of elementary needs, while a host of shopkeepers wait hungrily for customers who cannot buy.

In the nineteenth century enormous strides were made in the invention of machinery and labour-saving appliances and methods, and now, at the opening of the twentieth century, we possess means more than ample for the satisfaction of all. If invention now came to a standstill, we could, with such science as we now command, produce, or obtain by exchange for our production, far more food, houses, clothes, furniture and other commodities than we actually need, and this while our population enjoyed ample leisure in which to develop their higher faculties.

What, then, is at fault? Not only do the majority of

our men work arduously, but an immense army of women and young children are also engaged in production and distribution. Of the population of England and Wales between the ages of 20 and 55 only 179,946 males and 823,135 unmarried females figured in the Census of 1901 as "without specific occupations." What is the explanation, then, of an insufficient and ill-distributed production? The answer can be given in a few words. It is want of organization which leads to such poor results from so much hard labour. *A poor stream of ponderable commodities filters through thousands of unnecessary channels, and becomes the subject of many strange services, each of which claims and gets some sort of reward. By the enumeration of each of these services the total income which we examined at the beginning of this book is made up. The Error of Distribution of the national income connotes a wasteful and inadequate production.*

Waste in actual production is still exceedingly great. In only a minority of cases are factories equipped with the best plant and appliances. Model factories, in which the most economical production is attained, are still exceptional. There are tens of thousands of small employers who lack the capital properly to equip their establishments, and who perforce waste labour.

That is to speak of production as a whole, without reference to the nature of the goods produced, but when we come to analyse the product, waste is everywhere apparent. Labour, to be economically employed, should produce only genuine articles, capable of application for a considerable period to the purpose which they are designed to serve. As we know only too well, a very great part of our

manufacturing output is of articles which make-believe, and it is only a small fraction of production in any branch of industry which is the best of its kind. Our competitive system is largely an endeavour to make profits out of the sale of trashy articles, the production of which wastes alike the labour engaged in making them and the labour for which they are exchanged. It is difficult to say which is more pitiable, the waste of labour upon rubbish designed for the consumption of the poor, or the waste of labour upon luxuries designed for the consumption of the rich.

Upon the waste connected with the trades and services of luxury I have already dwelt at some length. Here it is only necessary to remind the reader that it is of two kinds. There is the multiplication of servants and attendants upon rich men and their houses and animals,[54] and there is the employment of nominally useful workmen in the manufacture and repair of the instruments of luxury.

Turning to the marketing and distribution of commodities we have many forms of waste of labour to study. Each manufacturer in a trade, selling his goods in competition with others, sends out his agent or agents to assert, not always truly, that his wares are the best and the cheapest, and to secure orders for them. Thus a large number of able-bodied men are divorced from production and made a quite unnecessary factor in distribution. At the Census of 1901, 64,322 commercial travellers were enumerated in England and Wales, as against 44,055 in 1891! These men are usually of an exceedingly capable type, whose work, better directed, might be of great service in useful production.

Each factory, however small, must have its

separate clerical staff, and to thousands of men wasted as travellers we have to add tens of thousands wasted as clerks. In the United Kingdom, in 1901, there were 439,972 commercial or business clerks, as against 300,615 in 1891.

The commodities produced by the wasteful competitive factories are often, too often, dealt with by wholesale middlemen, agents, brokers, factors, merchants, who, with their staffs of clerks and warehousemen account for an uncertain but considerable number of the working community. Our imports of food, which in an organized community could so easily be handled by a single staff at each port, are scrambled for by a great host of merchants, factors and commission agents.

A most conspicuous waste in distribution is in advertising, one of the most unnecessary of all trades. In the game of competition, those often win, not who supply the best goods, but who say that they supply the best goods. As a result there has sprung up an enormous industry with many branches which is engaged in pushing the sale of a few good and many worthless articles. It "employs" thousands of male and female clerks and canvassers, and directly and indirectly lays many nominally useful trades under contribution. Printers, authors and journalists, enamellers, carpenters, bill-stickers, paper-makers and others are engaged to furnish the materials of the advertisements. Altogether it is probable that some 80,000 people find a "living" in connexion with advertising, when they should be doing useful work. Some part of the stream of useful commodities is directed to them, and in return they give nothing. Individually, they may be honest, industrious people, doing the work they are employed to do to the best

of their ability. From a national point of view they are wasting their time. It may be added that when they are pushing the sale of "patent" medicines, whiskies and complexion creams they are doing something worse than waste time.

Chiefly arising out of our commercial system of distribution and the crimes and misdemeanours which it creates, the various branches of the legal profession absorb a considerable number of able-bodied men who contribute nothing to the wealth of the nation but who are rewarded by a large share of the national income. At the Census of 1901 as many as 27,184 barristers and solicitors and 42,339 law clerks were recorded.[55] These 69,523 individuals with their dependents, probably numbering nearly 300,000 in all, help to attenuate the thin stream of ponderable commodities which flow from the places where people labour to useful ends.

We pass to the work of the hundreds of thousands of retail shopkeepers and their servants, and here again we find a vast amount of wasted labour. In each trade in each district there are a quite unnecessary number of tradesmen hunting for profits. It is not uncommon to find half-a-dozen butchers' men calling for orders upon the householders of a single street.

It is sometimes represented to shopkeepers that any movement towards collectivism threatens their livelihood. Shopkeepers will do well to remember that it is unrestrained individualism which is their worst enemy. In almost every branch of retail distribution the multiple shop principle is eliminating the independent shopkeeper and substituting badly paid shop "managers." Apologists of individualism boast of the economy which is thus

being achieved. Thus M. Leroy Beaulieu in his "Collectivism" (which is an attack on collectivism) writes, "The tendency of civilization, where freedom exists, appears to be towards a reduction in the number of persons who live entirely by commerce, owing to the gradual substitution of large for small industries that is now in progress. Would it be possible for collectivism to act more rapidly or efficiently?" M. Leroy Beaulieu forgets that the crushing of the small shopkeeper by private monopolists accentuates the error of distribution, while collectivism economizes labour for the general good.

What I have written does not apply, of course, to all fields of labour. It has long been recognized that certain services can only be effectually and efficiently performed under one management. Railways, tramways, water-service, lighting, and so forth have come to be looked upon as "natural monopolies." Even Mr Henry George, who thought that "Socialism tended towards Atheism" and who considered that "limitation of working hours and of the labour of women and children" could only be enforced by methods which "multiply officials, interfere with personal liberty, tend to corruption and are liable to abuse,"[56] admitted the existence of "necessary monopolies" which might be treated as functions of the State. Indeed, it is apparent to the most unthinking that between two points A and B there can only be one best route for a railway, and that, therefore, railway service between points A and B should be a monopoly. Similarly it would be an obvious absurdity to construct two sewers in one road, competing with each other for the removal of refuse, or for two or more gas managements to run mains in the same streets. In these and many other

cases it is clearly recognized that economy of labour is consistent with monopoly alone, and the only question that remains to decide is whether the necessary monopoly should be in public or private hands. I do not purpose here to discuss that question, for at this date it is scarcely an open one. An overwhelming weight of opinion has decided that public ownership must go with monopoly, wherever monopoly is shown to be necessary.

It is not so generally recognized that proper economy of labour and a proper distribution of the products of labour can only be secured by:

(1) The conversion of all common services into monopolies, and

(2) The ownership of those monopolies by the public.

Nevertheless, the waste arising from hundreds or thousands of unnecessary centres of production and distribution is becoming better understood, and in the United Kingdom, as in America and Germany, big fish are increasingly eager to swallow the little fish. Combination in the field of production is no less common than the unification of control of stores and shops in the field of ultimate distribution. Organization is in the air, and organization, commenced by individuals for individual gain, can only end in the erection of monopolies, which, for its own safety and health, the public, sooner or later, will find itself compelled to control.

In the foregoing pages we have considered the proper use of area and the healthy housing of the people as questions urgently calling for collective action. The colonization of British land by the revival of agriculture and the redistribution of industries is

ultimately bound up with the development of Transport and Power Distribution. The former is now a problem of private monopoly which we have allowed to arise. The latter will become one if we do not at once realize the possibilities of power distribution and determine that they are of so far-reaching a character as to demand public ownership from the beginning.

If we are successfully to take our industries and people out of congested centres and spread them out over a considerable area we need cheap and rapid transport and cheap and easily handled power. The transport and power transmission of the future will be electrical. It is upon record that in the early days of the steamship a Royal Commission "sat upon" the then vexed question of "Steam versus Sails," and unanimously decided that sails were the only practical wear for the Royal Navy. One is reminded of this fact when one contemplates the slow progress made by electric traction in this country, and the marked reluctance to experiment on the part of those types of private and injurious monopolists—our great railway companies. After much thought and with the assistance of a pushful American citizen our London "Underground" is, as I write, electrified, many years after electric traction was known in Darkest Africa, but so far as the greater part of our transport system is concerned we are at a standstill. The field of experiment is resigned to the Americans and the Germans.

The production and distribution of light, heat and power simply mean the production and distribution of energy in the form we call electricity, and since transport is simply motion we see that the future of lighting, heating, transport and power is the future of

electricity.

In the matter of transport there is perhaps something to be said for the statesmen who, without the slightest conception of the possibilities of steam power, allowed our railways and canals to be made sources of profit for private speculators. They erred in ignorance of the magnitude and importance of the subject. There will be no such excuse if we allow the production and distribution of electrical power to become the sport of private monopolists. If there is blindness in this matter it will be wilful blindness. For each district there can be but one power supply consistently with economy, and so much hangs upon the wise distribution of power that it is most important the public should be made to realize the nature of the interests which are at stake.

The adoption of the mysterious word "Electricity" is a most unfortunate thing. If the public understood that electricity is Energy and that it is transmutable at will into Power or Light or Heat, they would better realize the possibilities of the future in town and country, and all that the proper organization and control of Energy means to them. They would at once resolve that the power of government must not be divorced from the Power which will run in the electrical mains of the future, and by the aid of which we can transform the face of our land.

Let me drop the word Electricity and use the simple term Energy. Energy will be produced at a central power station and distributed over a considerable area. The energy mains will carry the means of lighting, the means of motion (transport), the means of heating, the means of manufacturing in large, the means of manufacturing in small, the means of cooking, the means of cleaning, to every

person in that area. Energy will be at the disposal of every factory, of every workshop,—and of every private house. No building will be without its motors, large or small. Smoke and all the waste and dirt of smoke will disappear.

I am not speaking of a remote future, but of possibilities which can forthwith be realized. How important it is, then, that this Energy supply, which is already entering and will increasingly enter into our everyday lives, should be publicly owned from the first. Given private ownership, the monopolists of Energy will run their mains where most profit is quickly to be garnered instead of seeking, as we should seek, first profits in the thinning out of towns and the restoration of the health of our people. If we part with the control of power, it is Power indeed which we part with. We should part, also, it is important to add, with a magnificent source of public revenue, which will amount, in the time to come, to much more than the revenue of our railways. It is only by securing the distribution of such profits by public ownership that we can make any impression upon the melancholy facts treated in the first part of this volume.

As I have already said, it is commonly recognized that such a function as a tramway or water supply must of necessity be a monopoly, public or private, if its working is to be economical. It is not difficult to show that the control of the production and distribution of all articles of common use must be unified if labour is not to be wasted. Just as one water main and one alone is needed for the service of a row of houses, so, to use a familiar illustration, one vehicle and one alone is needed to supply the same row of houses with milk. If a number of milk-

sellers are competing for the custom of one small neighbourhood, as is usually the case, a quite considerable number of able-bodied men, boys and animals are engaged in unnecessarily traversing the same streets, one after the other, to do the work which could be performed with much more ease, certainty and expedition by a fraction of their number. Each of the small tradesmen has to keep a set of accounts demanding his own attention or that of his wife or clerk. Each milk dealer, again, has his separate supply of milk from the railway station, sent by some farmer at a distance. Each of these doses of milk is the subject of a separate transaction, wasting labour at both ends of the journey and in transit. From first to last, the process is clumsy and tedious, wasting labour at every stage. The waste is precisely of the same nature as would occur if several water companies supplied a certain street with water and had their mains running side by side. There would be just as much absurdity, and no more, in serving my road by four water-mains as in serving it by the four milk chariots which now pay it such frequent visits.

And to pursue this useful illustration a little further there is another analogy between a water supply and a milk supply which should not be forgotten. The importance of pure milk is not less than the importance of pure water. The milk supply of towns is derived from a thousand tainted sources, the precise nature of which is unknown both to the consumers and to the milk dealers. I fear we should drink less milk if we could see the handling of it—the literal handling of it—from the start. I have a lively recollection of the last milking operation I witnessed. Suffice it to say that I agreed, afterwards, that the butter made on the farm looked to be very fine butter, and that I was entirely satisfied with an

ocular demonstration of its many virtues. As is pointed out by Dr G. F. McCleary, the Battersea Medical Officer of Health,[57] "if large towns want clean milk they must not look to outside authorities to get it for them." The ordinary milk farmer is a conservative creature who does not appreciate the "faddist" with his demands for a clean milker and a clean cow. A dirty person draws milk from a dirty animal into a dirty receptacle, and tons of manure come to London with the morning milk. Dr Leslie Mackenzie, Medical Officer of the Local Government Board for Scotland,[58] thus describes the process:

"To watch the milking of cows is to watch a process of unscientific inoculation of a pure (or almost pure) medium with unknown quantities of unspecified germs.... Whoever knows the meaning of aseptic surgery must feel his blood run cold when he watches, even in imagination, the thousand chances of germ inoculation. From cow to cow the milker goes, taking with her (or him) the stale epithelium of the last cow, the particles of dirt caught from the floor, the hairs, the dust, and the germs that adhere to them.... Everywhere, throughout the whole process of milking, the perishable, superbly nutrient liquid receives its repeated sowings of germinal and non-germinal dirt. In an hour or two its population of triumphant lives is a thing imagination boggles at. And this in good dairies! What must it be where cows are never groomed, where hands are only accidentally washed, where heads are only occasionally cleaned, where spittings (tobacco or other) are not infrequent, where the milker may be a chance-comer from some filthy slum—where, in a word, the various dirts of the civilized human, are at every hand reinforced by the inevitable dirts of the domesticated cow? Are these exaggerations? They

are not. I could name many admirable byres where these conditions are, in a greater or less degree, normal."

There is but one way to obtain clean and pure milk and at the same time to secure economy of labour in its production and distribution coupled with adequate remuneration of the labour so economized, and that is the way of public ownership. The municipality should conduct the entire operation of milk supply. By so doing it would prolong the lives of its citizens, save the lives of many infants, and add to its revenue.

A public milk supply, even in relation to the food of adults, is an urgent need. When considered in relation to infantile mortality the question is seen to be a vital one. All medical officers of health are at one on the point. We must have municipal milk depots if the children are to be saved, and if we supply milk for children and nursing mothers we may as well enlarge our basis of operations and make the milk service, like the water service, a complete municipal monopoly.

Thus organized, another great service would be lifted out of the sphere of bargaining and chicanery and adulteration. In another industry the waste of labour would cease. In another trade men would work with intent to serve, and cease to hunt profits at the cost of their bodies and souls.

The case for the municipalization of the milk supply is a very forcible one, but it is not more so than that for the public ownership of other common services. The point as to waste of labour in production or distribution largely affects them all. The dangers of adulteration and dirt touch not milk alone, but the manufacture and distribution of every

commodity. Commercialism has undermined honesty. Sham, shoddy and make-believe—these are erected in the form of houses, sewn up in the form of suits, packed in tins to mock children as food, made the sole occupation of millions of quite honest people. If honesty of production is to be regained, the great services must pass, one by one, under public control, and as each passes another opportunity for the amassing of private fortunes will pass away and another factor in the Error of Distribution will be cancelled. The best services at low charges for the public will be accompanied by ample but not excessive remuneration of management, a proper reward and short hours for the privates of industry, and the accumulation of just so much profit in the public treasury as may be deemed necessary to provide for new capital, contingencies, or for public non-revenue services. Thus, and thus alone, can we raise the status of the mass of the people and prevent the congestion of wealth in a few hands. There can be no proper diffusion of wealth until we have ended the system by which good and bad employers use the lives of the multitude for their profit and pleasure, now working them arduously in exchange for a payment which is an unfair remuneration of the service, and anon refusing them even the opportunity to do hard labour.

The remarkable success of municipal trading, so far, may be measured by the bitterness of the attacks which have been made upon it by private capitalists. The recent complaints of the railway companies as to the competition of municipal tramways entirely dispose of the theory that private enterprise alone can ensure economical management and an efficient production. It is argued that public bodies cannot

obtain faithful service from their employees, and that businesses managed by them are bound to fail because the men in command do not understand the interests they seek to control or the methods of industry. Capital, it is represented, is bound to be wasted, and the tax-payer certain to suffer in pocket as part proprietor of an unsuccessful business, even as he suffers also as a consumer of his own poor product. In reply it is only necessary to point out that there is nothing which can be urged against a trading municipality which cannot also be urged against a limited liability company. In the latter case, as in the former, the shareholders know nothing of the details of the business they own. In each there is a governing body which in its turn usually knows little of the technicalities of the business undertaken. Thus the chairman of a well-known steel company is a solicitor. The boards of directors of the majority of our leading limited companies are composed of men who are strangers to the businesses they "direct." In practice management devolves upon the Managing Director, who is usually a man well versed in his trade or profession. We see, therefore, that a limited liability company, after all, is in precisely the same position as a municipality. The private monopolists are compelled to find a practical man to manage their business and make profits for them. That is precisely what the municipality does. As a matter of fact, some of the cleverest men in the United Kingdom are serving municipalities as advising and managing engineers, instead of hiring themselves out to some board of directors.

What do railway directors, for example, know of railway management? Do they travel on their own line, note its deficiencies, and repair them? Do they take a practical hand in its affairs? No. The practical

management is in the hands of certain paid servants, goods managers, general managers, locomotive superintendents, and so forth. Is it seriously argued that an individual engineer, as locomotive superintendent of a private railway company, is more efficient than he would be in the service of say the London County Council? If so, how does it come about that the railway companies are losing trade while the L.C.C. trams are crowded? If so, how is it that to travel on the South Eastern Railway is a martyrdom, while to travel on a L.C.C. tram is a pleasure?

It will be seen on reflection that the only difference between the company and the municipality is this. In the case of the company the qualification of the directors is merely the owning of stock or shares in the undertaking, and the perfunctory votes of a few shareholders. In the case of the municipality the "director" has to secure the suffrages of a great body of his fellow-citizens. As for nepotism, it is far more common in private trade than in public life in this country. In nearly every private business some inefficient son or cousin or nephew is "provided for," to the loss of the undertaking. Competitive industry is full of square men carefully planted in round holes by their friends and relatives.[59] In the municipal service there are fewer wasters than are to be found connected with great limited liability companies. As for waste of capital, it is common in private business, and its loss is as real to the community, from an economic point of view, as the loss of capital by a municipality. As for negligence and theft, these are common in all kinds of business undertakings, but as a general rule audit and control are stricter in municipal trading than in the case of private companies. As for cheerful

service, the reader has but to compare the servants of municipal tramways with those of any private omnibus company. My own experience is that it is the municipal servant who is the more civil and obliging. Perhaps it is because the municipality gives him better wages, shorter hours, and a decent coat. As for the product of the machine, the London County Council gives the public longer rides for the same fares while paying its men better. Thus the share of the product which once went to swell private fortunes is distributed, and by so much the Error of Distribution is reduced.

What we have lost through the private ownership of our railways may be gauged by the experience of Belgium. The Belgian State Railways sell tickets which enable one to travel continuously, if desired, for the time specified thereon, within the limits of the country. For instance a five-day ticket will cost 16s. 6d. second class, or 9s. 6d. third class. During the life of one of these tickets it serves as a pass, and it is only necessary to show it upon request. The total length of the railways is nearly 3,000 miles. All that is required to obtain the circular tickets is to present at the office an unmounted photograph of small size, which is attached to the ticket as a means of identification. When the ticket is purchased an extra 4s. is demanded for the safe return of the ticket after its term of usefulness expires. On the morning after the expiration of the ticket it can be delivered at any ticket office along the line, and the 4s. extra will be returned. This system enables one to travel at a minimum expense. One would like to know why, if private trading produces the best results, that travel is cheap in Belgium and dear in England. Why cannot a Briton, favoured as he is with all the alleged virtues of private enterprise in railway management,

obtain a circular ticket to travel in the United Kingdom? The benefits of the Belgian railways are conspicuous in the matter of the housing question. Cheap workmen's tickets are issued at rates so low that men are enabled to live at considerable distances from their work. How low the fares are may be gathered from the following figures:

WORKMEN'S TICKETS ON BELGIAN STATE RAILWAYS

Distance.	For one Journey daily to and fro. Six Days' Ticket.	
Miles.	*s.*	*d.*
3	0	9¼
6	1	0
12	1	2½
24	1	7¼
31	1	9¾
62	2	6¼

Thus the daily return fare for 31 miles is less than 3¾d.!

The special workmen's tariff has existed in Belgium since 1870, and was at first simply introduced to give Belgian manufacturers the command of plenty of cheap labour. But the Minister builded bigger than he knew, for the cheap fares have caused a profound revolution in the position of Belgian workmen. In 1870, 14,223 tickets were issued; in 1890, 1,188,415; in 1901, 4,412,723! As a result it is estimated that 100,000 industrial workers, out of a total number of 900,000, although employed in the towns, continue to live in the country, own a patch of ground, and, with the higher wages of the town,

enjoy the inestimable advantages of country life.

It is only through the nationalization of our railways that we can secure (1) for the travelling public the speed, safety and comfort which science has taught us how to command, (2) for the railway servants safety and a just share of the product of their labour, and (3) for the goods service rapid and economical transport. It is nothing less than national shame that our railway men receive an average wage of only 25s. per week. It is nothing less than national folly that our lives are placed at the mercy of underpaid and overworked signalmen.

A striking illustration of national treatment as compared with the existing private exploitation of our national wealth is to be found in the coal trade. Upon coal is built the wealth and commerce of the United Kingdom. To it we owe our pre-eminence in manufactures and our world-wide shipping and commerce. Without it the United Kingdom would quickly sink to the position of a third-rate power. It might be assumed *a priori*, therefore, that the production and use of coal would be regarded by the British Government as a matter of national concern. As a matter of incredible fact, so little do we regard coal production that we even allow our rare supplies of naval coal to remain in private hands and to be sold freely to foreigners. The tradition of "liberty" could surely no further go.

From first to last private coal production and private coal distribution are wasteful of life, material, and labour. Of our output of 260,000,000 tons of coal less than 10,000,000 tons are mined by machinery! In nine-tenths of our coal-mines coal-cutting machines are unknown! Thus a vast amount of unnecessary hand labour is used in a degrading

and dangerous occupation. From a national point of view it is undesirable that a single unnecessary man should descend the mines. Under private exploitation coal-mining employment reads thus (I quote from the Census of Production Report, 1907):

UNITED KINGDOM COAL-MINES, 1907

	MALES.			FEMALES.			Total both sexes.
	Under 16 years.	Over 16 years.	Total	Under 16 years.	Over 16 years.	Total	
Below Ground	43,862	625,773	669,635	—	—	—	669,635
Above Ground	15,623	135,985	151,608	643	4,681	5,324	156,932
Total	59,485	761,758	821,243	643	4,681	5,324	826,567

With coal-mining organized with due regard to national welfare, there would be no boys, fewer men, and more machines in the depths of our mines, while the employment of girls and women even in surface work would be unthinkable. It is true that private capital may not now, as it did in the 'forties, employ young girls and boys under ten in its "dens of darkness." But it deliberately sacrifices hundreds of lives every year by using inefficient plant and by the use of explosives, and still we permit boys to go down the pits. In the holocaust in the Rhondda in 1905 many children perished. Not infrequently three generations of a single family may be found working in the same colliery. Few people out of the industry know that 44,000 boys work in our coal-pits.

With our collieries in our own hands we should not only keep boys out of the mines, but use every possible mechanical appliance to reduce the number of men required to get the coal. We should seek for new appliances to displace labour from such an

unhealthy and dangerous calling. To the same end we should seek to prevent the waste of coal in every direction. Shot-firing would of course go, and after undercutting the coal by electrical or hydraulic machinery we should bring it down by hydraulic pressure.

Having secured an economical production, in which we should no longer commit the crime of killing a thousand miners every year, we should distribute the coal cheaply to our local authorities, who would act as distributing agents. The army of coal merchants and their clerks and the thousand and one artful dodges of the retail coal trade would disappear, and the public would secure their coal economically.

What is the alternative to public ownership of common services? The alternative is the rule of the "combine" or "trust," for it cannot be too clearly realized that the organization of production and distribution must proceed. But organization by private hands,—the combination of industrial units into great trusts economizing management, production and distribution,—cannot safely be tolerated. It means the wielding of the chief power in the State by monopolists who will use their power for private ends. The era of private competition is closing. On every hand capital is combining with capital in restraint of competition. Such combinations threaten the public welfare in several directions. They can make it practically impossible for new capital to enter an industry. They can, while economizing labour, keep the profits arising from economy in their own hands, and build up gigantic fortunes while increasing unemployment. They can offer such opposition to trades unionism as to wield

untrammelled power over their employees. They can accentuate that Error of Distribution which it should be our chief purpose to modify and remove.

Finally, the organization of services under public control is the only remedy for unemployment, for unemployment is but a phase of poverty. Underpaid or not paid at all, wrongfully employed or unemployed, overworked or underworked, these conditions are the inevitable accompaniment of a state of society in which individuals make bargains with individuals with a view not to service but to profit. To the individual the unemployed workman is a pitiable object—that is all. To the nation the unemployed workman is something more than pitiable; he is a dead loss. Unless physically or mentally unfit, and therefore entitled to gratuitous service, he should be employed in the scheme of the nation's work. The community needs the service of all its members; there is none superfluous, none. While yet one uncomfortable house rears its head, while yet one person goes ill-clad, while yet one rod of area remains unused, there is work to do, but to utilize the work of every man economically and wisely in the performance of necessary work is only possible through organization. We may delude ourselves how we will with palliatives; we shall find no remedy for unemployment short of the control by the community of the *essential* work of the community. While we leave the direction of labour in the hands of a few rich men there will ever be a surplus of labour left for our hapless "government" to deal with wastefully. While the community resigns its right to decide its own destinies by submitting to the rule of the rich, there will remain the problem of poverty of which unemployment is not the worst part.

Let it be clearly understood that, as things are, there is only one real form of government that matters, and that is the rule of the employed by the employer. The real arbiters of our destinies are not the King's Ministers, but the few men who have power of life and death over their fellows through the giving or withholding of employment. The majesty of the law decides what a man shall *not* do. The majesty of the employer decides what a man shall do. The time has come when we must govern ourselves, not negatively by way of restraint, but positively by way of action. It is time that we determined where our roads should run and in what fashion and in what employments we should engage ourselves. It is time that we took stock of the lives and the homes of our people and resolved to abolish their poverty by organizing their labour.

[54] It it a melancholy fact that those employed in the service of waste are often better paid than those engaged in useful production. In a recent action brought by a cloak-room attendant at a fashionable restaurant it came to light that in two cloak-rooms each of four attendants drew as his share of the "tips" over £3 per week.

[55] I hope that no manual workman who reads these lines will deduce from what I have written that, as things are now, his labour is necessarily more useful than that of the clerk, the lawyer or the shopkeeper. For every unnecessary distributing agent referred to above several producing agents could be named whose work is useless or harmful in the national economy. This I endeavoured to make clear in Chapter 11.

[56] "Condition of Labour," page 90.

[57] "Infantile Mortality," by Dr G. F. McCleary.

[58] "The Hygienics of Milk," "Edinburgh Medical Journal," 1898.

[59] In a speech delivered to the students of the Crystal Palace Company's School of Practical Engineering in 1905 the following advice was given. I quote from the newspaper report: "Students should cultivate the art of making friends through life. Wherever they were they should try to make good friends, for such friends were always useful when one wanted to obtain employment. Half the battle was won in applying for a situation if the applicant had a friend on the board."

Excellent! "Be artful, sweet youth, and let who will be clever."

CHAPTER XIX
THE AGED POOR

IN "Riches and Poverty," edition 1905, I passed at this point to the consideration of the cruellest phase of Poverty, the poverty of the aged. Since 1905 Mr Asquith has given us an Old Age Pension Act, and it is happily unnecessary to repeat in full the pleas which were advanced in these pages in 1905. It is well, however, again to record the known facts with regard to poverty in old age.

If we did not know our country, and had never encountered its poor in the flesh, in what condition could we expect to find the aged labourer in view of the terrible extent of the Error of Distribution? It is not alone that the majority of our people have the slenderest incomes. To narrow wages is in most cases added uncertainty of employment, the greatest enemy of thrift, while the period during which the average workman draws the full rate of wages recognized in his trade has ever been short, and tends with the increased strenuousness of modern industry to grow shorter.

There are about 2,100,000 persons aged 65 and upwards, in the United Kingdom, but these are not divided between rich and poor in the proportions shown in the frontispiece. We have to remember that the poor are slain by their poverty. In the "comfortable" and "rich" classes the span of life is much greater than in the case of the poor. It is impossible to say precisely how the 2,100,000 persons are divided in point of income, but probably, some 1,750,000 of them belong to the classes whose

incomes are below the income tax exemption limit. As to a considerable proportion of them we have the clearest evidence of grinding poverty.

In 1890 Mr Thomas Burt, M.P., moved for a parliamentary return showing the number of paupers of 60 years of age and upwards, distinguishing indoor from outdoor relief. It appears from this return that the total number of paupers over 60 years of age in receipt of relief on August 1st, 1890 (excluding lunatics in asylums, vagrants and persons who were only in receipt of relief constructively by reason of relief being given to wives or children), was 286,867.

The number of those persons who were in receipt of indoor relief, the number in receipt of outdoor relief, and their ages as stated, are given in the table on the following page.

The notable fact which emerges is that of 286,867 paupers over 60, as many as 245,687 were over 65. Old age as a cause of pauperism is strikingly illustrated by a comparison of the two numbers. It is clear that death at 64 would mercifully have saved over two hundred thousand poor old men and women from the stigma of pauperism.

According to the census returns, in 1891, the following year, there were 1,372,974 persons (606,960 males and 766,014 females) at and over the age of 65. On August 1st, 1890, the date of Mr Burt's return, therefore, there were 245,687 persons out of about 1,372,000 persons 65 years old and upwards or say 1 in 5½ in receipt of poor relief.

But Mr Burt's return related to the paupers relieved on one day only. What ratio does the number of aged paupers relieved in one day bear to the total number

relieved in the course of the year?

PAUPERS OVER 60 YEARS OF AGE (ENGLAND AND WALES ONLY)
ON AUGUST 1ST, 1890

Ages.	Indoor.			Outdoor.			Total Paupers.		
	Males.	Females.	Total.	Males.	Females.	Total.	Males.	Females.	Total.
65 to 70	9,468	6,339	15,807	10,567	35,866	46,433	20,035	42,205	62,240
70 to 75	9,953	6,856	16,809	17,633	43,266	60,899	27,586	50,122	77,708
75 to 80	7,086	5,298	12,384	16,474	32,021	48,495	23,560	37,319	60,879
80 and over	4,949	4,803	9,752	12,456	22,652	35,108	17,405	27,455	44,860
Total over 65	31,456	23,296	54,752	57,130	133,805	190,935	88,586	157,102	245,687
60 to 65	8,018	5,354	13,372	5,959	21,849	27,808	13,977	27,203	41,180
Total over 60	39,474	28,650	68,124	63,089	155,654	218,743	102,563	184,302	286,867

This question is answered by a further parliamentary return, asked for in 1892 by Mr (afterwards Lord) Ritchie. This return shows for England and Wales the number of persons of each sex aged 65 years and upwards, and the number between 16 and 65, also the number of children under 16 years of age, in receipt of relief (*a*) on January 1st, 1892, and (*b*) during the twelve months ended Lady Day 1892. As in Mr Burt's return, vagrants and lunatics are not included. The return differs from Mr Burt's, however, in distinguishing those persons in receipt of medical relief only.

This return of Mr Ritchie's showed that while 700,746 paupers of all ages were in receipt of relief on January 1st, 1892, the number relieved during the year ended Lady Day 1892 was more than twice

as great, viz. 1,573,074.[60]

Mr Ritchie's return relates to all paupers, whereas that of Mr Burt related to the aged only. It is difficult to say which fact in Mr Ritchie's return is the more saddening, the relief of 401,904 aged paupers in a single year, or that in the same period 553,587 *children under sixteen were pauperized*.

The following table (p. 276) summarizes the facts elicited by the return as to the paupers relieved during twelve months. (It should be observed that, of the 1,573,074 persons enumerated, 211,082 were in receipt of medical relief only. Of the 401,904 paupers over 65, however, but 25,447 were in receipt of medical relief only.)

PAUPERS RELIEVED IN ENGLAND AND WALES DURING THE TWELVE MONTHS ENDING LADY DAY 1892

Ages.	Indoor.			Outdoor.			Total Paupers.		
	Males.	Females.	Total.	Males.	Females.	Total.	Males.	Females.	Total.
65 and over	68,490	45,654	114,144	95,140	192,622	287,762	163,630	238,274	401,904
16 to 65	134,561	97,722	232,283	141,822	343,473	485,295	276,383	441,195	717,583
Under 16	—	11,782	11,782	—	441,805	441,805	—	553,587	553,587
Totals	—	458,210	458,210	—	1,114,864	1,114,864	—	1,573,074	1,573,074

Comparing the number of paupers in England and Wales, as shown by the figures on p. 276 with the census population of 1891, we get:

TOTAL PAUPERS IN 1891
COMPARED WITH TOTAL POPULATION
(ENGLAND AND WALES ONLY)

Total Paupers relieved	1,573,074
Total Population, Census 1891	29,000,000
Paupers per 1,000	54

Thus the paupers of all ages relieved in 1891 amounted to one in every eighteen of the population of England and Wales.

What of those over 65? The facts are:

PAUPERS AGED 65 AND UPWARDS IN 1891 COMPARED WITH TOTAL POPULATION OF THAT AGE
(IN ENGLAND AND WALES ONLY)

Total Paupers aged 65 and over	401,904
Total Population aged 65 and over	1,372,900
Paupers per 1,000	292

Thus of the population of England and Wales aged 65 and over in 1891, one in every three was in receipt of poor relief!

In 1899, and again in 1900, the Local Government Board published returns relating to aged pauperism in those years, and Mr Burt, in 1903, obtained a second return in continuation of that of 1891. We are thus enabled to compare *one-day* returns for five different periods and this is done in the following table:

PAUPERS, INDOOR AND OUTDOOR, RELIEVED ON

CERTAIN DAYS
DURING A PERIOD OF THIRTEEN YEARS
(ENGLAND AND WALES ONLY)

	Paupers aged 16 and over.	Paupers aged 65 and over.	Ratio of Paupers 65 and over to total population of that age. (Per Cent.)
1890 (1 Aug.)	Not known	245,687	18.0
1892 (1 Jan.)	471,568	268,397	19.4
1899 (1 July)	469,939	278,718	18.7
1900 (1 Jan.)	494,600	286,929	19.2
1903 (1 Sept.)	490,513	284,265	18.3

[*Note.*—In the Returns for 1892, 1899 and 1900 the numbers include persons in receipt of relief constructively by reason of relief being given to wives or children. In the Returns for 1890 and 1903 (Mr Burt's returns) such persons are excluded.]

Apart from seasonal changes—the number of paupers is, of course, always higher in the winter than in the summer—it will be seen that the proportion of paupers over 65 years of age to the total population of that age has not varied much. On August 1st, 1890, there were 245,687 paupers of 65 years and upwards, or 18 per cent. of the total population of that age. On September 1st, 1903, there were 284,265 paupers of 65 and upwards, or 18.3 per cent. of the population of that age.

We have only the figures of the 1892 return to throw light upon the number of aged paupers relieved during one year. If we assume that still the

same proportion of aged pauperism exists, viz.: 292 in each 1,000, then, in the present year, out of a total population in the United Kingdom aged 65 and upwards of about 2,100,000, as many as 613,200 persons are pauperized.

This number includes both indoor and outdoor paupers, and the ratio of indoor and outdoor paupers varies greatly in different places because of the varying policies of Boards of Guardians. But this point need not detain us. Outdoor relief may in some cases be injudiciously given and in other places most cruelly refused. The fact remains that, taking the country as a whole, we have the clearest evidence of the existence of 613,000 exceedingly poor aged persons.

More important it is to remember that, for one poor person who obtains either indoor or outdoor relief, several who justly might claim it refuse to avail themselves of the tender mercies of the Poor Law. The poor, as a rule, will exhaust every penny of their savings and pawn every stick of their furniture before they seek the workhouse door. Moreover, the amount of genuine charity bestowed by the poor upon the poor is wonderful. If, then, there are 600,000 aged paupers either inside workhouses or receiving outdoor relief in the course of the year, we may be quite sure that at least as many more are as urgently in need of succour, and obtain it by increasing the poverty of their poor friends rather than by seeking from the Guardians the loaf, the 2s. 6d., and the insults which too often constitute outdoor relief.

The reader will see how probable it is that, of the 2,100,000 persons aged 65 and upwards now living in the United Kingdom, fully 1,750,000 are in a

condition of poverty which at the worst is pauperism and at the best is sore need. Some 613,000 of them are certainly in receipt of poor relief during the year. Probably another 600,000 are only deterred by horror of the workhouse from recourse to the Guardians. For the remaining third, as for the other two-thirds, the life which has for three-score years been a constant struggle with poverty meets its hardest and cruellest phase at the close.

A certain number of extraordinary men exist who contrive to rear a family upon 30s. a week, and to save enough to provide for their old age. These are the few who are not merely themselves of a most frugal disposition, but who have chanced to bestow their affections upon a girl as abstemious and as thrifty as themselves. A pair of such character, blessed with perfect health and not more than two or three healthy children, may contrive to meet first the fall of earnings after 45 or 50, and finally old age itself, with a light heart. That such cases are rare will only surprise those who have never had occasion to practise thrift. Only a little less rare than the comfortable aged workmen are those who contrive to provide for themselves a tiny pension for their declining years, through the continuous sick pay of friendly society or trade union, or through the superannuation benefit of the latter. There are only 38 trade unions which provide a superannuation benefit, and these have a membership of about 600,000. They pay between them about £200,000 a year in old age pensions to about 25,000 members. How small this number appears when we compare it with the total number of persons over 65 in the United Kingdom, which is about 2,100,000 at the present time!

The value of the practice and experience of Trade Unions is very great. Summing them up, I showed in "Riches and Poverty," edition 1905, that workmen who earn their living, not by the mere exercise of physical strength, but by skill, are usually used up by the age of 60, and not infrequently by the age of 55. The latter age may be regarded as the limit of full-earning capacity for the average skilled workman. After 55 he is in the greatest danger of dismissal when trade becomes slack. From a considerable number of inquiries, I arrived at the conclusion that the full wage-earning capacity of the average skilled workman begins at 25-30 and ends at 50-55. Before 25-30 a man is inexperienced and not valued so highly as after that age. After 50-55 the age factor again begins to tell, and the workman trembles at thought of the future. Each grey hair is a deadly enemy to his livelihood.

If the skilled workman can hope to earn the full wages of his trade (full wages, it should be remembered, means about 40 to 46 weeks' pay per annum in most trades) for but 20 to 30 years, what of the men who are hewers of wood and drawers of water? The answer is that after 45 good wages are difficult to obtain, and that for the rest of their lives, if not mercifully ended by death, the earnings are poor in the summer, and often at zero in the winter. If we look at the "occupations" (with what irony the term is used in this connexion) of the inmates of workhouses at the census of 1901 we find:

WORKHOUSE INMATES (OVER 10 YEARS OF AGE) AT CENSUS OF 1901

MALES	
Clerks	1,079
Coachmen and grooms	1,848
Carmen, carriers	1,546
Seamen	2,052
Dock labourers	2,355
Agricultural labourers	9,469
Gardeners	1,232
Coal-miners	1,570
Blacksmiths	1,381
Carpenters, joiners	2,274
Bricklayers	1,212
Bricklayers' labourers	1,397
Painters, glaziers	2,487
Cotton operatives	1,218
Tailors	1,594
Shoemakers	3,061
Costermongers	1,521
General labourers	22,129
Other occupations	31,287
Without specified occupations or unoccupied	16,151
	106,863
FEMALES	
Domestic servants	15,630
Charwomen	8,176
Laundry and washing service	4,554
Cotton operatives	2,128

Tailoresses	1,245
Milliners and dressmakers	1,642
Shirtmakers, seamstresses	2,814
Costermongers, hawkers	1,159
Other occupations	7,681
Without specified occupations or unoccupied	32,220
	77,249
Total male and female	184,112

The large proportion of "general labourers" is very striking, while those describing themselves as dock, bricklayers' and general labourers together form one-fourth of the whole. It will also be noticed that 9,469 agricultural labourers "followed the plough to the workhouse door." In passing, I may remark that in the list of female "occupations" the presence of 15,000 domestic indoor servants should not go unnoticed.

The almost universal approval which the proposal to grant Old Age Pensions elicited would probably have carried it to fruition long before the date of the Old Age Pension Act, 1908, but for one thing and one thing only—the question of cost. It is amusing to note that the "Small Committee of Persons Interested in the Controversy respecting Old Age Pensions,"[61] practically a Committee of the Charity Organization Society, who actively opposed Old Age Pensions in 1899-1902, placed in the forefront of their "objections" the following:

"That the cost would be an insuperable difficulty,

for to grant 5s. a week at age 65 in respect of the population of England and Wales only, would involve about £20,000,000 per annum for the present recipients, and by 1941 the figure would have risen to £36,000,000."

In "Riches and Poverty," edition 1905, I said:

"Our examination of the National Income and the manner of its distribution disposes of this objection. The question resolves itself into this—Ought the 5,000,000 persons who have an aggregate income approaching £900,000,000 to be taxed to the extent of £15,000,000 to provide pensions for the aged poor? If the facts illustrated in the frontispiece of this volume could be brought home to every elector there would be no doubt whatever as to the decision of the country on the subject. With the gross assessment to Income Tax at £900,000,000 the expenditure of £15,000,000 on a small provision for the aged strikes one, not as extravagant, but as an exceedingly modest proposal to mitigate the evils of the Error of Distribution.

"I have named £15,000,000, and that is all that the scheme would cost. It is not a universal superannuation scheme that is wanted; I find it difficult to regard very seriously the proposal that, for fear of "pauperization" we should pay every person, rich and poor, aged 65 and upwards, the sum of 5s. per week. The idea appears to be that if the scheme is not made universal some stigma will attach to those who are pensioned. Surely this is an exaggerated view. The majority of those aged 65 are poor, just as the majority of the whole population are poor. If there is a stigma in such a case it attaches to those who go to form the top part of my diagram—to those whose absorption of an undue share of the

national income connotes poverty for millions at the other end of the scale.

"My own feeling is that we should make the pension, like the superannuation benefit of Trades Unions, *claimable* by those aged 65 and upwards who have not an income of more than £1 a week or property valued at more than £250. We should then probably have to provide for about 1,400,000 to 1,500,000 pensioners, at a cost of £18,000,000 to £20,000,000. Administration would cost about £500,000 and we should save about £4,000,000 in poor rates. Thus the net addition to taxation would be about £15,000,000."

Mr Asquith's Old Age Pensions Act of 1908 made the receipt of an Old Age Pension a citizen right, claimable by every person filling certain statutory conditions. These conditions are:—

(1) That the person must have attained the age of 70.

(2) That he is a British subject.

(3) That his yearly income does not exceed £31, 10s.

The receipt of poor relief (medical relief excepted), habitual idleness, lunacy or conviction for crime, are statutory disqualifications.

The amount of the pension varies from 1s. to 5s. per week according to the following sliding scale:

Income of Pensioner.	Rate of Pension per Week.
	£ s. d.	s. d.
Not exceeding	21 0 0	5 0
£ s. d.		

Exceeds	21	0	0	but does not exceed	23	12	6	4 0
"	23	12	6	"	26	5	0	3 0
"	26	5	0	"	28	17	6	2 0
"	28	17	6	"	31	10	0	1 0
"	31	10	0					No pension.

It was expressly stated in the Act that the disqualification of those who had been in receipt of poor relief was to cease on December 31st, 1910, and the Budget of 1910-11 accordingly made provision for the payment of the pensions to such paupers after that date.

The following statistics show the payments under the Act at December 31st, 1909 (the Act having come into force on January 1st, 1909):

THE FIRST YEAR'S WORKING OF
MR ASQUITH'S OLD AGE PENSION ACT

	Position at December 31st, 1909.	
	Number of Pensioners.	Amount Payable per Annum.
England	405,755	£5,043,332
Scotland	76,037	966,370
Wales	26,972	337,254
Ireland	183,976	2,335,764
	692,740	£8,682,720

It was a defect in the Act that the possession of a certain amount of property, as well as the possession of a certain income, was not made the disqualification that I suggested it ought to be. A

man with £500 of property, yielding an income of £20 a year, ought *not* to be qualified for an Old Age Pension.

It is notable that, in introducing his Budget of 1908, Mr Asquith, in expounding his scheme of pensions, estimated that it would cost not more than £6,000,000 a year. As we have seen, the cost has proved to be very much greater. It is fortunate that the under-estimation was made. If Parliament had known that the cost would be £9,000,000 instead of £6,000,000 Old Age Pensions might not now be law, so slowly is the lesson learned that, to a nation of 44,000,000 people, with an aggregate income of nearly £2,000,000,000, an expenditure of £9,000,000 is a small matter, relatively as small as though the reader expended a few shillings.

But it is, of course, a misnomer to speak of "expenditure" in this connexion. The National Dividend is not diminished by the transfer of £9,000,000 from the well-to-do to the poor. No more is *spent* through the transfer; all that takes place is a transfer of the power of call for commodities, and a consequent change of the *form* of a certain part of the National Dividend, not a change of its *size*. The production of luxuries is slightly—very slightly—stemmed; the production of necessaries is slightly—very slightly—increased.

Mr Asquith's valuable Act needs to be amended by the reduction of the pensionable age to 65 and to be supplemented by a State scheme for sickness and invalidity insurance. (A minor defect which has revealed itself is the continued disqualification of a man whose wife is in receipt of relief.) The case for the amendment has been already discussed in these pages; the case for invalidity insurance is that old

age is not the only determinant of dire poverty for the wage earner. The facts adduced in Chapter 10 are eloquent of the need for succour which exists in tens of thousands of cases.

[60] The Royal Commission on the Poor Laws called for a similar "year count" of paupers for 1907. It revealed that in that year of good trade 1,709,436 persons were relieved by the Guardians in England and Wales. This is 47.7 per 1,000 of the population. The later count fully confirms that of 1892.

[61] This description is their own. See "Old Age Pensions" (Macmillan & Co.) Introduction.

CHAPTER XX
ADAM SMITH'S FIRST MAXIM OF TAXATION

OUR next task shall be to examine the question of taxation in relation to the Error of Distribution.

It is over one hundred and thirty years since Adam Smith penned his famous maxims of taxation, the first and most important of which ran as follows:

"The subjects of every state ought to contribute towards 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."

The first part of the proposition, which lays it down that contribution towards the support of government should be in proportion to ability, is interpreted by the second part to mean that contribution should be in proportion to income. The second half of the maxim is therefore subversive of the first.

Let us compare the ability to bear taxation of three persons whose respective incomes are: A £50; B £500; and C £10,000. If we accept Adam Smith's explanation of his own maxim, we should apply taxation in proportion to income. Note the effect of a tax of 10 per cent. upon the three incomes:

A	£50	less 10 per cent.	=	£45
B	500	"	=	450
C	10,000	"	=	9,000

Most clearly we see that to A, with £1 a week, the loss of 10 per cent., or five week's income, is a most serious matter—a crushing burden. With £500 per annum, however, B, after the loss of 10 per cent. of his income, is still left with a revenue ten times as great as that of A. The taxation in B's case is serious but not overwhelming. C, after the loss by taxation of one-tenth of his income, is left with the handsome income of £9,000 a year, a sum which is more than sufficient to sustain him in luxury. The loss in the third case is clearly a shadowy one; a rich man has been rendered not quite so rich.

Thus, by taxing in proportion to income, we impose upon the poor man a crushing burden; upon the small income a serious burden; upon the large income a burden scarcely to be felt.

Obviously, then, the second part of Adam Smith's maxim is not a true illustration of the doctrine of equality of sacrifice which is involved in the use of the term "ability."

This has been partially recognized in our present system of taxation. Those with incomes exceeding £160 per annum are made to pay a tax which is not imposed upon those with less than that income. Further, the income tax is roughly graduated. A graduated death duty is also imposed in order to obtain a larger contribution from the rich than from the poor.

I now urge that the doctrine of equality of sacrifice, which has already been partially recognized, should be considered in relation to all the facts treated in Book I.

We have seen that the great mass of the people, who do the greater part of the work of the nation,

who produce the material commodities without which life could not be supported, receive so small a share of the total product that while 39,000,000 persons enjoy an income of £911,000,000, about 5,500,000 persons receive an income of £930,000,000. If then, we had to raise £200,000,000 per annum by taxation and were to raise the whole from the second class, the result would be:

5,500,000 would have £930,000,000, less £200,000,000	£730,000,000 or £133 per head.
39,000,000 would have	£911,000,000 or 23 per head.

The Error of Distribution is so great that, were the whole taxation levied upon those above the line of £160 per annum, the comfortable and rich classes would still be left about six times as rich as those below that line.

An unanswerable case is thus made out for the repeal of the whole of the customs duties on tea, coffee, cocoa, dried fruits and sugar, which bear almost entirely upon the poorer classes. A heavy tax on tea or sugar is a matter of indifference to the rich; to the poor it means a considerable privation. Our indirect food taxes are a denial of the doctrine of ability.

The customs and excise duties on alcoholic liquors must of course remain on moral grounds, and the tobacco duty might well remain for the present. We should thus tax the working classes through their luxuries alone, while the workman who dispensed with drink and smoked in moderation would be

practically untaxed. The general recognition of this fact, combined with the cheapening of tea, coffee and cocoa, would not be without its effect upon the nation's drink bill, and in so far as its recognition reduced our revenue we could count it gain.

Reverting to the facts illustrated in the frontispiece, the effect of the abolition of the food duties would be slight in relation to the extraordinary inequalities of income, but a just and certain step, nevertheless, in the direction of amelioration. Just as a small burden is great to a narrow income, so a small relief is a great boon, and fully 10,000,000 of our people would feel in an appreciable degree the removal of the food duties. The step has been urged by reformers for many years; considered in relation to the Error of Distribution it is seen to be an exceedingly small measure of justice, which needs little rhetoric to enforce its claims.

To proceed with the application of the doctrine of ability to taxation in view of the facts as to the National Income, we come to the consideration of the Income Tax and Death Duties.

CHAPTER XXI
THE MAIN INSTRUMENT OF TAXATION

THROUGH the income tax we go directly to the person upon whom we desire to levy taxation, and take from him such portion of his earnings or other profits as we consider to be his just contribution to the revenue. Through the income tax we can, if we care to do so, cause each subject of the State to contribute towards the expenses of government according to his ability.

It is the purpose of this chapter to show that the income tax could be so amended that, so far from being counted an obnoxious impost, it would be regarded as a just and proper instrument of taxation.

It is generally believed that the British Income Tax was originated by Pitt in 1798. As a matter of fact, however, the direct taxation of incomes in the United Kingdom dates back many hundreds of years. For the purposes of this work, I do not propose to trace the history of the subject to an earlier date than 1692.

The Property and Income Tax imposed in that year is commonly known as the "Land-Tax," and this name has given rise to a great deal of misunderstanding.

In their twenty-eighth report (1885) the Commissioners of Inland Revenue, in giving a detailed description of the Land-Tax of 1692, point out that the impost "was in fact a Property and Income Tax, and moreover that personal estate was quite as much the object of the charge as land." So few people are aware of these facts that it may be

well to set out the actual provisions of the Act, as described by the Commissioners:

It (the Act of 1692) is entitled "An Act for granting to their Majesties an aid of four shillings in the pound for one year for carrying on a vigorous war against France"; and the second section enacts, "That every person, body politic and corporate, etc., having any estate in ready monies or in any debts owing to them or having any estate in goods, wares, merchandise, or other chattels, or personal estate whatsoever within this realm or without shall pay yield and pay unto their Majesties four shillings in the pound according to the true yearly value thereof; that is to say, for every hundred pounds of such ready money and debts, and for every hundred pounds' worth of such goods, wares, etc., or other personal estate the sum of four and twenty shillings."

The third section imposes a duty of four shillings in the pound upon the profits and salaries of all persons having any office or employment of profit (except naval and military officers).

And then the fourth section proceeds thus, "And to the end a further aid and supply for their Majesties' occasions may be raised by a charge upon all lands, tenements, and hereditaments with as much equality and indifferency as is possible by an equal pound rate of four shillings for every twenty shillings of the true yearly value, be it enacted that all manors, messuages, lands and tenements, and all quarries, mines, etc., tithes, tolls, etc., and all hereditaments, of what nature soever they be, shall be charged with the sum of four shillings for every twenty shillings of the full yearly value."

The rules for assessments follow the same order, and show that the charge on personal estate was as much to be attended to as that on land. Thus the assessors are directed in the first place to bring in certificates of the names of every person dwelling within their districts, "and of the substance and values of them in ready money, goods, chattels, and other personal estate." Every person is to be rated for personal estate at the place where he shall reside, and, if not a householder, at the place where he resides at the execution of the Act, or if out of the realm, where he was last resident; "and for the better discovery of personal estates," every householder is to give an account of his lodgers.

But although the Act of 1692 was the first of those so-called Land-Tax Acts, it was not until 1697 that the tax was imposed precisely in the form which has been preserved to the present day, that is to say, as a fixed sum for the whole kingdom, and to be raised in quotas specified in the Act for each county, city or borough therein named. That Act was renewed every year, with scarcely any difference in its provisions as to the mode of assessment, and although the amounts charged upon the counties, etc., varied according to the total sum required from the kingdom, they were always fixed in due proportions to the original quotas. The last annual Act, so far as land was concerned, was passed in 1797.

Now it is a remarkable circumstance that these Acts of 1697 and 1797 appear to mark, more strongly than before, the taxation of personal estate as the primary object of the law.

After the clauses imposing upon goods, wares, merchandise, etc., and upon pensions and offices, the fixed charge of four shillings in the pound towards raising the quotas, that relating to land appears to treat it as a subsidiary contributor, as it were, and for the purpose of making up the sum due to the Exchequer after exhausting the other resources. The words are: "And to the end the full and entire sums by this Act charged upon the several counties, etc., may be fully and completely raised and paid; be it enacted, that all lands, etc., shall be charged by a pound rate towards the said several sums by this Act imposed."

How the duty on personal estate was levied, or what was its proportion in the quotas, we have no means of knowing. All that we do know is that in Mr Pitt's time it had dwindled nearly to nothing; and that the tax annually voted under the name of land tax had become a land tax in reality. Thus we find in an assessment for the Tower Division in 1799 that the sum charged for personal estate was only £227, while the charge for lands, etc., is £29,964; and in one of the few accounts of later transactions which remain to us, that for the year 1823, we are presented with a return of £5,416, 10s. 0d. as the ludicrous result of a tax at one per cent. on the capital value of the personalty of Great Britain.

The Commissioners go on to remark that it seems almost incredible that year after year an Act should have been passed containing the most minute directions for the assessment of personal estate, and

yet that nothing which could be called an assessment should have been made. They suggest that "Perhaps the explanation may be found in another peculiarity in the administration of this tax, the tendency to regard it as a *fixed charge* upon the subjects on which it was originally levied. That this has been the case with land, both before and since 1797, is well known, and if the same rule was applied to personalty it is easy to conceive that, as the persons originally charged moved out of the parish, or became destitute, or otherwise unassessable, their proportion of the tax was shifted to the land as the readiest means of collecting it."

A certain amount of personalty was still assessed in the time of Pitt, however, as may be gathered from the following figures from the roll of the Tower Division.

"LAND-TAX." ABSTRACT OF DUPLICATES FOR THE TOWER DIVISION

Charge for the year 1693. 4s. Aid.			Quotas for the respective years 1698 and 1699, under 9 & 10 and 10 & 11 William III. 3s. Aid.			Quota for 1702.			Quota for 1799.								
									Lands, etc.			Personal Estate.			Pensions and Offices.		
£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
34,057	5	2½	5,542	19	3½	4,041	12	2½	2,964	15	0½	227	15	5½	2,320	2	4½

This specimen also shows how the original assessments of 1692 were preserved until the time when, in 1798, over one hundred years after, Pitt

made provisions for the redemption of the old tax, and simultaneously introduced a new Property and Income Tax based upon better assessments.

Unaware of the real nature of the so-called "Land-Tax" and as it would also appear, of the present "Property and Income Tax," it is often suggested by fiscal reformers that the old Land-Tax of 1692 should be reimposed upon present land revenues. Those who make the suggestion do not realize that what they desire has already been done and is actually in practice at this moment.

The old "Land-Tax" and the present "Income" Tax thus compare:—

The "Land-Tax" of 1692.	The Present "Property and Income" Tax.
Section 2: Every Person ... having any estate in ready monies or in any debts owing to them or having any estate in goods, wares, merchandise or other chattels, or personal estate whatsoever ... shall yield and pay four shillings in the pound according to the true yearly value thereof.	Schedule D taxes the profits of trades and professions and from various forms of personal property.
Section 3: All persons holding any public office or employment of profit (except military and naval officers) and their clerks, etc., shall pay four shillings in the pound.	Schedule E taxes the salaries of all who hold public offices or employments, whether they be officials or clerks.
Section 4: And to the End, a further aid and supply for their Majesties' occasions may be raised by a charge upon all lands, tenements and hereditaments ... by an equal pound rate of four shillings ... be it enacted that all manors, messuages, lands and tenements, and all quarries, mines, etc., tithes, tolls, etc. ... shall be charged with the sum of four shillings for every twenty shillings of the full yearly value.	Schedule A taxes the income from "all manors, messuages, lands and tenements, and all quarries, mines, etc., tithes, tolls, etc."

It is also remarkable that whereas Land and Houses are placed in Schedule A, the first branch of our Income Tax, the so-called Land-Tax of 1692 placed lands and houses in its third category. The Act of 1692, moreover, as we have seen, made the taxation of personalty its first aim, and brought in a charge on land, houses and other fixed property to make up any deficiency.

With our modern Income Tax, fortunately, personalty does not escape as it seems to have done in the seventeenth and eighteenth centuries, but it is still true that a great deal of personal income evades taxation, while it is impossible for fixed property to elude the assessors.

I have taken the trouble to set out the foregoing details at some length because the fact that Schedule A of the Income Tax, like Section 4 of the Act of 1692, is a Land-Tax, appears to have escaped the attention of many of those who desire to tax the unearned increment which so often accrues to the owners of land. At the present moment, the owners of land contribute 14 pence in the pound of its annual revenue to Imperial Taxation under Schedule A. In the case of a small landowner with an income of £750 a year that may be enough. In the case of a great landowner with a rent roll of £20,000 a year it is certainly too little. If, then, we would justly tax the income of those who derive unearned revenue from land, we must graduate our income tax. In doing so, fortunately, we shall not tax merely one form of unearned increment. The conclusive proof of unearned income is the possession of a great income. Whether it arises from rent, or from interest, or from the direct taxation of labour is a secondary consideration. Whether its owner has bought broad acres with profits drawn from the exertions of others, or whether he has bought railway stock or foreign investments with the proceeds of the sale of broad acres, we need not inquire. The great income, the fact that the individual who receives it is one of the small number of people who enjoy one-third of the entire income of the country, is sufficient proof of "ability" to contribute generously to the revenues of what should be the rich government of a rich State.

And it is difficult to imagine a rich man so wanting in that social instinct which we call patriotism that, when once his extraordinary position in relation to his fellows is made clear to him, he will not consent freely to make such contribution.

The Income Tax, as it now exists, is an instrument of extraordinary clumsiness and complexity. An intelligent foreigner, coming freshly to the examination of its curious provisions, would be driven to the conclusion that a junta of bureaucrats, intent upon hiding the mysteries of statecraft from the knowledge of the vulgar, had of set purpose wrapped its machinery and intention in every device of obscurement which perverted ingenuity could suggest.

In "Riches and Poverty," edition 1905, I gave an account of the Income Tax as it then stood. I reproduce the account in order to make the subsequent alterations clearer.

Incomes, from whatever source arising, which do not exceed £160 per annum, are entirely exempt from the tax.

Incomes between £160 and £700 are allowed certain abatements which are equivalent to a rough graduation of the tax. The following table shows the nature of the abatements:—

INCOME TAX ABATEMENTS

Amount of Annual income.				Abatement.
Between	£160	and	£400	£160
"	400	"	500	150
"	500	"	600	120

"	600	"	700	70

The following table shows how the abatements graduate the Income Tax when the nominal rate of tax is 1s. in the £.

INCOME TAX. EFFECT OF THE ABATEMENTS ON INCOME TAX AT 1s.

Income.	Abatement Allowed.	Income after Abatement.	Actual Rate of Taxation when the Tax is 1s. in the £.
£	£	£	Pence in the £
180	160	20	1.33
240	160	80	4.00
300	160	140	5.60
400	160	240	7.20
440	150	290	7.90
500	150	350	8.40
540	120	420	9.33
600	120	480	9.60
640	70	570	10.68
700	70	630	10.80
740	nil	740	12.00

Thus, when the Income Tax is at 1s., an income of £180 pays less than 1½d. in the £, an income of £300 pays less than 6d. an income of £500 pays less than 8½d., and an income of £700 pays less than 11d.

I now give an explanation of the various Schedules under which the tax is collected. The abatements, it should be understood, refer to all the Schedules.

Schedule A, sometimes called Property Tax or Landlords' Tax, is assessed upon the rents received by the owners of lands, houses, etc. It is directly assessed upon occupiers, who, if they are tenants,

deduct the tax from their next payment of rent. Thus it is a Land and House Tax which the landowner or houseowner cannot possibly escape.

It should also be explained that the term "Lands," as used in connexion with Schedule A, refers to Agricultural lands, and the farm-houses and farm buildings, etc., thereon. The term "Houses" refers to houses, business premises, etc., together with the gardens, pleasure grounds or yards upon which they stand.

Owners of agricultural lands are allowed to deduct for repairs one-eighth of the rent. Owners of houses and other buildings are allowed to deduct for repairs one-sixth of the rent.

Schedule B covers profits from the *occupation* of lands, and taxes the incomes of farmers, nurserymen, and market gardeners.

Farmers' profits (unless farmers elect to be dealt with under Schedule D) are assumed to be one-third of the annual rent of their farms. Thus a farmer paying a rent of £480 or less is not subject to income tax, as one-third of £480 is £160, and incomes of £160 or less are not taxable. Nurserymen and market gardeners, however, are taxed on their profits in the same way as in the case of other business men.

The chief point to which I direct attention is that very few farmers pay income tax at all.

The arbitrary assessment of farmers at one-third the rent of their farms is an absurdity. A farmer paying a rental of £480 is usually a well-to-do man, but he escapes income tax because his income is assessed as £160. A farmer who pays a rental of £600

and who in an average year probably makes at least £400 a year, is, on the one-third basis, assessed at £200. The income tax of farmers is for the most part paid for them by the industrial classes, who are taxed *pro tanto* to relieve agriculture.

Schedule C deals with profits from British, Indian, Colonial and Foreign Government Securities. So far as possible these profits are taxed "at the source." Thus the Bank of England, in paying Consols dividend, deducts income tax, and leaves the fundholder to claim repayment afterwards if his income should be less than £160 per annum.

We now come to that important branch of the tax known as Schedule D.

The profits included in this Schedule consist of those from trade and industry, from professions, from all employments or vocations except public offices, from oversea investments which are not Government securities, and from interest on loans secured on the Public Rates, etc.

In the case of income from trade, assessments are made upon the average profits of the past three years. Let us suppose that a merchant in the period, 1893-1902, made the following profits: 1893, £1,100; 1894, £900; 1895, £1,200; 1896, £1,300; 1897, £1,400; 1898, £1,400; 1899, £1,500; 1900, £1,600; 1901, £1,200; 1902, £1,200; 1903, £1,500; 1904, £1,600. The table on page 301 shows how the profits are assessed under Schedule D.

Thus, while between 1893 and 1904, the income was in two years above £1,500, the assessment never

rose above £1,500. The result, it will be seen, is to deprive the State of the advantage of the maximum income.

It follows that the assessments under Schedule D, from this cause alone, are always something less than the actual income of the persons assessed.

ILLUSTRATION OF THE PRINCIPLE OF AVERAGING UNDER SCHEDULE D

Profits.		Assessment.		
Year.	Amount.	Year of Assessment.	Amount of Assessment.	Remarks.
	£		£	
1893	1,100			
1894	900			
1895	1,200			
1896	1,300	1896	1,066	Average of £1,100, £900 and £1,200.
1897	1,400	1897	1,133	Average of £900, £1,200 and £1,300.
1898	1,400	1898	1,300	Average of £1,200, £1,300 and £1,400.
1899	1,500	1899	1,366	Average of £1,300, £1,400 and £1,500.
1900	1,600	1900	1,433	Average of £1,400, £1,400 and £1,500.
1901	1,200	1901	1,500	Average of £1,400, £1,500 and £1,600.
1902	1,200	1902	1,433	Average of £1,500, £1,600 and £1,200.
1903	1,500	1903	1,333	Average of £1,600, £1,200 and £1,200.
1904	1,600	1904	1,300	Average of £1,200, £1,200 and £1,500.
		1905	1,433	Average of £1,200, £1,500 and £1,600.

We next come to Schedule E, which covers the salaries of all Government officials, and of the employees of Limited Liability Companies, County Councils, etc. For obvious reasons this branch of the tax is very easily assessed.

It is necessary also to remind the reader that a second form of income-tax is at present levied. I refer to the Inhabited House Duty, which is payable by all householders (in Great Britain only—not in Ireland) who live in houses of an annual value of £20 and upwards. The rates are graduated as follows:—

	Above £20. Rate in the £.	Above £40. Rate in the £.	Above £60. Rate in the £.
Private dwelling-houses	3d.	6d.	9d.
Business premises used residentially	2d.	4d.	6d.

Houses used solely for purposes of trade, and in which no occupier resides, are not subject to the tax.

In the last financial year of which we have record (1907-8) the duty yielded £1,900,000.

The present Inhabited House Duty dates from 1851 when it was levied, to replace the stupid window-duty, by Sir Charles Wood. It can only be described as a clumsy income tax, and it bears very harshly upon poor Londoners, compelled by their circumstances to pay heavy rents to be near their work. To the heavy rent the State adds a second most unjust Income Tax.

In the above words the Income Taxes of 1905 were faithfully described in their essential details. In the years that have elapsed various reforms have been made.

In the Finance Act of 1907 the principle of *differentiation as between earned and unearned incomes* was introduced. Mr Asquith embodied the principle in the following words (Finance Act, 1907, clause 19, section 1):

"Any individual who claims and proves, in manner provided by this section, that his total income from all sources does not exceed two thousand pounds, and that any part of that income is earned income, shall be entitled, subject to the provisions of this section, to such relief from income tax as will reduce the amount payable on the earned income to the amount which would be payable if the tax were charged on that income at the rate of ninepence."

As the nominal rate of tax was 1s., earned incomes thus enjoyed a substantial reduction. The abatement system, described on page 297, continued to apply to both earned and unearned incomes, so that two very roughly graduated scales of taxation came into existence, which are illustrated on page 304.

The number of tax-payers who understood what had been done for them may be described as negligible. Without working out such a table as that on p. 304, the income tax payer remained in ignorance of what treatment had been meted out to him. The moral effect of a considerable reform was almost completely lost.

In the famous Finance Act of 1909, which did not pass into law, owing to the action of the House of Lords, until the present year (1910), Mr Lloyd George, succeeding Mr Asquith as Chancellor of the Exchequer, made alterations in the Income Tax as excellent in principle and as obscure in operation as

that just described.

He raised the nominal rate of taxation to fourteen pence in the £, and left the rate for earned incomes at ninepence, thus increasing the differentiation between earned and unearned incomes. He also introduced a new step in differentiation by enacting that earned incomes exceeding £2,000 a year but not exceeding £3,000 a year should pay twelve pence instead of fourteen pence in the £.

THE EFFECT OF MR ASQUITH'S DIFFERENTIATION OF THE INCOME TAX, 1907

Income.	Abatement allowed.	Income Tax on Earned Income.				
		Tax payable.			Nominal Tax.	Virtual Tax.
£	£	£	s.	d.	Pence in £	Pence in £
160	160		—		Exempt	—
200	160	1	10	0	9	1.8
300	160	5	5	0	9	4.2
400	160	9	0	0	9	5.4
500	150	13	2	6	9	6.3
700	70	23	12	6	9	8.1
800	Nil	30	0	0	9	9.0
1,000	"	37	10	0	9	9.0
2,000	"	75	0	0	9	9.0

Income.	Abatement allowed.	Income Tax on Unearned Income.				
		Tax payable.			Nominal Tax.	Virtual Tax.
£	£	£	s.	d.	Pence in £	Pence in £
160	160		—		Exempt	—
200	160	2	0	0	12	2.4
300	160	7	0	0	12	5.6
400	160	12	0	0	12	7.2
500	150	17	10	0	12	8.4
700	70	31	10	0	12	10.8
800	Nil	40	0	0	12	12.0
1,000	"	50	0	0	12	12.0
2,000	"	100	0	0	12	12.0

In order to give further effect to the principle of graduating the Income Tax, Mr Lloyd George at the same time imposed a Supplementary Income Tax, or Super-Tax, upon persons whose incomes exceeded £5,000 a year.

The Super-Tax is nominally 6d. in the £, but in practice it is always less. For the Super-Tax of 6d. is

payable only upon that part of the income which exceeds £3,000 a year. That, reflection will show, creates a *graduated* Super-Tax, thus:

THE LLOYD GEORGE SUPER-TAX
AS IT REALLY IS

Income	Abatement on Income.	Income really Taxed.	Tax Payable.			Nominal Rate of Supertax	Virtual Rate of Supertax.
£	£	£	£	s.	d.	Pence in £	Pence in £
5,000	Exempt	—		—		—	—
5,001	3,000	2,001	50	0	6	6	2.4
10,000	3,000	7,000	175	0	0	6	4.2
50,000	3,000	47,000	1,175	0	0	6	5.6
100,000	3,000	97,000	2,425	0	0	6	5.8

It will be seen that it is a great gain under this system to have £5,000 a year rather than £5,001. The extra £1 of income costs the tax-payer £50, 0s. 6d. Thus a premium is placed by the State upon false declarations, for if a Government is so unfair as to tax £1 of income £50, 0s. 6d, who can blame a tax-payer who retorts in kind?

It will be seen that it is impossible for the alleged 6d. Super-Tax to reach 6d. It can at the highest reach 5.9 pence.

But while the Super-Tax is so unfortunate in method it is excellent in principle, and largely carries into effect the suggestions made in "Riches and Poverty," edition 1905. It effects a rough graduation in the taxation of incomes over £5,000 a year, and extends the gamut of the Income Tax scale from zero at £160 a year to 19.8 pence in the £ at £100,000 a year.

I am now able to show the total effect of all the obscure provisions which it has been my misfortune

to attempt to describe in plain language. The table on page 307 gives a faithful picture of the Income Tax, as graduated and differentiated by all the reforms made down to 1910. The table is the expression of the following provisions, existing in 1910, which I recapitulate for its better elucidation.

Incomes not exceeding £160 a year pay no tax. Small and moderate incomes are relieved from taxation by being only taxed in part, i.e. "abatements" are allowed according to the size of the income. Over £700 a year there are no abatements. Unearned incomes are taxed at the nominal rate of fourteen pence in the pound. Earned incomes not exceeding £2,000 a year are taxed ninepence in the pound. Earned incomes over £2,000 a year, but not over £3,000 a year, are taxed one shilling in the pound. Finally comes what is called the "Super-Tax." Incomes, whether earned or unearned, over £5,000 a year are taxed an extra sixpence in the pound on such part of the income as exceeds £3,000.

The table on p. 307 shows, as the mere relation of the complicated provisions does not show, both the virtues and the faults of Mr Lloyd George's Income Tax. There is graduation, but it is effected so clumsily that it positively bristles with anomalies. Consider, for example, the gross anomaly of making a man with £3,000 a year pay only £150, while a man with £3,100 a year must pay £180. Or, again, of asking from the £5,000 man a £291 tax, and demanding £350 from the £5,100 man. Perhaps the worst feature in the scale, however, is the fact that unearned incomes from £701 to £5,000 pay the same rate.

EFFECT OF THE INCOME TAX IN 1910

Income.	Abatement allowed.	Earned Incomes.				
		Tax payable.			Nominal Rate.	Virtual Rate.
£	£	£	s.	d.	Pence in £	Pence in £
160	160		—		Exempt	—
200	160	1	10	0	9	1.8
300	160	5	5	0	9	4.2
400	160	9	0	0	9	5.4
500	150	13	2	6	9	6.3
700	70	23	12	6	9	8.1
800	Nil	30	0	0	9	9.0
1,000	"	37	10	0	9	9.0
2,000	"	75	0	0	9	9.0
2,100	"	105	0	0	12	12.0
3,000	"	150	0	0	12	12.0
3,100	"	180	16	8	14	14.0
5,000	"	291	13	4	14	14.0
5,100	"	350	0	0	14 + 6	16.5
10,000	"	758	6	8	14 + 6	18.2
50,000	"	4,091	13	4	14 + 6	19.6
100,000	"	8,258	6	8	14 + 6	19.8

Income.	Abatement allowed.	Unearned Incomes.				
		Tax payable.			Nominal Rate.	Virtual Rate.
£	£	£	s.	d.	Pence in £	Pence in £
160	160		—		Exempt	—
200	160	2	6	8	14	2.8
300	160	8	3	4	14	6.5
400	160	14	0	0	14	8.4
500	150	19	8	4	14	9.8
700	70	36	15	0	14	12.6
800	Nil	46	13	4	14	14.0
1,000	"	58	6	8	14	14.0
2,000	"	116	13	4	14	14.0
2,100	"	122	10	0	14	14.0
3,000	"	175	0	0	14	14.0
3,100	"	180	16	8	14	14.0
5,000	"	291	13	4	14	14.0
5,100	"	350	0	0	14 + 6	16.5
10,000	"	758	6	8	14 + 6	18.2
50,000	"	4,091	13	4	14 + 6	19.6
100,000	"	8,258	6	8	14 + 6	19.8

Now let us consider the reform of the Income Tax.

In the first place it is suggested that the Inhabited House Duty should be entirely abolished. As has been already pointed out, it is a clumsy second Income Tax and its incidence is most unequal. It is not paid in Ireland, and too much of it falls upon poor clerks and tradesmen in London and other big towns. It is urged here that if we properly reform the Income Tax it should not be necessary to levy a second one under another name.

It must be frankly recognized that, in principle, the Income Tax reforms urged in "Riches and Poverty," edition 1905, have been largely conceded. Method is so important in this connexion, however, that it is necessary to insist that the Income Tax still needs

serious revision.

Why is it that so much misplaced ingenuity has been applied to our Income Tax law by successive Chancellors of the Exchequer? Why these alleged rates of Income Tax, which on inquiry prove to be nominal, and the enactment of a clumsy Super-Tax to amend a sufficiently clumsy Income Tax? Why should it be necessary to arrive at a "sort of" graduation by a series of provisions, which few men, inside or outside the legislature, pretend to understand?

The explanation is that we have not a complete Census of Incomes. The point is of the first importance. The establishment, within the limits of a very small possible margin of error, of the number of British Income Tax payers in 1903, which I effected by a careful examination of so far uncorrelated facts in "Riches and Poverty," edition 1905, brought to light the then unsuspected fact that about 750,000 out of about 1,000,000 Income Tax payers actually declared their individual aggregate incomes from all sources for the purposes of Income Tax.

These declarations, as already explained, were made by the smaller Income Tax payers in order to avail themselves of the abatement system, the abatements being granted only to those persons with incomes not exceeding £700 a year *who made declarations*. *In effect, those of this class who do not declare are heavily fined.*

The number of the declarants was further increased in 1907 by Mr Asquith's differentiation of the Income Tax.

Mr Asquith enacted, as we have seen, that persons who earned their incomes, and whose incomes did

not exceed £2,000 a year, should enjoy a lower rate of taxation *if they declared their incomes*.

This led to declarations by a fresh batch of Income Tax payers, and it became possible for Somerset House to collect and publish a new set of most valuable statistics. Unfortunately, the precise facts of the case have neither been collected nor published, important as the knowledge of them is if we are to tax wisely and justly. Nevertheless, there is little doubt that the new batch of declarations between £700 and £2,000 a year raised, or will soon raise, the proportion of Income Tax payers making personal declarations to over nine out of eleven of the whole body.

The question immediately suggests itself: Why should not the balance of two out of eleven, or thereabouts, be compelled to fall into line with the majority? This balance consists, of course, of the well-to-do and rich, chiefly those who derive their incomes from property. These persons are not taxed directly at all. The State relies upon what is called "taxing at the source." That is, dividends are taxed at the company's offices before they are distributed, and rents are taxed through the occupier, the occupiers being left to recover the Schedule A tax from the landlords and houselords.

This reliance upon an indirect form of "direct" taxation leads, of course, to much income escaping tax, for rich people, it will be seen, have not to make a return of their incomes, but are in the happy position of letting the State catch them when it can. No other country levying an Income Tax does this thing; yet we perversely maintain that there is no system so effective as ours. Happily, the Finance Act of 1909 (passed in 1910) still further increases the

number of those who are to declare.

First, as to earned incomes, as noted above, Mr Lloyd George enacted that earned incomes over £2,000 but not over £3,000 are to continue to pay one shilling in the £, and that those over £3,000 are to pay fourteen pence. It follows that a new batch of declarations will be forthcoming from those, or most of those, between £2,000 and £3,000, in order to get the shilling rate.

Again, a Super-Tax is to be levied upon all those whose incomes exceed £5,000 a year, of whom there are not less than 14,000 or 15,000. This Super-Tax is to be collected by Special Commissioners. How will these Special Commissioners know to whom to apply? Obviously they have not a list of the fortunate 15,000. They will doubtless go to work by sending a form asking for a return of total income to all people who *appear* to be very rich.

All the inhabitants of big houses, and, indeed, all the obviously rich, will receive a declaration form to fill up. And, of course, in order to catch the 15,000 the Commissioners will have to send notices to many times that number of people, for it is really exceedingly difficult to decide by appearance or reputation whether a man has £2,500 or £5,000 a year. The Budget provides that every person sent a form must fill it up, whether or not he has £5,000 a year. Consequently, at the very top of the scale, the Income Tax Commissioners will come into possession of personal declarations relating to 50,000 or more of our moneyed citizens.

And yet we shall not arrive at complete declarations from all Income Tax payers. Nearly all persons who earn their incomes will declare, but as to unearned incomes there is a big hiatus.

Small unearned incomes up to £700 a year will be mostly declared in order to get the abatements.

Very big unearned incomes must be declared, as we have seen, through the demands for Super-Tax.

But, between £700 a year and £5,000 a year, the unearned scale is ungraduated, and, save for the people with less than £5,000 a year, asked in error to declare by the Super-Tax Commissioners, there will be no personal declarations.

Surely this ought not to be. If the poor are to declare and the very rich are to declare, why should not the middle incomes be declared? Why should the State continue to rely, in respect of the considerable amount of income concerned, upon taxation at the source? The question becomes the more urgent when we reflect that the fresh batch of declarations brought in by Mr Asquith's differentiation scheme of 1907, noted above, brought to light many millions of "new" income (see p. 14). Every new revelation of existing income, of course, lowers taxation *pro tanto*.

Perhaps the final argument for universal personal declaration of income is furnished by the following enactment of the Budget of 1907:

Finance Act (1907), Section 21.

"Every employer, when required to do so by notice from an assessor, shall, within the time limited by the notice, prepare and deliver to the assessor a return of the names and places of residence of any persons employed by him."

We thus go behind the backs of small tax-payers to their employers, and compel the divulgence of incomes which are usually the *total* incomes of the employed. Yet the employer who, by our direction,

hands his employee over to the tax-collector, is not compelled by us to declare his own total income, unless (1) he has no other income than his Schedule D income, or (2) he is a payer of Super-Tax.

Given a Census of Incomes it would become possible to arrive at a practical and just Income Tax.

We could set up a plain graduated scale of taxation, differentiated up to a certain point as between earned and unearned incomes, making it quite clear to the tax-payer what is demanded from him and revealing to him the justice or injustice of our methods by enabling him to compare his rate of taxation with that of those richer or poorer than himself.

We need not abandon taxation "at the source." We could levy on property incomes at the source a certain rate of tax, say 1s. in the £. Then when the total income was declared, the tax-payer would point out upon what items, if any, 1s. in the £ had been deducted at the source and pay the balance of the tax.

Let us take a hypothetical case—that of a barrister earning £2,000 a year, and deriving a further £1,000 from rents and a further £300 from Consols. The total income, £3,300, let us suppose taxed under the graduation scheme at 14d. in the £. The Income Tax on the £1,000 of rents would be paid by his tenants and deducted from the rents paid him, while the Bank of England would deduct 1s. in the £ from the interest on the Consols. Declaring his total income at £3,300 he would pay the balance due, thus:—

Total Declared Income.	£	*s.*	*d.*
£3,300 at 14d.	192	10	0

Taxed at the source:—				
(1) Schedule A. 1s. in the £ on £1,000 of rent, deducted by tenants	£50			
(2) Schedule C. 1s. in the £ on £300 of interest deducted by Bank of England	£15			
		65	0	0
Balance of Tax Payable —		£127	10	0

If, upon the introduction of such a system, local assessors were empowered to ask every householder assessed for local rates at £20 a year and upwards *to declare his income in the place where he resides*, there would undoubtedly be a great increase in the Income Tax assessments. A great part of the evasion of Income Tax results from persons being taxed at their places of business, where there is often little evidence of means. In a man's own neighbourhood it is difficult grossly to understate income.

For several years I put down in the House of

Commons the following suggested amendment to the Finance Bill:

> Every person upon whom notice is served in manner prescribed by section forty-eight of The Income Tax Act, 1842 (which section relates to the delivery of notices by assessors), requiring him to make a return of his income chargeable to duty under any and every schedule of the Income Tax, shall make a return, in the form required by the notice, which shall show the amount of his aggregate income from all sources, whether he is or is not chargeable with duty, and upon what part or parts of such aggregate income, if any, Income Tax has already been paid under the Income Tax Acts by deduction at the source, and in default shall be liable to a penalty under section fifty-five of The Income Tax Act, 1842.

On one occasion some twenty Members of Parliament consented to put down this amendment with me, but every attempt to obtain its enactment has failed. Until it is obtained there can be no just graduation of the Income Tax, and tax-payers who declare their incomes under the existing law will continue to pay too much because others pay too little.

Some smaller matters claim our attention.

A minor but not unimportant reform, for which we have to thank Mr Lloyd George, is the concession made to small Income Tax payers who have young children, a concession which the present writer believes he was the first to urge in the House of Commons. The Finance Bill of 1909 (Sect. 68) provided that Income Tax payers with incomes not exceeding £500 should be entitled to exemption from taxation to the amount of £10 for each child under the age of 16 years. The effect of this provision is far-reaching. A clerk with £200 a year and three young children gets the £160 abatement and £30 abatement

in respect of his children. His *taxable* income is thus reduced to £10 and his payment of Income Tax to 7s. 6d.

On the same ground, respect for the principle of ability to pay, the Income Tax law should provide for special abatements in case of the illness of salary earners, special misfortunes, the support of poor relatives, etc. It is found possible to work such provisions in Prussia; it ought to be found possible to do so here.

The importance of a thorough revision of the Income Tax law is growing. The view urged here is that the citizen's subscription to the National Club should not only be justly proportioned to his means, but presented to him intelligibly, and collected without waste or undue interference with business.

The phenomenon of an annual Budget debate has come to be regarded as a necessary Parliamentary evil, but is there any justification for it?

When the nation has decided, through its representatives, for good reasons or for bad reasons, that a certain sum of money must be raised for public purposes, it is not the function of the Chancellor of the Exchequer *qua* Chancellor of the Exchequer to decide whether the purposes are good or bad, or whether the sum is too large or too small. As a member of the Government, the Finance Minister has, of course, a voice in deciding what sums should be spent and upon what purposes, but, as Chancellor of the Exchequer, his duty is not to reason why but to find the money. In the finding of the money, ought there to be, year by year, a long and painful discussion as to how it should be done?

We have also become accustomed to regarding the Budget as a great and glorious secret, to be carefully guarded until the Chancellor of the Exchequer makes his annual speech. Does the tradition of secrecy rest upon necessity? For my part, I call the necessity in question. I affirm that our annual Budget need present no difficulties; that it is not inherently a difficult thing to accomplish; and that the conception of a Budget as a great secret, to be carefully hidden until Budget Day, is an altogether childish conception. There is some excuse for reserving a child's Christmas presents until he wakes up and finds the gifts of Santa Claus in his stocking on the morning of December 25th, but there is no excuse whatever for the ridiculous secrecy with which tradition shrouds the annual Budget statement.

I do not deny that secrecy has been necessary in connexion with such Budgets as have been put on record in the past. Of what have these Budgets consisted? Year by year, a number of clumsy, inefficient and indefensible taxes have been tinkered by successive guardians of the national purse. Tea taxes, coffee taxes, beer taxes, sugar taxes, alleged income taxes, double inheritance duties, have had bits carved off them, or bits attached to them, without rhyme or reason. Year after year, Mincing Lane has been in throes of excitement as to whether there was to be a penny on tea, or a penny off tea. Cunning gentlemen have rushed in tea to evade a suspected inclination to tax that article further, or sugar brokers have been excited at the prospect of making something, or losing something, over a little less or a little more on sugar. We are a grave and respectful people, or assuredly we should laugh at this annual exhibition of mingled greed and incompetency. If as much intelligence were put into

the making of boots, none of us would be able to walk.

The subject is made additionally interesting by the fact that all along men have known perfectly well how taxes ought to be levied. It is 130 years since Adam Smith wrote his first maxim of taxation, which I have already quoted:

> "The subjects of every State ought to contribute towards 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."

As long ago as 1848 John Stuart Mill wrote ("Principles of Political Economy," Book V. Chapter 2):

"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.... To take a thousand a year from the possessor of ten thousand 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 five pounds 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.... 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."

In passing, this quotation may be commended to those who regard the exemption of very small incomes from taxation as a tenet of modern Socialism. Here we have it propounded in 1848 by John Stuart Mill, who got it from Jeremy Bentham.

It is in spite of such admired utterances as these that we have still, in the year 1910, such outrages upon common sense as taxes upon sugar, taxes upon petrol, taxes upon cocoa, taxes upon business contracts, taxes upon marriage certificates, and a great party in the State is at this hour ardently desirous of adding to the number of such stupidities by thousands or even tens of thousands.

When we inquire for the reason for the existence of such unbusinesslike and costly stupidities, we find a simple explanation. It has been held in the past universally, and is held in the present by many, that the Government has no business to inquire into the incomes of the people it governs. Lacking knowledge of incomes, it has been obviously impossible for Governments to tax people according to their ability to bear taxation. Consequently, Chancellors of the Exchequer have had to devise all sorts of trumpery and costly expedients to get by indirect means what should have been got honestly and directly.

In short, the first condition of fair budgeting is a Census of Incomes. Given that, we are able to throw away all the lumber of indirect taxation and of inefficient taxation. And it should be observed that

fair budgeting means simple budgeting—budgeting admitting of no annual argument. The annual budget wrangle is the effect of our devious methods of taxation.

Given universal declarations of income, and an end could speedily be made of our present array of taxes. We could decide upon some minimum of income which should be totally exempt from taxation on the ground that it represented the smallest sum upon which a family can be sustained in health and decency. Above that margin, we could arrange a graduated scale of taxation which should present to each citizen a fair bill for public expenses. That bill could be made payable in two or even four instalments, to make the payment an easy matter for the tax-payer. This arrangement once made, any increase of taxation would simply call for a proportionate increase from each tax-payer. Argument would not lie in the province of the Chancellor of the Exchequer, for the matter would be finally settled. Argument would begin and end with the decision of Parliament to spend certain moneys; *that would not be a Budget argument, but an argument upon public policy in expenditure*. And the plainer the bill for taxes, the more closely expenditure would be scanned.

My remarks, of course, must not be taken to condemn taxes upon alcohol or taxes upon inheritances. And beyond lies the question of the acquisition of monopolies by the State, and the consequent reduction of taxation by reason of the State carrying on revenue-producing undertakings.

CHAPTER XXII
THE DEATH DUTIES

IN "Riches and Poverty," edition 1905, it was urged that the then existing Estate Duties, ranging from 1 per cent. to 8 per cent., might be sensibly increased. The revisions which have been made since 1905 are clearly shown in the comparative table given on the next page, which reviews in part the Estate Duties of the Budgets of 1894, 1907 and 1909.

The rates of Death Duty have been thus raised to about the level suggested in "Riches and Poverty," edition 1905.

The scale does not represent the whole of the Death Duties. Not only is the corpus of the property taxed under the scale, but the remainder, after such taxation, is taxed again under separate scales of Legacy and Succession Duties. I do not enter into the details here, but, generally, such complications are to be deprecated. Let the State take its equitable toll, but let it do so on a single progressive scale, and not tax, and tax again, first taking a percentage from the estate, and next taking a further percentage from the bit of the estate taken by a brother or cousin or aunt of the deceased.

As will have been gathered from Chapter 4 the increase of the duties on estates over £10,000 was more than justified. The great bulk of the national wealth is held in estates of over £10,000 each. The following facts (see Chapter 4) relating to the estates which pass in an average year should never be lost sight of:

THE HARCOURT (1894), ASQUITH (1907), AND LLOYD GEORGE (1909) DEATH DUTIES

Value of Estate.		Harcourt, 1894	Asquith, 1907	
Exceeds £	But not over £	Per cent.	Per cent.	
100	500	1	1	
500	1,000	2	2	
1,000	10,000	3	3	
10,000	25,000	4	4	
25,000	50,000	4½	4½	
50,000	75,000	5	5	
75,000	100,000	5½	5½	
100,000	150,000	6	6	
150,000	250,000	6½	7	
250,000	500,000	7	8	
500,000	750,000	7½	9	
750,000	1,000,000	7½	10	
			On First Million.	On Remainder.
1,000,000	1,500,000	8	10	11
1,500,000	2,000,000	8	10	12
2,000,000	2,500,000	8	10	13
2,500,000	3,000,000	8	10	14
3,000,000		8	10	15

Value of Estate.		Lloyd George, 1909	Rates suggested in "Riches and Poverty," 1905
Exceeds £	But not over £	Per cent.	Per cent.
100	500	1	1
500	1,000	2	2
1,000	5,000	3	3-4
5,000	10,000	4	5-6
10,000	20,000	5	7
20,000	40,000	6	8
40,000	70,000	7	9
70,000	100,000	8	10
100,000	150,000	9	11
150,000	200,000	10	12
200,000	400,000	11	13
400,000	600,000	12	13
600,000	800,000	13	14
800,000	1,000,000	14	15
1,000,000		15	16

DEATHS AND ESTATES IN THE UNITED KINGDOM

About 700,000 persons, including children, die every year.

Of these, about 620,000 die almost or quite penniless.

The balance of 80,000 persons leave £300,000,000.

Of these, 4,000 persons leave £200,000,000.

It is only necessary to state these extraordinary facts to show the justice of Mr Lloyd George's reform of the Death Duties.

It is of interest and importance to show what a small proportion of the capital passing at death is actually taken by the State. The following figures show, for the years 1894-5 to 1908-9, the total amount of all the Death Duties (i.e. not only the

principal "Estate Duty," the rates of which are given on p. 321, but of the Legacy and Succession Duties, Settlement Estate Duty, etc.), received during the year, the total estates upon which the duties were paid and the average aggregate rate per cent. of the whole of the duties:

DEATH DUTIES PAID: 1894-5 TO 1908-9

Fiscal Year.	Total Death Duties.	Total Estates.	Average Aggregate Rate of Duty per cent.
	£	£	
1894-5	10,894,385	194,465,000	5.61
1895-6	14,088,608	249,942,000	5.63
1896-7	13,878,274	245,883,000	5.64
1897-8	15,449,190	270,326,000	5.71
1898-9	15,732,578	271,901,000	5.78
1899-1900	18,409,293	312,819,000	5.88
1900-1	16,721,129	284,884,000	5.87
1901-2	18,513,714	295,829,000	6.26
1902-3	17,913,177	296,382,000	6.04
1903-4	17,326,137	291,161,000	5.95
1904-5	17,258,431	284,309,000	6.07
1905-6	17,344,925	296,233,000	5.85
1906-7	18,958,763	319,579,000	5.93
1907-8	19,108,256	304,093,000	6.28
1908-9	18,310,280	294,662,000	6.21

These figures were prepared by Somerset House and given to the House of Commons in September 1909 in answer to a question of Mr Thomas Gibson Bowles.

In 1908-9, in spite of the increase of rates in 1907, the Death Duties took but £18,300,000 or a little over 6 per cent. of property worth £294,600,000.

But this is a partial statement of the facts. There is little doubt that the estates passing yearly are worth nearer £400,000,000 than the £300,000,000 which is

officially reviewed and taxed. So that the total burden of the Death Duties in 1908-9 was really about 4½ per cent.

There has been some talk in this connexion of diminishing and wasting the national capital. The national capital was conservatively estimated in Chapter 5 as about £13,000,000,000. The Death Duties are now taking about £20,000,000 a year. £20,000,000 is contained just 650 times in £13,000,000,000, so that, even if the £20,000,000 a year were wasted, the national capital would waste away in six and a half centuries. But the £20,000,000 a year is not lost: it is transferred from private pockets to the State and used a hundredfold for the better advantage of the nation than if it were not so transferred. One may go further and say that if it were not taken and used for the furtherance of reform, the national capital would cease to make increase. Expenditure upon Education alone needs to be doubled if British work is to fructify in the near future.

Some attention was given on page 76 to the question of the avoidance of Death Duties by gifts *inter vivos*. The Finance Act of 1909 increased to three years the period before death during which gifts passing *inter vivos* should be liable to Death Duties. It will be of interest to see whether this checks the avoidance of Death Duties which has given us such remarkable statistics as those recorded on page 76-77.

It is not necessary to dwell at length in this chapter upon considerations connected with the dangers to Society involved in the monopolization of wealth by a few people, for they were treated at some length in earlier pages. I may usefully direct attention,

however, to a speech made by the President of the United States of America, Mr Taft, in September 1909, in which he said:

> "Let the State pass inheritance laws which shall require the division of great fortunes among the children of descendants, and shall not permit the multi-millionaire to leave his fortune in a mass. Make more drastic the rule against perpetuities which obtain at common law, and then impose a heavy graduated inheritance tax enabling the State to share largely in the proceeds of such large accumulations of wealth which would hardly have been brought about save under its protection and aid. Thus gradually and effectively the concentration of wealth in one or few hands will be neutralized, and the danger to the Republic obviated."

These are the words, not of a Socialist, but of the elected of the Conservatives of the United States. They may fittingly end our consideration of the revised Death Duties.

The reformed Income Tax and Death Duties of 1909 will furnish, with all their faults, a handsome revenue, and it may already be claimed that what was urged in "Riches and Poverty," edition 1905, as to the means of national regeneration, has been amply verified by accomplished facts.

CHAPTER XXIII
OF REVENUE WITHOUT TAXATION

AFTER dealing at some length with the details of British taxation it is well to point out why it is necessary for the British Government to raise so much revenue by taxes.

It appears to be commonly taken for granted that in the matter of national ways and means a source of revenue is the same thing as a source of taxation. Perhaps it is not surprising that this idea is prevalent in Britain, for of a truth we have scarcely any national revenue save what is derived from the more or less just taxation of British citizens.

Save in its power to levy taxes, the United Kingdom, as a State, is one of the poorest in the world.

The British Government, as compared with many other governments, is singularly lacking in property. It follows that it is singularly lacking in natural State revenue. As a matter of fact, the only items of British State property worth mentioning are (1) the Post Office, which brings in about £5,000,000 a year; (2) a few Crown lands, which bring in about £500,000 a year; and (3) The Suez Canal shares, bought by Lord Beaconsfield, which bring in about £1,000,000 a year.

The total British State revenue from property is thus about £6,500,000, and that is all. If the Government wants any more money it has to tax the governed, a fact which arouses various emotions.

The consequence is that, as public expenses

increase, our taxes constantly swell. The items of natural State revenue are too small, even if elastic, to meet the growing bills. This is found out by all parties. A politician out of office may, and usually does, denounce new taxes, but we never find the same politician, after taking office, taking off the taxes he has denounced; he simply cannot do it. The Conservatives, it will be remembered, were unfriendly to Sir William Harcourt's Death Duties, but when they came into power they not only did not repeal them, but it is a fact that they seriously considered increasing them.

I do not think it can be reasonably alleged that taxation has yet reached an intolerable level, indeed the facts on that head are sufficiently made plain in these pages. At the same time, I suppose that none of us desires to increase the burden of taxation more than is necessary.

Is it not well, then, to ask ourselves whether taxation need be the only hope of State revenue? Here comes in a rather curious fact. We have passed through troubled days in which additional taxation has been denounced as "Socialistic," and the "Observer" newspaper tells its readers constantly that modern Socialism simply means taxation.

As a matter of fact, it is because the British Government has been one of the least Socialistic in the world that it finds itself in 1910 raising so much of its revenue from taxation.

The Germans are heavily taxed, but they are so much poorer than the British people that the sum they raise in taxes is much smaller than the sum raised here. It should not be forgotten that, in considering German taxes, we have to add the taxes raised by the governments of its various kingdoms

and States to the taxes raised by the German Imperial Government. When that is done it will be found that the total amount so raised, although considerable, is not nearly enough to meet the Imperial and national expenditure. What is the explanation? I commend it most earnestly to the politicians and publicists who fill the air with clamour about Socialism.

Consider the following extract from the official description of German Taxation in Blue Book, Cd. 4,750:

> To make any profitable comparison of direct taxation in England and Germany, it is necessary to take into consideration in the case of the latter not merely the Imperial taxes, but also the taxes levied by the Federal States. It is also important to remember that a *large portion of the States' expenditure, in Prussia as much as 47 per cent., is covered by the profits of railways and other industrial undertakings, the State being thus enabled*, pro tanto, *to dispense with taxation*.

Varying, but usually considerable, proportions of the State revenues of the kingdom of Bavaria, the kingdom of Saxony, the kingdom of Wurtemberg, the six Grand Duchies, the five Duchies, and the seven Principalities, not to mention the free cities, are derived similarly from State undertakings, ranging from railways to forests, and from mines to china factories.

I beg the reader to realize that but for these enormous State natural revenues the Germany of to-day would not be able to build Dreadnoughts or to sustain the greatest army in the world. Successful

State Socialism has been the backbone of German finance, and the secret of a big expenditure and the maintenance of the greatest army in the world and the second largest navy in the world by a poorer country than ours, in which (basing ourselves on the official Income Tax Statistics of Prussia) we are able to affirm that one-half of the people are under the income line of £45 a year (17s. 3d. per week).

Germany derives from her Customs Duties, believed by ill-informed people here to be the chief feeder of her revenues, about £30,000,000 a year. This may be contrasted with a single item of German State Socialist revenue:

NET PROFITS OF THE PRUSSIAN STATE RAILWAYS

	£
1906	33,480,000
1907	34,323,000
1908	31,180,000

Surely it is worth the gravest consideration here that one-half the State revenue of Prussia, the chief State of the German Empire, is derived from the ownership of railways, forests, mines, and other national undertakings. And there can be little doubt that Germany will soon own and control her Power supply. *In 1910 the State railways of the entire German Empire will yield a net profit of about £50,000,000, meeting, in effect, the bill for German armaments.*

CHAPTER XXIV
CONCLUSION

LEST there be any lack of perspective in our view of the distribution of wealth and of the material progress of the working classes, I preface this concluding chapter with a note upon former investigations of the national income.

In 1868, Dudley Baxter, in his classical paper on the National Income read to the Royal Statistical Society, estimated that in 1867, the population being 30,000,000, the manual workers, then estimated to number 10,960,000, took £325,000,000 out of a total national income of £814,000,000. Thus the average wage of the manual workers (men, women and children) was estimated at nearly £30 per head per annum.

Professor Leone Levi estimated the amount of wages taken by the manual labourers in 1866 at £418,000,000, but he allowed for "play" only four weeks in the year, whereas Baxter, for very excellent reasons which he stated in his paper, allowed for 20 per cent. of lost time. Thus a great part of the difference in the two estimates is accounted for.

In the "Economic Journal" for Sept. 1904, Professor A. L. Bowley, basing his calculations of the total amount paid in wages largely upon the figures of the Board of Trade Wages Census of 1886, making allowance for enforced leisure, and also for the army of casuals and incompetents, arrived at £350,000,000 as the sum paid in wages in 1867. This is a striking confirmation of Dudley Baxter's estimate, for it is arrived at by an entirely different route.

If, then, we adopt the estimate of Baxter we shall probably be as near the truth as is now possible. Accepting it, we find that the manual workers in 1867 took about 40 per cent. of the national income.

The manual workers in our present population of 44,000,000 maybe estimated at 15,000,000 and they take, as we have seen, about £700,000,000 out of a total estimated income of £1,840,000,000, or less than 40 per cent. of the whole.

Thus the position of the manual workers, in relation to the general wealth of the country, has not improved. They formed, with those dependent upon them, the greater part of the nation of 1867,—forty-three years ago,—and they enjoyed but about 40 per cent. of the national income according to the careful estimate of Dudley Baxter. To-day, with their army of dependents, they still form the greater part of the nation, although not quite so great a part, and, according to the best information available, they take less than 40 per cent. of the entire income of the nation.

But, as will be seen from the figures given, the actual income of the manual workers has increased. In 1867 it amounted to about £30 per head. At the present time it amounts to about £46, 15s. per head.

And not only have money wages thus risen, but the purchasing power of money has considerably increased in the last generation. The retail cost of food, clothing, and furniture has fallen; but, on the other hand, coal and rents have risen.

Between the increase in money wages and the increase in the purchasing power of money there can be no question that the actual position of the wage-earner has considerably improved in the last forty

years. Amongst other results, the death-rate has fallen, paupers have decreased, and criminals have decreased. These and other important facts are shown in the table on page 332.

SOME ITEMS IN MATERIAL PROGRESS 1867-1908

	1867	1908
Population	30,500,000	44,500,000
Average earnings of manual workers (men, women and children)	£30	£46, 15s.
Consumption of imported food per head:		
(*a*) Wheat per head, lbs.	140	272
(*b*) Sugar per head, lbs.	44	76
(*c*) Rice per head, lbs.	6	18
(*d*) Tea per head, lbs.	3¾	6
Consumption of Beer (Gallons per head)	27.78 (1881)	26.62
Deaths	634,008	676,634
Death-rate (per 1,000)	20.8	15.2
Criminals convicted	19,450	15,500
Paupers (England and Wales) Jan. 1st	958,824	911,588
Deposits in Post Office and Trustee Savings Banks	£46,283,132	£245,600,000
Price of bread per 4 lb. loaf	8d.	5.8d.
Board of Trade consumption Index number (prices of 45 commodities expressed as percentages of those of 1900)	136.0 (1871)	102.8

With our knowledge of the conditions of the present, these facts are only relatively satisfactory, and serve but to fill us with horror of the past. We see that more bread is consumed to-day than in 1867, but remember that 40 persons perish from exposure and starvation in the streets of London year

by year.[62] We see that the death-rate has declined from 20.8 per 1,000 to 15.2 per 1,000 between 1867 and 1908, but remember that in the latter year as many as 113,000 children perished in England and Wales under the age of twelve months. We see that the average wage has risen, but also that it now amounts to but £46, 15s. per annum on a liberal estimate. We see that prices have fallen, but remember that, in 1908, one-third of our population, in spite of lower prices, have not sufficient means to command a proper supply of the common necessaries of existence, no matter how severe their thrift.

Writing in 1868, in the paper already referred to, Baxter wrote, in dealing with the question of real earnings as distinguished from nominal rates of wages, a passage which strikingly illustrates the conditions of labour in his day:[63]

"Another point is the age at which a manual labourer ceases to be an effective. I am afraid that 60 years is about the average; six or seven years earlier than the Middle Classes. After that age a man becomes unfit for hard work; and if he loses his old master, cannot find a new one. In some trades, a man is disabled at 55 or 50. A coal-backer is considered past work at 40. I have endeavoured to be on the safe side by taking 65 as the termination of their working life, and have excluded all above that age from my calculation of wages.

"But the most important point of all is the allowance which must be made for what workmen call 'playing'; that is to say, being 'out of work,' from whatever cause, whether forced or voluntary. It is here that I am at issue with Professor Levi. He estimates the lost time at no higher average than 4 weeks out of the 52, and thinks it sufficiently covered by omitting from the wage-computation all workmen above 60 years old, i.e. the non-effectives. If this were the real state of things, England would be a perfect Paradise for working men! If every man, woman, and child returned as a worker in the census had full employment, at full wages, for 48 weeks out of the 52, there would be no poverty at all. We should be in the Millennium! Far other is the real state of affairs; and a very different tale would be told by

scores and even hundreds of thousands, congregated in our large cities, and seeking in vain for sufficient work.

"I will take a good average instance (and a very large one) of the way in which wages are earned in the building trades. These trades form a whole, and include carpenters, bricklayers, masons, plasterers, painters, and plumbers, and number in England and Wales, about 387,000 men above 20 years of age. In London their full time wages average 36s. a week. In the country they are lower, 30s. to 28s. or 26s.; growing less the farther we go northward. The full-work average may be taken at 30s. But it is only the best men, working for the best masters, that are always sure of full time. These trades work on the hour system, introduced at the instance of the men themselves, but a system of great precariousness of employment. The large masters give regular wages to their good workmen, but the smaller masters, especially at the East End of London, engage a large proportion of their hands only for the job, and then at once pay them off. All masters, when work grows slack, immediately discharge the inferior hands, and the unsteady men, of whom there are but too many even among clever workmen, and do not take them on again till work revives. In bad times there are always a large number out of employment. In prosperity much time is lost by keeping Saint Monday, and by occasional strikes. There are also 40,000 men between 55 and 65 years of age, who, in the building trade, are considered as past hard work, and who suffer severely by want of employment....

"Let us turn to another great branch of industry, the Agricultural Labourers: whose numbers are, men, 650,000; boys, 190,000; women, 126,000; and girls, 36,000. Continuous employment has largely increased since the New Poor Law of 1834, and good farmers now employ their men regularly. But in many places such is not the custom. Near Broadstairs, in Kent, I was told that, on an average, labourers are only employed 40 weeks in the year.... Turn next to the cotton manufacture, including 143,000 men, 82,000 boys, 150,000 women, and 121,000 girls; altogether, 496,000. We all know their periodical distresses. It may be said that these were accidents. They are not mere accidents, but incidents, natural incidents, of our manufacturing economy. They are sure to recur under different forms; either from gluts, or strikes, or war; and they must be allowed for in computations of earnings.

"I come lastly to instances from trades at the East End of London, where I have lately had a great deal of experience. It is there that the struggle for existence is most intense, from London being the resort and refuge of the surplus population of other parts of the country. The London Dock Labourers earn, when on full time, 15s. a week; but so great is the competition that even in ordinary years they are employed little more than half their time. During the past year 5s. a week has been considered tolerably lucky....

"Cabinet-makers stand well in the lists of trades, their nominal wages for the Kingdom being set down at 30s. a week. But the cabinet-makers at the East End, a very numerous body, are in what is called the 'slop trade,' and are ground down by the dealers, who own what are called 'slaughter-houses,' in which they take advantage of the necessities of the small manufacturers (expressively called 'garret masters') and compel them to sell their upholstery at little above the cost of materials. Between dealers and want of work, I am told that numbers of the 'slop' cabinet-makers are not earning 7s. 6d. a week.

"None but those who have examined the facts can have any idea of the precariousness of employment in our large cities, and the large proportion of time out of work, and also, I am bound to add, the loss of time in many well paid trades from drinking habits. Taking all these facts into account, I come to the conclusion, that for loss of work from every cause, and for the non-effectives up to 65 years of age, who are included in the census, *we ought to deduct fully 20 per cent. from the nominal full time wages*.

"I will cite one more fact in confirmation. The average number of paupers at one time in receipt of relief in 1866 was 916,000, being less than for any of the four preceding years. The total number relieved during 1866 may, on the authority of a Return of 1857, be calculated at 3½ times that number, or 3,000,000.[64] All these may be considered as belonging to the 16,000,000 of the Manual Labour Classes, being as nearly as possible 20 per cent. on their numbers. But the actual cases of relief give a very imperfect idea of the loss of work and wages. A large proportion of the poor submit to great hardships, and are many weeks, and even months, out of work before they will apply to the Guardians. They exhaust their savings, they try to the utmost their trade unions or benefit societies; they pawn little by little all their furniture; and at last are driven to ask for

relief. I am not astonished at their reluctance, for what do they get? After waiting in a crowd and in the most humiliating publicity, they get an order for the stoneyard, with 6d. a day, and a loaf per week of bread for each of their family. Sometimes, rather than accept the relief, they die of starvation."

These words were written over forty years ago, but it would need little emendation to give them application to-day. The growing strenuousness of modern industry makes it more and not less difficult for the ageing to earn a living. The increased use of machinery and the greater division of labour have made experience of less value than of yore. The ageing man resorts to hair dye to conceal the honourable age which is to rob him of his livelihood. Baxter's remarks about the building trades are absolutely true of to-day, but they now apply not to 400,000 men, but to 1,000,000. "All masters, when work grows slack, immediately discharge the inferior hands.... In bad times there are always a large number out of employment." The position of agricultural labourers has improved, but chiefly because their rapidly decreasing numbers have placed a premium upon their services. Even so, in parts of the country removed from coal-mines, the most pitiable conditions prevail. Kettle broth is still part of the menu of the Wiltshire labourer.

In the East End of London the economic position of the dock and riverside labourers is much the same as Baxter described it, while in the furniture trade the "garret masters" are still with us. True—most honourably true—it is also that still the workers endure great hardships before they will apply to the Guardians. "They exhaust their savings, they try to the utmost their trade unions or benefit societies; they pawn little by little all their furniture; and at

last they are driven to ask for relief."

The Board of Trade, after a careful examination of the question of unemployment in 1904, arrived at the general conclusion that "The average level of employment during the past four years has been almost exactly the same as the average of the preceding forty years" (Cd. 2,337). The conditions of employment, the want of security of tenure, are very much what they were in 1867.

As for pauperism, it is difficult to congratulate ourselves upon improvement since 1867 when we remember that in England and Wales alone 1,500,000 to 2,000,000 persons are in receipt of relief in the course of a single year. This statement rests upon ascertained facts, as will be found by reference to the statistics given in our examination of the question of Old Age Pensions. The population of England and Wales being about 36,000,000 (1910) this means that *one person in every twenty* has recourse to the Poor Law Guardians during a single year.

If our national income had but increased at the same rate as our population since 1867 it would, in 1908, have amounted to but about £1,200,000,000. As we have seen, it is now about £1,840,000,000. Yet the Error of Distribution remains so great that while the total population in 1867 amounted to 30,000,000, we have to-day a nation of 30,000,000 poor people in our rich country, and many millions of these are living under conditions of degrading poverty. Of those above the line of primary poverty, millions are tied down by the conditions of their labour to live in surroundings which preclude the proper enjoyment of life or the rearing of healthy children. The comparatively high wages of London

are accompanied by rents high in proportion and frequently by waste of income and time upon travelling expenses. In so far as the manual labourers have been reduced in proportion to population it has been to swell the ranks of black-coated working men, clerks, agents, travellers, canvassers, and others, whose tenure of employment is precarious, whose earnings are very low, and whose labour as we have already noted is largely waste.

We have won through the horrors of the birth and establishment of the factory system at the cost of physical deterioration. We have purchased a great commerce at the price of crowding our population into the cities and of robbing millions of strength and beauty. We have given our people what we grimly call elementary education and robbed them of the elements of a natural life. All this has been done that a few of us may enjoy a superfluity of goods and services. Out of the travail of millions we have added to a landed gentry an aristocracy of wealth. These, striding over the bodies of the fallen, proclaim in accents of conviction the prosperity of their country.

There leaps to the mind the mordant lines in which Ruskin, thirty years ago, wrote a "modern version" of the Beatitudes[65]:—

Blessed are the Rich in Flesh, for theirs is the Kingdom of Earth.

Blessed are the Proud, in that they *have* inherited the Earth.

Blessed are the Merciless, for they shall obtain Money.

There is no whit of exaggeration in these lines. The passage of thirty years has but added to their sting. Thirty years of accumulation of the results of toil in

hands other than those of the toilers have had for consummation the accusing series of facts which are examined in the early chapters of this book. Deprivation for the many and luxury for the few have degraded our national life at both ends of the scale. At the one end, "thirteen millions on the verge of hunger," physically and morally deteriorated through poverty and unloveliness. At the other, the inheritors of the earth, "senseless conduits through which the strength and riches of their native land are poured into the cup of the fornication of its capital."

Blessed indeed are the Rich, for theirs is the governance of the realm, theirs is the Kingdom. Theirs is a power above the throne, for it has been a maxim of British politics that our government should be a poor government, and a poor government cannot contend in the direction of affairs with the imperium of wealth. This may be illustrated by our attempts to "educate" the mass of the people. For a few brief years the government, with small funds raised with timorous hands, does a little to form the mind and character of the child. Even in these early years it consents that the future proud citizen of Empire shall be improperly fed and badly housed. These early moments passed, the mockery of "education" ceases, and the child, taught by the State to read, to write, and to cipher, becomes a unit of industry. At this point begins the serious training of the citizen. Forthwith he is inducted into some more or less worthy employment, that employment, as we have seen, resulting from the great expenditure of the few and the poor expenditure of the many. Careers are thus chiefly shaped by the wealthy, for theirs is the greatest call. The demand for luxuries is too great; the demand for necessaries is too small; the unit of industry is fortunate, therefore, if he is

inducted into useful service. The State washes its hands of his development. The educational sham over, the real education of life begins. So far as the State calls for privates of industry it is chiefly to make them soldiers, sailors, makers of guns, builders of battleships. The development of all things useful, of railways, of canals, of roads, of cities, of houses, is resigned to the blind call for commodities and the intelligence of individuals who, in search of private gain, seek, without regard to the national well-being, to profit by that blind call.

Yet the manner in which its people are employed matters everything to a nation. It is not sufficient to give the child a smattering of knowledge. We need to take a collective interest in the general education of our citizens, and that education is the result of expenditure. The consumer gives the order. Given a fairly equable distribution of income, the call will be as to the greater part for worthy things, as to the smaller part for luxuries. Given a grossly unequal distribution, and the call for luxuries will be so great as to divert a considerable part of the national labour into channels of waste and degradation.

To keep a government poor is to keep it weak. The poor government may resolve to educate, but it will have no means to carry out its resolve; its teachers will be underpaid; its schools inefficient. The poor government may pass Housing Acts; it will but call for better houses that will not come when it does call for them. The poor government may piously resolve to create small holdings; there will be no means to carry out the pious resolve. The poor government may, at periodic intervals, look the question of Unemployment in the face; its legislation will but reflect its poverty, and be in its provisions an

acknowledgment that the power to employ, the power to govern, is in other hands.

Even those who have striven to hold fast the curious faith that civilization comes, not through collective service, but through individual strife, are constrained to admit that much waste is going on. It is noteworthy that Sir Robert Giffen, in one of his last essays on Taxation, said:[66]

"When the proportion (of income appropriated by the state) becomes one-tenth or less it is doubtful whether the state can do best for its subjects by making the proportion still lower, that is, by abandoning one tax after another, or whether equal or greater advantage would not be gained by using the revenue for wise purposes under the direction of the state, such as great works of sanitation, or water supply or public defence. In other words, when taxes are very moderate and the revenue appropriated by the state is a small part only of the aggregate of individual incomes, it seems possible that individuals in a rich country may waste individually resources which the state could apply to very profitable purposes. The state, for instance, could perhaps more usefully engage in some great works, such as establishing reservoirs of water for the use of town populations on a systematic plan, or making a tunnel under one of the channels between Ireland and Great Britain, or a sea-canal across Scotland between the Clyde and the Forth, or purchasing land from Irish landlords and transferring it to tenants, than allow money to fructify or not fructify, as the case may be, in the pockets of individuals. Probably there are no works more beneficial to a community in the long run than those like a tunnel between Ireland and Great Britain, which open an entirely new means of

communication of strategical as well as commercial value, but are not likely to pay the individual *entrepreneur* within a short period of time."

Here we have a reflection of the uneasy feeling that all is not well in the disposition of the income of the community. Very true it is that "individuals in a rich country may waste individually resources which the State could apply to very profitable purposes." Even were the means by which "Captain Roland fills his purse" moral, we should need to look to Captain Roland's expenditure. The effects of the robbery do not end with the impoverishment of the despoiled. The despoiler proceeds to spend the contents of his fat purse, and in spending he buys bodies and souls, and builds up vested interests in degrading occupations.

In the foregoing pages I have pointed both to mere palliatives of existing evils and to real remedies which go to the root of things. Our attempts to reform, our strivings towards organization, must in practice have regard both to palliatives and to remedies. We have to keep in mind both the impoverished and sometimes degraded creatures which are effects of past and existing causes, while dealing drastically and radically with the causes themselves. At present the greater part of the labours of social reformers are directed to dealing with a succession of distressful effects. Here are slums; how shall we rehouse their inmates? Here are paupers; what shall we do with them? Here are unemployed; how shall we keep them going until they find employers? Here are aged poor; can we, should we, give them pensions? We owe a present duty in all these and many other matters. The effects must be dealt with and ameliorated. It is beyond question

that there is a clear call to succour the aged, to care for the weak, to aid poor women in their time of trouble. The sufferer, the affected individual, the disease, must be dealt with. But ever we must keep before us the causes which bring into being the raw material of our social problems; ever we must have clear vision of the crime of poverty in a wealthy country; ever we must seek to come to grips with the original sin.

To deal with causes we must strike at the Error of Distribution by gradually substituting public ownership for private ownership of the means of production. In no other way can we secure for each worker in the hive the full reward of his labour. So long as between the worker and his just wage stands the private landlord and the private capitalist, so long will poverty remain, and not poverty alone, but the moral degradations which inevitably arise from the devotion of labour to the service of waste. So long as the masses of the people are denied the fruit of their own labour, so long will our civilization be a false veneer, and our every noble thoroughfare be flanked by purlieus of shame.

There is already a beginning made. A few hundred millions have been applied as public capital in the ownership by many municipalities of such services as tramways, gasworks, and waterworks. As we saw in our examination of the national wealth, such capital is yet but a tiny fraction of the whole, and it still bears a great mortgage and pays interest to private hands. That interest, in process of time, will disappear through the operation of sinking funds, and then, as to certain services, the community will enter into its own with no tribute to pay to private usurers. From the small beginnings made we must

seek to advance, nor need we be deterred by those who implore us to hasten slowly. If Rome was not built in a day, Washington was built in not many days, and the factory system itself is little more than a century old. The lapse of a single generation might see well advanced the building of our new city.

It would be a great pity if anyone were to imagine that the changes necessary to secure the just reward of all forms of labour are either difficult to effect or likely to cause dislocation in the making. As has been pointed out, the greater number of our industrial concerns are already shaped in the form of limited liability companies, the shareholders in which are dumb, while the management is in the hands of paid officials. In 1902-3, while private firms were assessed to Income Tax on £193,000,000, public companies were assessed on £239,000,000. In 1907-8 the respective figures were £183,000,000 and £259,000,000. The re-shaping proceeds apace. The reform which needs to be effected is to substitute the community at large for the dumb shareholders. Management, ability, invention, would be properly rewarded, as they are now rewarded in some cases, and as they are not now rewarded in many cases. The only change would be the gradual substitution of the community for the shareholders, and the consequent disappearance of unearned incomes. Such portions of the product as were necessary for application as new capital would be so applied by the community. For the rest, the whole of the product would go to labour. Saving, the necessary saving, without which labour would go without tools, would be simply and automatically effected, and capital would take its true and rightful place as the handmaiden of labour.

Let us not go further without a vision and a hope. That vision, that hope, is not of a regimented society, but of a community relieved from nine-tenths of its present irksome routine and carking care. If the individual is to be set free it can only be in a society so organized as to reduce the labour employed in the production of common necessaries to a minimum. That minimum cannot be secured without the organization of each of the great branches of production and distribution. Common needs can be satisfied with little labour if labour be properly applied. The work of a few will feed a hundred or supply exquisite cloth for the clothing of fifty. The work for a few hours per day of every adult member of the community will be ample to supply every comfort in each season to all. Thus set free, the lives of men will turn to the uplifting, individual work which is the pride of the craftsman. The dwellings of men will contain not only the socialized products within common reach, but the proud individual achievements of their inmates. The simple and beautiful clothing of the community will chiefly be made of fabrics woven in the socialized factories, but it will often be worked by the loving hands of women. A happy union of labour economized in routine work and labour lavished upon individual work will uplift the crafts of the future and the character of those who follow them. The abominations of machine-made ornament will disappear, and art be wedded to everyday life. Each new invention to save labour in mining, or tilling, or building, or spinning, will be hailed with joy as a release from toil and a gift of more time in which to do individual work. The inventor, the originator, now unhappily compelled to hunt for a capitalist and bow low his genius before some individual

distinguished only for that gift of acquisitiveness, that business ability, which is the lowest attribute of mankind, will see his idea put to the test and reap not unholy gains, but the honour of his fellows if it is not found wanting. The painter, no longer compelled to paint the portraits of the rich and not necessarily beautiful, will ally his gifts with the common life of men and be carried in triumph before the enduring monuments of his genius. The organizer, the man of arrangement, will be invited to exercise his talent, not in over-reaching and despoiling his fellows, but in planning their welfare in a thousand new schemes of development. No host of wasteful workers will be found in the industrial camp. Accounts will be simple and clerks few. No travellers, agents or touts will be needed to push doubtful commodities. The sham and the substitute will be found only in museums. It will be obviously ridiculous to employ any but good materials, for labour can only be economized by producing the things which are the best of their kind. Policies of insurance, those typical documents of a community of prey, will be read in the public archives with much the same feelings as we now read a warrant for the burning of a Bruno. The young men who now waste their time in ruling up books in banks and insurance offices or in serving writs will find manly and useful work. The production of commodities will be commensurate with the labour put forth, unemployment will be one of the few crimes known to the statute-book, and last, but not least, the economic dependence of woman will cease.

The attainment of such ends will only be difficult as long as we refuse to apply scientific methods to the ordering of common affairs. It is in the domain of politics alone that men refuse to apply first principles to the solution of problems. The mental daring which

has accomplished so much in engineering, in astronomy, in surgery, in every department of science, is replaced in the sphere of politics by a timorous tinkering with admitted evils. With things the scientist has worked marvels in a single century. With those marvels the politician has done little. The scientist has applied his skill to locomotion; the politician has refused to avail himself of that skill in order to distribute the population healthily. The scientist has stated the conditions of health; the politician has refused to create those conditions. The scientist has supplied the tools; the politician has neglected to take them up.

The problem of riches and poverty is of the simplest. It presents none of the difficulties which attach to the measurement of the mass of the sun, or the treatment of such a disease as cancer. Science has presented us with such instruments that we can easily create a tremendous superfluity of commodities if we choose to do so. We know how to produce; we know how to transport the results of our production. The appliances at our command, wielded by the labour of 44,000,000 people, could furnish many more foot-tons of work than are needed to give proper housing, suitable clothing and good food to every unit of the community. There is here no impenetrable secret; we have read enough in the book of Nature to control her forces to effect; our power of production is not too small, but already greater than our need. As I have pointed out in an earlier page, if invention went no further if science now came to a standstill, we should have tools more than adequate to abolish poverty.

Unfortunately the politicians and the economists have never discussed the question of poverty from

this point of view. They have found men buying and selling, and as buyers and sellers hunting for profits they have discussed them. Volumes have been written on such subjects as "rent," "interest," or "value," but nothing has been done to inquire how much work is needed to feed, clothe and house a community, and how best that work may be accomplished. In designing an engine, the man of science considers the work to be done and the known means to do it. Is it too much to ask that in ordering the affairs of a nation, statesmen should consider the quantity of commodities needed to give material happiness and the known means to produce and distribute them? To make the best use of our energies, to profit fully by the discoveries and inventions of the living and the dead, we must come to a common agreement as to the work which needs to be done and determine that that work shall be accomplished. For want of that agreement and determination, for want, that is, of a wise collectivism, the greater number of our people are poor.

It is probable that the earliest readers of this book will be of those who, like myself, are amongst the favoured few whose work brings them pleasure and the means of happiness. To these the first appeal. Is it a good thing, is it an honourable thing, to be one of the few whose bark is borne upon the waters of wretchedness, whose fortunes float upon a sea of unfathomable depths of despair? Look downwards and you shall see monsters that once were human, frailties that once were women, devils that once were children. These are the product of the individual strife in which it is not always the noblest thing to succeed, but in which it is ever a terrible thing to fail. Is success worth having which is purchased at

such a price?

The last appeal shall be to the poor. It is no escape from labour which the thinking man offers the people. There are no honourable avenues to ease and luxury in the organization which would abolish poverty. It is a world of service which a civilization would substitute for a world of serfdom and pain. But if, realizing that the world has no room for the idle, the people would rise to a freedom only bounded by the knowledge of, and necessity for, collective decision, then there is the broadest avenue for hope and the clearest call to action. The achievements of those who are gone, these are the inheritance of the people. The only true riches of the nation, men and women, these are the people themselves. The people have but to will it, and we set our faces towards a civilization.

[62] "Deaths from Starvation or Accelerated by Privation (London)." Issued Sept. 14th, 1904.

[63] Quoted from Dudley Baxter's "The National Income," by kind permission of the publishers, Messrs Macmillan & Co.

[64] In saying this Dudley Baxter committed one of the few errors which can properly be laid to his charge. See Chapter 19.

[65] "Usury," a preface re-published in "On the Old Road."

[66] "Encyclopædia Britannica," Volume 33, page 200.

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