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A TEXT-BOOK ON NATIONAL ECONOMY

A TEXT-BOOK
ON
NATIONAL ECONOMY
FOR USE IN SCHOOLS

BY
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PREFACE.

AN effectively studied science—medicine, navigation, music, engineering—seems generally to turn out two classes of useful persons: a limited number capable of making further discovery in the principles of the science, and a greater number capable of action. On the whole, unfortunately, it can be said of National Economy that although its teaching has produced its fair share of the former class and much principle has thus been established, it has never been so systematically taught in places of education as to produce a due number of the latter. In other words, while thought has revealed things to be done and the right principles of action in connexion with such issues as Housing, Health, Wages, Security, Control, Credit, Regularised Demand, Taxation have been established by Royal Commissions, books and even common talk, of the resulting action, which depends upon the work of numbers, there has been less than is needed. No doubt this failure is partly due to the difference of the action needed, viz., action in combination for the establishment of organisation, from that required from an effective student of other sciences, and to the further fact that such combined action may often be to individual disadvantage. But to my judgment—that of a member of the second class, rather than the first—it appears to be also due to the omission in ordinary education to secure that the majority

shall at any rate have the necessary knowledge. I have therefore attempted to collect within a small space the main established truths, which still need, for their embodiment in organisation, the combined activity of many persons.

Again, the science is made difficult of systematic study (and may even by some be thought unworthy of the name of science) through the changing nature of its content. And yet the more successfully it is studied, the more it changes. This is indeed obvious, when it is realised that its aim is so to understand human nature and so to extend that understanding as to enable the building of organisation so perfect as to need no further attention save that of implied approbation. Whether in 1700, 1800, or 1900, if the science is to live, it must emphasise some aspect of human nature previously ignored yet of great and compelling importance, and must point to organisation requiring establishment. If it is to claim successful result, it must lead to that organisation being established. And then it must alter again, and find afresh some important neglected principle for emphasis and some new plan or freedom to herald and to make acceptable. Naturally, too, as the science varies with changing time, so it is different for each country.

It is difficult to estimate what is the minimum of original reflection necessary to an effective study of the subject and how much time must elapse before one succeeds in combining generous outlook with useful aims. Of course, the distinction already drawn between the two classes of students does not mean that anyone can dispense with frequent appeal to first-hand experience; some original thought is essential even to spirited appreciation. On the other hand, mere knowledge

of current proposals is worth at least something, and there is, in addition to those who refrain from action until they have understanding of every conceivable development, a place too for those who are prepared for risks, so long as the immediate plan is approved by informed common sense. Where action is needed, to have no plan at all is generally worse than to be guilty of ignoring certain points of view. Further, it is fortunately possible for criticism of effects to accompany appreciation of persons ; but if judgment is to be a worthy basis of organisation, there cannot be avoided—subject to appreciation—some mental comparison and even criticism. The following uses of this text-book are, in view of these considerations, suggested. Firstly, a chapter may be carefully analysed, that the reader may be certain that he has understood it. Secondly, some specific deficiency or organisation, here stated or advocated only in a general way, may be rewritten by the reader with all the detail of circumstance, individuality, concreteness, humanity—whether from history, present time, or imagination—of which he is capable. Thirdly, the argument of some chapter may be rewritten by the reader from some modifying point of view, which he already understands ; or his own existing point of view may be rewritten in deference to considerations here raised of which he was previously ignorant. Fourthly, beliefs about human nature permeating the book as a whole may be discovered, criticised, developed, or modified by the drawing of some distinction.

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PART I.
ECONOMIC ORGANISATION.

NATIONAL ECONOMY.



CHAPTER I.

SERVICE AND OBSTRUCTION.

The special service rendered by most rich men.—The power of toll exercised by others.—The essential evil not monopoly, but obstructive monopoly.—The justification of Government interference in case of obstruction.—Reconstruction and compensation the expression of total fairness.—Incorporation of service.—Principles of compensation in money.—The borderland between criminality and entitlement to compensation.

THE public respect for rich men is, of course, in general rightly founded. By invention, thought, organisation or energy they have made available for other human beings things previously out of their reach. A hundred years ago inventors and organisers between them made clothing cheaper in England, and thus made all purchasers of clothing practically richer, with more to spend on food, amusement, the means of health or education. Or the planners of the Canadian Pacific Railway have opened out the means of abundant life to the present prosperous dwellers of Western Canada, and made, too, her products available for the Old World. Similarly it was because their daring and hardihood made available in Europe things previously unknown—quinine, potatoes, tobacco, turkeys—that the Elizabethan seamen became rich. And the same principle clearly underlies the pay of doctor, administrator, or a middleman who brings fish, for

instance, from the quayside to the consumer. In each case—and many more, definite and concrete, can the reader supply for himself—something has been rendered available, which without the services of certain men might have been unobtained.

On the other hand, some others have, under modern organisation, opportunities for riches—not by rendering a service, not by supplying a need otherwise unfulfilled, but by the possession of a strong tactical stronghold, however secured, whereby they can prevent abundant life and take toll of whatever means of life they vouchsafe. A fish-buyer or a ring of fish-buyers can under certain circumstances pay local fishermen so little as to keep them poverty-stricken, while charging consumers a high price. There was at one time said to be a danger in the United States of America that wholesale buyers of beef, through skilful combination and resistance to competition, were not only sending up the price of meat, but paying farmers so low a price as to threaten to eliminate that characteristic element from the nation's existence. Owners of certain land have it clearly in their power virtually to prevent schemes of reconstruction. People with exclusive knowledge or power have a temptation to exploit the ignorant—to extract work from natives for illusory payment; to lend money to those in need at exorbitant rates of interest; to sell to the ignorant, on terms of fictitious advantage, what they do not really want; to keep the entry to some profession so difficult, that its actual members are indispensable, even though their service degenerates.

It is important to discover at once what exactly is here at fault. Perhaps on first consideration, since clearly limitation in the article concerned is nearly always a condition of such toll, it will seem to be monopoly. And many attacks are made on the very idea of monopoly. In answer to these, however, it is not difficult to show : that much monopoly is clearly desirable, *e.g.*, a charter granted

to a trading company which has done dangerous and expensive pioneer work, or copyright granted to any author or musician ; that the securing of a position, whence one will be free from incessant competition, is obviously compatible with honourable business and service ; and that one attacking argument in particular, viz., that monopolistic wealth is partly built up by the public who buy and transport and advertise, thus adding " unearned " increment to a man's own exertions, is true of all creation of wealth. But if the guilt does not lie with monopoly in its very nature—as it clearly does not—it will be found to lie with all monopoly which obstructs. It is obstruction of a better thing which is the essential vice in undesirable toll, and the possibility of this has already been recognised by law when it affixes a period of time to charters and copyrights. In individual cases of exchange and bargain toll may be said to have occurred where one party—of ordinary intelligence and generosity—feels that, though he can picture clearly a satisfactory exchange, what he is actually offered is but a choice between evils.

It is in such a case, where the improvement is visible to the imagination, yet the passage to it is blocked, that many are increasingly advocating the interference of Government. Where monopoly is not inevitable, many, particularly they who feel keenly alleged weaknesses of all Government management, advocate just that amount of interference as may re-establish competition. But with the fairness of the principle of interference few disagree. For underlying legal respect for private property is the conviction that the total legalised arrangements for preserving that property are fair. And the same understanding which recognises obedience to law recognises too the need for altering particular laws which in development conflict with the human sense of fairness.

But, equally clearly, compulsory reorganisation by a

Government in defiance of obstructive private claims will not be fair, unless there is also compensation of the individuals, whose encouraged services or legalised properties have been changed into undesirable control and obstruction by circumstances more or less unexpected. Compensation is equally fair with and complementary to Government acquisition. Whether it be a private railway, failing in various ways from its very privateness, or schools of some voluntary association which have been unable to cover the ground or reach a rising standard, or estate ownership which stands in the way of some necessary dock reconstruction, or in the many other instances which come to the mind, compensation is due from the law in fairness, because in the past the law has at least recognised and would have been prepared to uphold these activities and possessions.

As regards the manner of compensation, however, there has up to the present been little consideration of any but expensive and often prohibitive disbursement of money. But there is every hope that as the conception of service, of service claims, and of recognition of service develops, it will become more frequent to offer to those displaced honourable and effective incorporation in the new organisation, as is not only cheapest but most fundamentally fair. For although for usual purposes it is customary and sufficient to identify legal recognition of activity and of possession—as was done in the preceding paragraph—fundamentally possession is only recognised in virtue of some activity, and in the circumstances here under consideration the distinction between the two needs emphasis. Even ownership of land, for instance, will be found in the eyes of common sense to have claim to recognition rather for the work rendered throughout generations by landowning families in the underpaid national services, particularly the Army, than on account of instinctive respect for some abstract and unconditional sanctity of property. And, given imaginative and

chivalrous interpretation, such a method of compensation promises much both to progressive organisation and to development, in turn, of the service attitude.

Where incorporation in service is for any reason out of the question, there must, of course, be money compensation. Its principles also have not yet been properly thought out, according to fairness and in repudiation of control. But the following would find general agreement. Firstly, as has just been argued, those who can show that their receipts, even if disastrous in some directions, have been used for service, have quite a special claim on consideration ; landlords, whose families have for generations done valuable and varied work in their district, trusts which have used receipts for educational purposes, are in a different position from disastrous holders of land, who have given no responsible service to correspond. Secondly, genuine sentiment, genuine and intelligible ignorance, genuine old-fashionedness of idea are all worthy of more considerate treatment than the cunning which reaps all that is possible from the backwardness of the law or of public action, perfectly aware of progressiveness, leaping lightly from stage to stage ; the genuine love for a family estate, shares of inflated value bought by one of the public, for whom under existing conditions both of investment and of sociological knowledge ignorance can be argued pardonable, the failure of an uneducated man or woman to realise that provision of cramping houses really is an obstruction, are all entitled to more consideration than are possession of slum property by those in touch with knowledge, ideas, and the unrealised intentions of existing laws, or the speculation in shares or land of those who are in touch with the many causes of the rise and fall in value. Thirdly, even where there is in principle no case for compensation at all, the fact that people will starve or be really degraded through the dislocation caused by a public reorganisation should in the interests of administrative ease be regarded as

creating a special claim ; thus, where there is fear of bringing ruin on widows and orphans and the helpless, these may well be made a special case, no inference to others in a similar yet less urgent condition being admitted.

For there comes a point when a new law, so far from offering compensation to those whose livelihood it removes, asserts that their activities have been found to result in such disaster that continuance in them will be regarded as criminal. Within comparatively recent years the law has changed its attitude to many private activities. Instead, for instance, of forcibly collecting debts due to certain moneylenders, fraudulent sellers and betting agents, it now regards their activities as in various degrees criminal. Standards rise in the purity of milk, the treatment of animals, the sanitation of houses, the arrangements and the frequency of certain types of drinking-house. And although no one would dream of making legislation retrospective, and although fairness demands that the new standards shall be so framed that existing concerns can adapt themselves if they have the will, yet it would be equally absurd, in view of the fact that the new standard represents a gradual crystallisation of informed public opinion, to compensate for what the law proclaims to be deleterious. There is thus a borderland of activity, not criminal, yet not entitled to compensation, when overtaken by reorganisation in the general interest.

CHAPTER II.

THE ECONOMIC CIRCLE—SECURITY AND INSECURITY.

Insecurity destructive of life : modern in its extent.—Antagonism between security and progress : not self-adjusting.—Possibility of ultimate reconciliation and of fearlessness towards the dislocation which accompanies progress.—Preliminary work of clearing aside unprogressive disintegrations.—Possibility of invigorating struggle even under security, and the absence of real invigoration in much modern competition.—The results claimed for Economic Protection.—The disadvantages urged against Economic Protection.—The intention, difficulties, and dangers of limiting entry into professions.—Compulsory interaction of certain professions, and Labour Exchanges.—Changes of attitude involved in compulsory interaction.—Regularisation of existing demand.—Organisation of the work of the crippled.—Adjustment and dissipation of the excess of workers in any trade or locality.

THE other extreme to economic control is economic insecurity ; and, reviewing concrete cases of human misery and inefficiency, one feels certain that insecurity is, for most natures, destructive of life. Without some sense of security and the possibility of foresight, which it brings, man seems unable to settle down to any real interest in life—whether it be work, friends, duties, hobbies. And whereas it is the lot of all humanity to be insecure as against the big changes and chances of life, and such limit to human wisdom imparts a bigness and an inspiration, the haunting fear that just because one has had no power to arrive at sensible arrangements with one's fellows one may be dislocated from one's work and may find one's services unrequired—the haunting fear of uncontrollable self-accelerating economic pressure—is but numbing. Although in practice the same people are

often found to suffer from both, there is no necessary connexion between insecurity and low wages ; and it is perhaps not realised that features of nineteenth-century life, which have caused such a rise in wealth and wages, have caused, too, an increase not of security, but of insecurity. In the past ages, the two bulwarks of security have been—given freedom from ravishing wars and diseases—firstly, the conservative outlook and personal loyalty of customers ; secondly, the distance between place and place, which kept away all but exceptionally enterprising rivals. In the changes wrought by the innovations of the “Industrial Revolution,” both in man’s outlook and in material means, both bulwarks have tended to tumble down. Readiness for the new on the part of the customer, together with the concentration of a workman’s energies on one part only of a finished article, has destroyed the old personal bond, while, in a commercial sense, (tariffs or no tariffs), distances have largely ceased to exist ; any village is liable to a flood of goods from any part of the world, and this is the object of the whole machinery of advertisements and commercial travelling.

It is, however, probably occurring to the reader, even if he has not thought about the matter before, that to advocate security may be to advocate a form of control, and of obstruction to the creation and distribution of abundant wealth. And it is important at an early stage of economic study to grasp this ever-recurring antagonism between the need to humanity of security and the obvious rightness of removing all obstruction from resourceful and full creation of wealth. Thus, in the name of security have been resisted economic conversion of cornland into pasture, use of machinery, whereby a man’s skill is rendered more effective and articles are cheapened for all, and all supplanting of out-worn method by new. In the future, too, conceivable developments of oil fuel may be resisted by those interested in coal, while the long-expected inven-

tions in methods of house-building would dislocate thousands. And indeed so severe may the reactions of dislocation be, that not only would general human sympathy be against the change, but even the total national product in work may be decreased by the dislocating improvement. It seems, then, that from one aspect progress spells hope ; from another, on account of this antagonism, it presents mankind with a choice between two evils. Nor is the antagonism self-adjusting. The belief of a certain school of economic thought that, except in the case of certain valueless incompetents, readaptation could be left to right itself, is proved in case after case to be unjustified. Man, particularly married man, is not mobile ; even a good workman may have local ties and not be completely adaptable ; nor is knowledge of the world's markets broad or certain enough for even experts to trust, let alone the normal dislocated man or woman. There is not always at hand some predominantly prosperous land or industry, inviting entry and assuring success. It is only favoured lands and favoured times which are in "boom." How real the antagonism is will be felt in the discussion of almost every proposal for betterment mentioned in this text-book—and in life.

And yet there is possibility of reconciliation. The very number of current proposals dealt with in this section, aiming at security, yet repudiating the suggestion that they are obstructive to the progressive creation of wealth, bear witness to the possibility. In imagination, indeed, one can easily picture the time when organisation, trustworthy information, increased adaptability, and an atmosphere of mobility, born of confidence in its results, will have effected the means of that automatic readaptation, believed by some to be achievable by dislocated individuals unaided. Obviously, too, the economic circle is elastic ; not only from dislocation, but from youth it is always receiving members, who, so far from necessarily

excluding one another, if arriving in right proportions, join hands with one another and are ready to include anyone who runs up at the right point. It is, to repeat, emphatically possible to picture and one day to realise organisation together with the mental attitude, which can be born of and react upon good organisation, which shall enable all, even cripples, to be, except temporarily on some dislocating improvement, always firmly placed in the economic ring. It is a question of the division of labour in due proportion.

It will be noticed, however, that most current proposals devote less attention to this machinery necessary to ultimate perfection than to a preliminary clearing away of a mass of confused wreckage, which obscures the real antagonism and has made it both seem worse than it is bound to be and act more painfully than is necessary. For the fact is that in the name of improvement tendencies have for a hundred years been allowed or even encouraged to operate, which have recently been found to be no improvement at all and even incapable of offering improvement, rather to be merely pernicious disintegrations. In our admiration for certain undeniably valuable effects of competition we have encouraged men and women to devote their energies, not to good work, but to the anxieties and pettinesses inherent in competition between those, none of whom have anything outstanding to offer; and we have not forbidden trades to keep numberless people at the demoralising edge of industry. In our admiration for cheapness it has been considered no disgrace for trades to offer such wages and conditions—implied to be impossible by the theory that things “only get cheaper and cheaper till they reach the cost of production”—that humanity loses its cheerfulness and work becomes so bad that often the cheapness is found to be dearness. In our admiration for freedom whole trades have been allowed—street-selling, for instance—which provide a stream of degraded and shift-

less persons (if having among them occasional heroic virtues) always at hand to complicate dislocation and to hamper the recovery of those made insecure by genuine improvements in important production of wealth. And it is the clearing and fencing from the decks of these disintegrating and unprofitable forces, and the substitution of a normal state of secure and effective, if disciplined, work for all, which seems the special work of this generation, that the next may add the structure required for harmonising security with really welcome changes.

One further point of view must be examined before particular plans of organisation are considered. There is clearly truth in the contention that organisation—particularly that for effecting security—is in danger of removing the necessity and even the chance of the struggling effort and the personal activity, which common observation shows to be of importance in life, and which Darwin and other founders of the doctrine of Evolution have emphasised as the condition of progress and even of survival. And no doubt, compared with primitive conditions, it is probable that certain modern ones, both those overwhelming us and those we set up as bulwarks against the overwhelming flood, are in danger of paralysing habits, outlook, enjoyments, which most people believe to be natural in the sense of vital to active human life. All organisation must be carefully watched that it allows as much play to personality as may be; all division of function must be so palpable to those concerned as to appeal to their positive co-operation. All modern sub-division of work, which of necessity denies play to individuality, needs counterbalance by conditions of housing, space, leisure, living, capacity for hobby and interest, such as will enable all to live their own lives when the daily task is done. It seems, however, a false application of the evolutionary doctrine to take the total absence and presence of organisation at any one moment, as is sometimes done, and to hold that these

particular competitive conditions must, as "natural," promote personality, when it is transparent to common sense that they crush it at work and give no scope to it in life. It seems false to hold that because in the past the line of firm natural progress has been marked by the corpses of individuals failing by the wayside, such particular type of failure is necessary, or that the freshness of some persons need be accompanied by the paralysis of others, when common sense can point daily to those who have survived and been strengthened by struggle, not with other people, but with habits, points of view, negativeness, weakness. It is unconvincing to use the expression "natural" of a phenomenon which has shown so great changes through the ages as has human nature; while, if that expression is meant to imply that "what always has been must always be," it can at least be argued that as struggle seems to have been essential to survival, so has co-operation to successful struggle.

Of all proposals for organising security to a producer the one most publicly advocated in England in recent years has been Economic Protection—the instituting of such an import tax on foreign articles, that they only compete at a serious disadvantage with home products. Most European countries have a system of Protection, as also have British colonies and, though theirs has recently been greatly modified, the United States of America. In 1902 Mr. Chamberlain, the Colonial Minister of the time, proposed such a system for Britain. The unit round which the import tax fence was to be drawn was the British Empire, and while one of the main objects of his proposal was the effect on Empire life of increased Empire trade, the security of working life for rich and poor was another important result claimed. The proposal, affecting the heart of a nation's commercial life, whether for good or ill, split up a political party to some extent, caused general elections, and had the merit of turning men's minds to the workaday world as the foundation of

national greatness—an effect of the utmost value, coming, as it did, at the same time as the searchings of heart caused by the Boer War. But no protective organisation (or tax on imports, other than those already existing for the raising of revenue) ensued, as, especially from the point of view of security, it seemed to most men that the advantages in certain directions would be over-balanced by disadvantages in others. Most men are agreed that there is much to be said for Protection both for any country at any time and for the British Empire at the present time. Cheap foreign goods—possibly the surplus of some stock, which must for some reason be sold off even below cost price, possibly the result of sweated labour not permitted at home, possibly the result of natural resources, skill or industry greater than those at home—would be by Protection prevented, to the extent of the import tax, from invading the home market, and there would thus be left a free field to the dearer home product. It was persistently added—particularly as regards the colonies—that such dearness need not be permanent; and it is undoubtedly a conceivable effect of Protection (it is claimed as the experience of Germany) that such dearness need only be temporary, where it allows a young inexperienced industry, liable under free competition to be under-sold and stifled at the start, to find its feet and learn those secrets of economical production which years of experience can alone teach; the newly opened wheatfields of Canada and the new mechanical industries of all the colonies were held to be—for a time only—unable, without aid, to compete with the full-grown and experienced methods of production and transport of the United States, and the aid of Imperial Protection was held to promise greater effect than the protection which each single colony has already set up. It seems, further, incontestable that for countries with permanent disadvantage of resources or permanent deficiencies of talent even a permanent Protection is necessary, unless

they are ready for incessant under-selling, and ultimately inability to buy. And even under Protection, internal competition still operates against excessive dearness of prices.

It cannot, on the other hand, be denied, that the very object of Protection is to keep prices high—temporarily, where the battle is against a foreign rival who has deliberately lowered them to capture a market, in order subsequently to raise them higher than ever; even permanently, where the foreign rival has better resources or where the directing Government is not intelligent and elastic enough to remove the tax directly it has done its educating work; and it would require a very intelligent Government so to adjust a tax that foreign goods would be kept from actually entering a country, while exercising a sufficiently competitive influence to prevent a rise in home prices. And it is further maintained by believers in Free Trade that even a temporary increase in price, even a temporary inability of a price to be lowered, might mean in the heightened price of food, raw material, and machinery (for all producers must first be buyers) difference enough to create more hardship and dislocation in some quarters than was prevented in others. Not only would a rise in certain prices make certain fixed wages insufficient, where they have been sufficient, but so intertwined is one modern British industry with another, and all of them with the world's industries, that a heightening of any one price might diminish certain profits, upset calculations in many quarters, and generally make enough difference to handicap British goods, especially those not directly protected, against foreign competition, abroad if not at home. It might be that security at home would lead to enterprising and cheapening methods abroad; but it might also be that dearness at home might lead to paralysis abroad. In the colonies too, while starting industries would derive stimulus from a secure market, established ones might find many necessary elements in their pro-

duction made artificially dear. Even now under Protection in Canada, for instance, it is inevitable that there is some commercial antagonism between East and West ; each is apt to be in some sense forced to buy from the other what it might prefer to buy elsewhere. Free Traders then argue that dislocation can be met by less two-edged weapons than that of Protection, that it would be safer to work abroad for international ideals of production, in order to eliminate the particular danger of sweated imports, while meeting foreign competition by greater skill, health and cheerfulness in industry and by better and cheaper internal transport. And, if the Free Traders are right, there may soon among grown and gifted nations, as in the United States of America, be a reaction in favour of reduced import taxes, Protection being reserved less for meeting the useful competition of all foreign countries than for discriminating against the sweated competition of some.

Internal competition can, however, to the individuals concerned, be as disastrous to security as foreign imports ; and it is a commonplace of civilised economic life that professions take steps to limit the number of entrants in the interests of those already at work. The method of this limitation varies. In much Government work, as well as in large established private firms, appointment is for life and there is no such thing, except under particular circumstances, as anxiety of competition. Doctors, lawyers, accountants, again, have such forms of qualification and of beginning work as, under present conditions of education and perhaps in the nature of things, limits entry roughly to the number for whom work is available. Such qualifications for entry had the same effect, too, in all skilled crafts previous to the Industrial Revolution of the nineteenth century. And, since those old tests and safeguards have disappeared (partly from the desire of workmen to throw over bonds which were found under the new conditions of work to be merely

hampering, partly because, with the introduction of machinery, the old tests of workmanship ceased to apply), the necessary limitation has been achieved by Trade Unions—partly by actual insistence on limitation of apprentices and on the employment of each individual over long periods; chiefly by insistence on a minimum wage, which has checked the fierce lowering of competition of the early nineteenth century, and, whether its authors intended this or no, excluded many of those who were unfit for that wage, to their detriment, but to the increased security of the remainder. There are, however, many professions and sections of professions where entry is still unlimited and spasmodic. The work of trade unions has been difficult enough even where it has ultimately succeeded. Dating from a period of class mistrust and misunderstanding, discouraged by employers from the start (partly on account of their supposed antagonism to sound economics, partly for being revolutionary), resentful in return of the principle of discipline and unwilling to exact a standard from their members, viewed by employers for that reason with renewed mistrust, it is only recently that trade unions have received complete understanding from employers. But where it has been necessary, in order to form a union, to convince those unable to attend a large inspiring meeting—those, often, too driven, anxious, underfed, to take long views and to see the value of combination—the task has often proved impossible; and amongst agricultural labourers, women workers, casual workers, home workers, organisation is less embracing or even non-existent. Before leaving the subject it is important to notice the dangers of limitation of entry. Under unpatriotic and unconscientious leadership a profession which has been permitted to make its particular members indispensable can obtain a dangerous control and insist on unjustifiably high wages; without any such deliberate piracy as this its work can steadily degenerate. There

must be some truth (though it is probably exaggerated and there are extenuating circumstances, such as the fact that a unionist expelled is a potential "blackleg") in the allegation that trade unionism has sometimes neglected the efficient standard of work which naturally accompanies a fair wage and security. Secured Government workers have also been accused of dawdling. And, though the answer may be that an insecure man also, who feels that any job may be the last for him for some time, will tend to spin it out, the truth remains that limitation has its dangers.

But with whatever good-will both employers and work-people attack the problem ; whatever is hoped from the use of expensive machinery, to avoid disuse of which an employer will do his utmost to employ regularly ; whatever is hoped from partial abolition of home work, the irregular employment of which, involving no expensive disuse of machinery in which money has been invested and no rent expenses for unused premises, can be abundantly abused by the more unimaginative or driven employer, there remain facts which lie deeper still. Trade as a whole has ups and downs ; much work is seasonal—busy one month, idle the next ; much work comes unexpectedly from hour to hour : small employers in particular have ups and downs. And such considerations insistently demand that the unit of employment be not one employer, but many, and not one profession, but many. Whatever is done by the foresight and patriotism of particular employers, dock authorities will always be faced by the irregularity of ships' visits ; building contractors by the winter season and by sudden demands ; shipowners (except owners of liners) by the seasonal appearance of bulky freights ; tailors by the demands of a new fashion. It has been to enlarge the unit of employment for those engaged in such work, who through its very simplicity are unable to establish an individual position, that civilised Governments have instituted

labour exchanges to supersede or assist previous inadequate agencies for linking employer and work-people. The ideal will, however, never be reached—whether from the point of view of individual *morale* and happiness or of national economy—until the hop-picker, the strawberry-picker, the snow-sweeper, the Post Office Christmas hand, and other functionaries are all one man—the possessor of a varied, cheerful life in the place of that now often led by the items of that combination, one grey, shiftless, casual, grumbling, at but a short distance from inutility and public expense.

Whether such an ideal will be realised will depend upon the attitude adopted by the modern world towards discipline. If, for a moment, a corps of unskilled workers be pictured, to whom the law ensures permanent work with definite pay and definite holidays, it will be seen at once that, unless the scheme is to be a burden to the nation or the pay to be very low, both employers and workers must bow to discipline. Permanent employment and the personal tie will continue where work offered is permanent, and even often where it reoccurs every year at a particular season. But the essence of the organisation is disciplined performance of whatever work is in season, as a seaman in the Navy is transferred from ship to ship, captain to captain, duty to duty. Permanent dismissal from the corps would be a reality—for idleness in particular. Though there would be a new freedom from dismissal by the petty pique of an overseer and from dislocation by forces beyond control and understanding, there would also be a resignation of the liberty to stop work suddenly or refuse work, or change it except on certain principles. It is not pretended that liberty in certain directions would not be restricted. It is, however, asserted that, as against the present conditions of industry and life of those under question, security of work, coupled with other organisation in housing, education and life, would offer a liberty now undreamed of, and that discipline

is the economically essential condition of that security. The change in life—for men, women, and children concerned—would roughly correspond to that made for the Navy by Sir Thomas Hardy after the battle of Trafalgar, when, on being made First Sea Lord of the Admiralty, his realisation of the conditions of lower deck life, made endurable and forgettable only by the excitements of war and prize-money, led him to reorganise the service on its present basis of relatively permanent and secure employment.

But the most fundamental regularisation of all would be a regularisation of demand for service. No doubt any restrictive control of demand itself would be as antagonistic as possible to progress and freedom; power to demand freely and individually is, simply, power to live. But it has long been noticed how, when there does exist some regular demand—for instance, the household needs of a squire in a village or of regularly paid soldiers and sailors in a garrison or dockyard town—production seems to be infectious set in activity, even as a big dislocation with its big cessations of demand by wageowners is disastrously infectious. Many, too, ascribe the striking confidence and cheerfulness of minor, local trade in Germany, more than to anything else, to the widely-spread number of Government employees with their regular pay, needs, and demands for service. And it has lately become agreed that it is at least necessary for big public demands, Government or municipal, to be put into operation, whether through contractors or directly to their own employees, either regularly, or, better still, so as to counteract trade depressions.

In addition, to render economic society intelligible and elastic—quite apart, that is, from any message of Christian charity—there must be organisation of the work of cripples. Not only are cripples now, with obvious exceptions, failing to pay their way, but they form, and would form even under otherwise improved general con-

ditions of labour, a dead-weight round the neck of any family aiming at mobility and readjustment after dislocation. Experience points to many families dragged to degradation by a defective, and seriously hampered in this way even by a gifted, cripple. Not only instruction in work, as is being increasingly given, but protection in work is needed. And as against the cost of all experiment and beginning, it must be borne in mind that at present, apart from their influence on their families, defectives are a large expense in many ways to civilised countries, that at present money spent on education and instruction is largely wasted, that wages need not be high till they are justified, that people sensitive of frailty are generally proud enough to work hard, and, lastly, that just because cripples are in the nature of things bad competitors and advertisers of their service, that is no reason why their service itself should be inferior: indeed private experiments prove the contrary. The ideal organisation would be access for all cripples and defectives, under protection and seclusion if need be, to public work. For one example, a proportion of Government tailoring could clearly be reserved; if it is gradually decided to have occasional music in certain inspected workshops (as in a battleship the band plays when especially hard work is engaged), the handle could easily be turned by a cripple; important itinerant street music, too, could thereby be put on a proper basis of definite pay, all begging—and incidentally this would disappear in other respects too—being dissociated from that useful and honourable work.

And, lastly, as in the imagination the big appeals of demand are ascertained and the streams of service hemmed within their banks securely, it will be found that a period of neglect and chaos has allowed a gathering of stagnant pools and backwaters, people whom disorganisation has allowed to maintain a hopeless hope by occasional participation in service. It seems that there are two main plans whereby these pools can be led

off into effective channels. There is, firstly, probably, an excess throughout the world, in civilised countries included, of unskilled in proportion to skilled workmen ; and the remedy here lies clearly with an educational programme. There is, secondly, apt to be within any one area an excess of certain classes of service ; and, although readjustment in proportion might be possible in a wider area, in the area itself space and other considerations prevent expansion, and there can be thus no other solution but migration of the excess to another and a different area : in such cases as these education, whether of the rising or working generation, is of course necessary in order that services offered may be in proportion to demand, but migration is also necessary. How these limitations to expansion and adjustment operate is perhaps best seen in London at the present time. Roughly London workers may for this purpose be divided into two classes : those who serve the world or the Empire—all connected with docks, administration, finance, big transport, big industries—and those who serve these “ world-workers ” and one another, notably shopkeepers, local tailors and bootmakers, and their minor transport workers. And it is the second class which, on a real attempt to organise London workers, would prove to be in permanent excess. Now if the first class were capable of expansion, the excess of the second class would be rendered proportionate and be absorbed. Or if new minor industries, such as local dairies or fruit-gardens, were possible within the area, the demands of those engaged in such industries would again absorb the excess of that second class. But since in the nature of things the limitations of London prevent either of these two changes, that excess remains an incubus. There are literally, in respect of work, quite apart from healthy living, too many people in London. Without migration of some, few of the possible readjustments in proportion can be effected ; and it would probably be wise to initiate

a connected and scientific plan of emigration and education on a scale hitherto unprecedented. The nineteenth century history of the United States of America is one of the reception from all countries in Europe of two types of immigrant—some leaving their homes because the new country promised even better things than the old, others because at home they were economically superfluous. From the old countries' point of view the departure of the former has sometimes been deplored as draining a land of her best, and sometimes welcomed as a sign of energy and a stimulus to more energy. Of the value to the old countries of the departure of the latter—often, too, good and welcome material to the new—there can be no doubt.

CHAPTER III.

FURTHER ELEMENTS IN THE CREATION OF WEALTH.

Necessity of concentration on certain elements only.—Productive expenditure and nationally purposeful service.—Credit, the loaning of right to preliminary service : Its extension : its share in causing and remedying dislocation.—Credit, the organised concentration of mutual demand.—The relation to wealth of money, gold, prices.—Individual capital and national capital.—Further recognised conditions of energetic industry.—The waste involved in improperly cheap labour.

To analyse all the forces which assist the creation of wealth is an almost endless task. Such analysis, too, must necessarily consist largely of putting what is obvious into the technical terms of political economy ; and it is perhaps this feature which has deadened interest in that science and prevented it from taking its true place as a stimulus to action. It is probably more useful to seek out from the various forces at work those which are, at the given moment, only partly in operation and to concentrate attention on their possible developments, with the hopes and dangers involved. Thus the questions of supreme importance vary from generation to generation ; and the work of one generation is to set its discoveries into such obvious and complete operation, that the succeeding one can concentrate its attention on new forces. For this reason sections in this book have been devoted to control, and to the achieving in combination of security and fearlessness towards improvement—both from a wide standpoint elements in the creation of wealth—because they seem to be, more than any others, the

problems which this generation is setting itself to solve. They are, however, of course not the only ones.

There is an important distinction between Productive and Unproductive Expenditure. It implies that, in respect of the building up of a nation's wealth, it makes all the difference how individuals spend their money. Productive expenditure—that on a manufacturing machine, for instance—satisfies buyer and seller and leaves something over, the machine capable of production. Unproductive expenditure—on excessive drink or food or idle amusement, for instance—satisfies buyer and seller in a sense, but leaves over nothing capable of further production. Productive expenditure is thus similar to the “capital expenditure” of a business firm, where the articles purchased stand, until worn out, as assets in the firm's balance-sheet. As the reader has probably noticed, another aspect of the distinction is “service for an individual which matters to the country” and “service for an individual which does not matter to the country”; and, while this latter aspect is sometimes of more value in forming sound judgment of the national value of transactions, the former draws attention to the predominant power of demand in industry. Both aspects should be kept in mind continually. To analyse the principle more closely, it may be said, firstly, much good has already been achieved by a realisation of the distinction; secondly, there are dangers arising from its too literal interpretation; thirdly, good, now undreamed of, may be expected from it in the future, if it is understood and applied to circumstances with increased imagination. Firstly, it has contributed both to interest in the establishment of wealth and to contempt for squandering; it has increased the attention directed to poverty by its implication that production of many more articles is needed; it has increased the attention focussed on unemployment by its implication that there is need of machines, inviting hands to direct them. It has, more definitely, proclaimed

that it is better to tax income than capital, since the former may be otherwise spent in a spasmodic or ineffectual manner impossible to the latter ; that certain expenditures, which matter very much, *e.g.*, those on the upbringing of children, should be leniently treated in taxation ; that, though account should always be taken of the importance of any particular dislocation, a nationally productive and constructive scheme, enabled only by taxation, should not be obstructed just because the individual expenditures threatened " give employment "—for, against the evil of dislocation, there must be set the good of the permanent production or establishment to be achieved. Secondly—and here undoubtedly the aspect of nationally valuable and nationally valueless service makes more for clear thinking—the distinction may be applied too literally, whether from disregard of changing circumstances or from confusion between the means and ends of life. Thus, while unemployment is often healed by absorption into some productive industry, other productive industries may cause unemployment, by the well-known " overproduction," which has taken no heed of demand. Indeed, so far from literal production being the sole remedy, often, where no productive industry is able to guarantee the absorption of fresh hands, money spent literally unproductively on army, navy, or a dull public building will, by means of the regular pay and consequently regular demands of those thus employed, so start in motion the wheels of employment as to make that literally unproductive expenditure more productive than any other possible plan. Again, partly from disregard of the changeableness of conditions and partly from lack of appreciation of the ends of life, expenditure on private enjoyment has often been wrongly condemned. There has been failure to see that its rightness and wrongness depend on whether there are other more urgent national needs—money for poverty or to reconstruct the under-employed, for instance—to be

satisfied. Where these needs are already satisfied, nothing can be nationally more valueless than to pile up petty possessions or to be giving productive employment at all costs as distinct, for instance, from enjoying the open air. Sensible countries, if enjoyment is otherwise out of reach, while making arrangements against poverty and unemployment, limit, too, the hours of productive industry and of obsession by competitive anxieties, that life may also be possible. Those offering their fellows the service of brightness in life are, given a modicum of wealth and stability, offering what is more valuable than extra possessions, even if the slow-witted demand only the latter. Thirdly, unlimited good may come from a recognition that not only does the amount of poverty and unemployment needing attention change, but that the ends of a nation's life change too ; and that it is possible to adjust shifting conditions even to a shifting end. Thus at a time of crisis service in war or the direct necessities of war will be of more importance than service in the production of possessions or in enabling happy life. In such case the truly wealthy nation will be she who, by unprecedented taxation if necessary and the limitation of both possessions and enjoyment, manages to combine the absence of poverty and unemployment with abundant and telling war service of every description. The adjustments involved would, no doubt, be far-reaching and the temporary dislocations many ; but such a state, whatever the literal meaning of the word "production," would represent the most perfect wealth and the most perfect productiveness under the circumstances possible.

In civilised nations, again, the steady creation of wealth has been hastened immeasurably by the workings of Credit. And it is well worth while considering both what credit has done in the past and what its extended operations may do in the future. The principle of credit is that some people have already, from whatever cause,

become entitled to the service of their fellow men, that other people, themselves as yet entitled to no service, would be able by means of such service to start productive operations, and that the former make over their entitlement to service to the latter. Banking organisations and kindred professions have arisen to effect this exchange. And it has been of obvious value to the world at large, to those able thereby to commence production and to those thus able both to defer their use of other people's service till they really need it, and in the meantime to receive pay for the act of deferment. With the gradual increase of credit facilities during the last two centuries a condition has now been reached when enterprises connected with any article, whose supply in the world's market falls noticeably short of the demand, are sure of obtaining the preliminary service necessary; when even concerns, including public action, offering obvious security, yet without any such high interest as enterprises in highly desired articles can promise, can also command such service; when one entitled to service, yet wishing for the present to forego it, can find with reasonable care a trustworthy borrower. It remains for coming generations to complete the edifice and to create organisation, whereby (as has already been started in many countries for specific industries) preliminary service can be obtained not only by one engaged in producing a "booming" article in a "booming" country, but by him also—a farmer or fisherman, for instance—whose product and whose life, though essential to a nation's steady health, is in no sense unique or in control of a strong tactical position; whereby it will be held necessary for the valuable beginner of small enterprise to prove his security not, as now, to a bank impatient of his small concern and the careful inquiries necessary, but only to some national or other public institution eager to undertake such investigation, and feeling not only that his failure to make value out of the entrusted

service would be a calamity, but that his success would be of really great importance ; whereby, from the aspect of lender, among even the most ignorant there can grow up such a sense of the security and hopefulness of investment, other than that in miserable house property, that feckless unproductive expenditure may nearly cease. Apart from these needs of improvement it is hard to say how far credit opportunities and credit deficiencies are responsible for the existing amount of worklessness and listlessness in the world. The damage done by credit opportunities is generally underestimated ; it is often forgotten that they must create dislocation, in which the evil may outweigh the good ; it was urged at the first foundation of the Bank of England that village and agricultural enterprises became correspondingly starved ; it is true undoubtedly, as against the obvious increase of abundance derived from foreign investment and the possibilities of ultimate far-reaching employment, that a cessation of foreign investment would be accompanied by immediate and great demand for home service. On the other hand, the damage done by credit deficiencies, though real, is sometimes overstated—unless by “ credit ” we mean something different from what has been so far intended in this paragraph. No doubt, as has been already said, fishermen and farmers are often hindered from effectual production by lack of ability to command preliminary service. But when absence or presence of credit is maintained to make all the difference to the economic vitality of a district, fresh meaning, consciously or unconsciously, is probably being given to that word.

This meaning is of great importance. The last paragraph dealt with the method by which those who have already established a claim on service enable others to make use of that claim ; the transaction comes after one party has already accumulated a right to command service. The meaning in this paragraph is the possibility of two parties, neither of whom has established any claim

on service (*i.e.*, two parties without funds), so far trusting one another as to simultaneously start making things for one another. Credit, in this sense, seems to be mutual trust in demand (as was found in discussing regularity of work, demand is always the ultimate factor in economic venture); and it appears that there is, unfortunately, even where those offering service are in right proportions, much potential demand which yet remains ineffective. It has already been mentioned how the purchases (not the work) of the rich squire or the regularly paid soldier or other Government employee can vitalise the activity of a whole neighbourhood, or how even the provision of some almost useless public, regularly paid, work can have this effect. The point here is that, while no one grudges the squire or the soldier this service to which they are obviously entitled, it ought not to be accepted as unalterable that, without the operation of these particular demands, other demands, although presumably as pressing as ever, remain ineffective. Even without such media, it ought to be possible to crystallise potential demand into effectiveness, to introduce for the confident mutual rendering of service those who shiver and starve by means of organisation which ensures to each that the demand for his services, which undoubtedly exists, will effectively persist.

Money is, of course, not synonymous with wealth. Not only are many valuable things—air, health, contentment—relatively unobtainable by money, but, even in respect of things which are normally exchanged for it, one cannot tell how wealthy a people are by stating how much money they have. Not only is this true between people of different periods, in that lapse of time brings fluctuation in the exchange value of money (thus one shilling in Elizabethan times purchased very differently from now), but even between peoples of the same period sound comparison can only be effected by considering in addition distribution, health, security, availability of the means of

life, future prospects. On the other hand, as a means of exchange and as enabling credit, money in all its forms—bills, paper money, gold—plays a large part in the creation of wealth. Gold, in particular, portable, difficult to procure save at trouble and expense, has made possible the confident division of labour on which economic production is based. Even now, too, a gold reserve is considered one of the foundations of the fabric of credit ; and though it is possible to be impatient because in times of confidence the limitations of gold supply may cause a limitation to credit, such as a pure paper currency would overleap, yet in times of diffidence nothing gives the security provided by the presence of gold. Nor was it the fault of gold itself, but rather of confusions as to its relation to wealth and ignorance of the meaning of productive expenditure, that its discovery in America by the Spaniards in the sixteenth century led to impoverishment rather than to wealth. Whether it is high prices or low prices which mean increase in a nation's wealth is, in general, impossible to say. So many circumstances are involved. On the one hand, a rise in all prices may mean that trade is confident and demand incessant and stimulating, or, further, that there has been such increase in gold as first to satisfy all the needs of credit and even then to send prices up. On the other hand, equally, a fall in prices may mean increased skill in production and increased availability of articles. There is again the antagonism of seller and buyer—in one capacity a man desires high, in another low prices.

An individual's capital—his source, that is, of annual income—may or may not coincide with national capital. The distinction between the two cases is that of service and obstructive toll ; in practice the necessity of distinguishing arises when taxation is contemplated. Of course, every respect is paid to wealth consisting of foresighted preparation ; and it would clearly be unstatesmanlike to tax such capital wealth, save where the reconstruction contemplated by the taxation represented even

more important national capital. On the other hand, where individual capital has only blocking power and no productive effect, it is, when the proposed levy creates national capital, no more worthy of special respect than unproductive expenditure of income ; the two have only one point of value, and that in common, viz., they employ in a certain way, which will now be changed. Again, it is not necessarily a national disaster when some individual's shares fall. If investment has been made in an article whose supply was at the time unequal to the demand—a condition of most good investments—as the years go on and the deficiency is made up the price of the article will decrease, and with it the value of the shares concerned ; and the increased cheapness of the article and its natural effect on the value of the shares is generally so much gain to the nation. If diffidence of trade is sought to be proved from share values, comparison should be made not between the values of the same shares before and after an interval of years (save, perhaps, where a monopoly is concerned), but between the value of the most valuable shares at the two periods. And so it is with safe low-valued stock like Consols : their fall, however bad for an individual holding them, may be due to general national prosperity, to the throwing open, as legally safe investments, of more attractive colonial securities, or to the public confidence, in a time of abundance and optimism, in investments, which a bad season would cause ordinary people to shun. A vivid instance of the possible antagonism between individual and national capital occurs where a man having invested money in land, and no doubt having been persuaded to pay heavily for it, claims his right to derive all possible returns from it by exhaustion or deforestation, urging, if prevented from doing so, that his capital is thereby depreciated, whereas it is to the welfare of national capital that the land and all connected with it shall be conserved.

It remains to attempt some enumeration of the various conditions which make for energetic industry ; and in this it is necessary, while recognising the interaction between happiness and energy and while perhaps sympathising with the point of view that, when they conflict, happiness is ultimately the more important of the two, to remember that at this point of economic thought energy is the first consideration and happiness subordinate. The claims both of security and of readiness, in the interests of improvement, to face dislocation have already been stated ; it may even be said that any work organisation is bad which does not imply at every point that at any time individual readaptation may be necessary. Besides these there are a host of forces which make for energy, varying with persons and conditions. Factory Acts, Shop Acts and Sunday Acts, which shorten hours and mitigate dawdling, hopeful schemes of promotion, cheerful conditions of plodding industry, music, the presence of pets, absolutely clear division of function and responsibility, simple and proper distribution of work between men and women, emphasis of the existence in work of art, service, or duty, change of air and atmosphere (hence the badness of " living in "), cheering leadership, a heritage of fair dealing, holidays longer than our ineffective bank holidays, appeal to the inborn human desire not to be a passenger, a relief from certain loads, where too much is asked, as now of working mothers—all these things may be essential factors. In particular may be emphasised that the conditions in large houses of employment have often been wrongly disparaged as against those in small. The latter, indeed, are so often driven and harried by the necessity for economising restrictions as to be unable to provide the large schemes possible in the former ; favouritism and pettiness are certainly no more likely in the former, while there is guaranteed in them at least one person of brains and imagination. There are again a mass of considerations

bearing on the principles of increment in pay and of promotion. Roughly, the whole object is to get the work done as well as possible, to be fair, to raise hopes without setting in operation unjustifiable notions. The propriety of increments of pay in the natural course, even when the work admits of no improvement, such as obtains, for instance, in much Government service, is not at all self-evident. It is justified only if it can be proved to stimulate that honourable and telling adaptability which saves waste in many directions. In some circumstances promotion by seniority may prove disastrous ; in others, attempt at selection may, even if successful in getting the specific work well done, have demoralising reactions. Which of the two is at any time sound will depend on the ease of right choice and on the necessity of harmony between all concerned. Religious bodies have, of course, frequently derived stimulus from a fixity of allowance for all members, even promotion in responsibility being unaccompanied by increase in pay.

It may seem premature to use the expression " improperly cheap " of labour before the principles of the distribution of wealth have been discussed. The question, however, of undue cheapness is bound up in so urgent a manner with that of the actual creation of wealth as to require treatment in this section, and it must be assumed, for the present, that it is at least not necessary for unskilled labour to be offered at as cheap a rate as it often is. The exaggeration, in London, for instance, of the evils of inevitable dislocation by a mass of disproportionate labour of certain kinds, especially if unskilled and unadaptable, has already been described. And it will be argued later in the chapter on Education that, both for the adjustment of all workers in due proportion and for maintenance of a high standard of work, the combination is essential of strong preliminary education and insistence within industry of a progressive standard. Such a programme is, however, almost impossible as long as cheap-

ness of labour is permitted, whether of men or boys. Abundant cheap labour means that bad, slack work is yet tolerably worth its cheap hire, and that some employers (who have much to think of and naturally follow the line of least resistance) are not duly forced to think out organisation and mechanism capable of getting the utmost productive power from each employee. If labour were dear, employers would insist on its being efficient and worthy of its hire, and substitute, wherever possible, mechanism and organisation for human unskilled labour ; until finally, given a strong national education policy, there would be practically no unskilled human work—every man would be doing work which in conjunction with mechanism was highly productive, in contrast to the present ineffectual, jostling employment of undeveloped human power, in transport notably and in distribution from producer to customer. And education cannot effect this change alone. It seems that a vicious circle—incompetence, low wage ; low wage, incompetence—is established ; and that one of the points where the circle must be deliberately broken is at the point “ low wage.”

CHAPTER IV.

THE DISTRIBUTION OF WEALTH.

The distinction between price and value.—The power of custom even after change.—The principle, assessment, and application of value.—The principle and limits of a minimum wage.—Certain results of a justified rise in wages.—Improvement in the purchasing power of a money wage.—The fairness and the effect of payment in service.—The case of widows with children under fourteen.—The effect on industry of an even distribution of wealth.

At the present moment in civilised countries payment is made for service on a complication of two principles. Neither principle often operates alone, and they are complicated in various proportions. One is, what the seller can, owing to circumstances, compel the buyer to give. The other is, what by common tradition and on reflection is held to be fair. Useful terms are: "price" for the former, "value" for the latter. Those who hold it to be the duty of Government to step aside and allow full play to the operations of price base such argument on one of two beliefs: either they see invigoration in all struggle in general, and in the legalised commercial struggle of their own time in particular; or they believe that man's universal capacity to avoid situations where he is compelled and arrive at situations where he can compel render price and value one thing. Those who argue the necessity of thinking out value quite apart from price both mistrust unqualified struggle and hold that man's immobility and consequent liability to control render price very different from value. They add that in the very great amount of non-competitive work—

in all Government work, for instance, where payment is fixed over a number of years—though regard is no doubt taken of what payment will attract the required people, there is obviously appeal to something else than what is thus compelled by circumstances, not only for fear that low pay will result in intangibly bad work, but from a motive of fairness and a sense that it is right to pay for the value of the service. Payments fixed by tradition like that of high officials, or by a combination of tradition and bargaining like that of professional men, or by bargaining like that of many trade unionists—all appeal in varying degree to something different from price, though no doubt the notion of compulsion plays a varying part too. Even where parties seem incapable of bargaining, national conscience sometimes feels that their payment should be heightened because it is right.

With the distinction between price and value made clear, and after insistence that the notion of value, however imperfectly, permeates all payment, it is true to add that tradition, custom, and mental inertia have great effect too. Payment fixed under conditions worn away is accepted still as sound. The best proof of this is the fact that as between two countries, say, the United States and England, any ten trades will be found to be paid at quite different proportionate rates, a difference unexplainable alone by man's immobility and by difference in national tastes and aptitudes. A more familiar example is the different rates of pay for men and women, not wholly explainable, though no doubt partly, by woman's lesser power of bargaining or by the necessity for Government, for instance, of offering men higher attractions than women in counteraction to other professions, or even by woman's lesser ability for some of the work in question. There is no doubt that public opinion is still unconsciously influenced by what was fair in the days when to be a man meant to support a family and to be a woman meant to be, in part, at least, supported.

The question for a people which intends that valuable work shall not be neglected, and which aspires to fairness in its arrangements and bargains, is to find a clear definition of value on which to modify the workings of "price" and of custom. (Modification as occasion offers is, of course, preferable to any attempt at a drastic policy, since uniqueness and power to control means always at least a measure of special value, while to defy custom is to perplex the very determination for fairness.) Two principles of "value" may be asserted, not perhaps so useless in application as they may at first seem. The value of a service as long as it is demanded, is "the extent to which work and skill have prepared for use the Creator's gifts": (if no preparation has been necessary they should clearly be free). Or again—difficult as it is to estimate with the increasing specialisation of all work—a man's service to others should give him all that he could have prepared in the time for himself together with the excess created by the division of labour, of which a share is due to him as to everyone else. These two principles provide at least a foundation from which to repudiate control whether of a single man or of a trade; to ensure that improvement in machinery does not mean decrease in wages for those still employed, whose work has been rendered thereby more effective (no doubt part of the increase is due to inventor or director and part to the public); and to secure that work should not be underpaid, either because private demand for it is ineffective, as for research work, or because it is traditional and familiar, as are soldiering, farming, fishing, housekeeping, tailoring.

Recognition of the danger that wages may be kept unduly low through competition between immobile, driven, docile persons, even when invention and organisation have made all their work more telling, and of the fact that simple valuable work is nevertheless valuable, even if most people can do it, leads to a belief in the principle of a minimum wage, inviolate against com-

petition. Its amount will clearly vary with the total wealth of a community and with the amount which must be set aside for the reward of special industry, resource and talent. But the principle seems unassailable.

Even justifiable rises in wages, however, will have results, of which careful notice must be taken. There will often be rise in prices, and often dislocation. Questions of insufficiency, in various forms, will arise. Complication may be added by the work and service offered by foreigners. In fact, the sole occasion on which none of these things need be considered is when the improvement in wages coincides, on the one hand, with such mechanical invention or renewal in strength and enthusiasm as to increase the output in proportion, and, on the other, with such increased demand for the article concerned, that not only some, but all of those previously employed may, even at the heightened wage, be kept in employment. These apparently complicated conditions occur, luckily, more frequently than may on first consideration be supposed. For instance, a change from "sweated" conditions is always accompanied by improved nourishment, cheerfulness, sense, and work. But generally prices rise as wages rise, and the problems just enumerated then demand consideration. Firstly, this rise in the prices concerned (unless it is a rise all round and therefore illusory) means that, as the wage-earners in question receive more, so do others receive less of the national dividend; for this, though capable of future expansion, is at any one moment fixed. Poorer are they who now have to buy the article at increased price and so have less money for other things than before; or they out of whose reach altogether the article has now gone, because they cannot afford the higher price; or they who on account of diminished sale receive less profit or dividend. Indeed, such altered distribution of wealth was the intention and is, by hypothesis, fair. Secondly, there is dislocation. Although it is attributing too much reality to the unity of

a trade to say that a body which agitates for a rise in wages destroys itself, since there is less demand for its work, it is true that, while some members are thus benefited, others, often perfectly and equally capable, are dislocated. Thirdly, there is addition—"addition" only, it must be insisted, and a useful addition if it were to lead to such thorough treatment as is necessary—to the ranks of two classes of persons; by a heightened wage the numbers are increased both of those who receive a wage they do not earn and of those who, obviously unable to earn a high wage, receive nothing at all. That fear of this increase to these two classes should be allowed to prevent justifiable rises in wages would be wrong; but it is also important that both the increase and the existing hosts should be directed by sensible education, stimulating conditions of all industry and organisation of defectives—and above all of the aged—into work of which they are capable. Fourthly, the presence of people outside the nation willing to do the work at a cheaper wage than is decided to be fair or possible within the nation raises two questions: Is it unreasonable to the buyers of the article to make them buy dearly from their own people what they can buy cheaply from abroad? and is it unfair to a subject people to take them at their own ignorant, docile, traditional competitive standard of payment without allowing them a share in the profits of organisation and invention? The former question is that of Economic Protection; and certainly, unless there is some special reason for maintaining the industry at home, such as necessity in war or the likelihood of failure in the future of the supply from abroad, the claim of the buyer seems convincing. Of the second it may be said that while any exploitation is indefensible, the other extreme of attempting to artificialise in a day the standards of centuries, would also have incalculable and unbeneficial results.

As is understood, money is not identical with wealth;

and the power of a money wage depends on many considerations. The following facts are important in connexion with any discussion on a minimum wage. It is, firstly, true—in fact, a platitude—that regular instruction of all women in the value of food of various kinds and the means of cooking it would save a community expense even in direct relief of poverty. Again, most working-class families in many towns pay, in fact, one-fourth or even one-third of their income for house without space. If, by whatever means, space could be free for each family and a house provided at the price of its building and its repairs, the power of a minimum wage would be materially increased. A similar practical increase in wealth occurs when—as is possible even under a high cost of space—buildings are provided on a commercial basis for working bachelors or spinsters by some agency which has the courage to simultaneously create and supply a demand. Without such buildings and corresponding organisation for food, the power of many wages is wasted in uneconomic and unsatisfactory provision for those necessities. It is in this connexion, again, that the “drink question” assumes its most serious proportions. Perhaps even more nationally disastrous than the cruelties of some who drink deep, or even than the mental and physical passivity (or the grinding, nagging destruction of the vitality of others) of those who, without simultaneous lively and active interests, drink listlessly and perpetually, is that many men and women on the margin of low and casual wages spend on drink one-fourth or more of their total wealth. But for drink, many practical evils of poverty would be notably diminished. Similarly the value of a wage is actually decreased by irregular and casual payment, in that such irregularity prevents economical and foresighted expenditure and ultimately creates a state of mind in which economy is not even desired.

Again, increase in the value of money wages can be

effected by a sensible use of payment in kind. For various reasons health, education, mutual insurance, protection, and much transit can only be obtained for each by public arrangement. Such provision is desired by most ; and though it is of more actual and widespread use to some than to others, both contribution to it and use of it are generally now admitted, whether from convenience or fairness, to be enforceable on all. How far exactly such contribution and provision readjusts the relative wealth of individuals is hard to say. But all modern systems of taxation and service may be pronounced to transfer, firstly, from the rich to the poor ; secondly, from those without ties to those with them ; thirdly, from the less busy to the more busy ; and probably each transference represents a sound revaluation of service.

There emerges, in particular, as underpaid, the widow with children under the earning age—a problem simple, remediable to-morrow, and therefore deserving treatment in detail. Her work is of national value ; for in manifold ways are the affairs of all people of one nation interwoven, and the reactions of ill-nurtured children are infinitely disastrous. And in no civilised country is her pay anything but spasmodic and insufficient. Indeed, every working mother of young children, doing and tied by this national work, is only indirectly paid. And, impelled by the manner in which some fathers intercept for themselves money given them in trust for their wives' necessities, many people advocate Government payment for all mothers' work, with corresponding deduction in men's wages. But, whether this is wise or not, it is at any rate true that widows with children, unless paid by Government, do, virtually, not get paid at all. The omission is due to no special modern hard-heartedness, but to an unreflecting application to modern conditions of the mediæval system of work and pay. When a wide family was the unit of work, when women's work and life was made to fit in with that of their male relatives,

when children above eight were a commercial asset, when every village, monastery or no monastery, could succour its members in distress, no widow or widow's children could starve. Now each individual is the unit for work and pay, children are a pure expense until fourteen years of age, rapid migration and big towns make for dislocation, loneliness, and friendlessness. Other earnings of limited amount are possible and should, of course, be allowed for in any scheme of Government payment ; but, if the educational work is properly done, none but the exceptionally gifted or lucky can devote time to earn sufficient for all needs from other sources. And as old age pensions are only justifiable as being deferred pay, allotted on the principle of mutual insurance against old age, so here Government pay would be definite pay for definite work, removable at once if the work was not performed. Nor do the difficulties presented by the initiation and administration of such an organisation seem insuperable. On the contrary, the natural desire of a widowed mother to do her best by her children and to respond energetically to the hopeful conditions of her life would smooth the path of administration greatly, and enable a real standard of health and education to be aimed at ; whereas at present the haphazard and educationally unsound operations of outdoor relief, poor law schools, charities, neglect, necessitate much administration and produce, save where personalities nobler than the average are at work, poor results. The particular danger of subsidising some loafing anti-educational man, disastrously real (as, for instance, a knowledge of the recruitment of Home Office schools tells), so long as payment is spasmodic and creative of neither hope nor active responsibility, would largely disappear as soon as the career of a widow with children was made officially dignified and hopeful. For the administrators of poor law, charitable, Home Office schools the air would be cleared for more definite concentration on the prob-

lems of orphanage, mental deficiency, permanent ill-health, and parental neglect. Above all, even where the widow failed, there would be no question of that administratively most difficult task, the exaction of contributions ; pay would merely be stopped and one of the many present arrangements made. No doubt the cost to the nation would be great, even allowing for the saving both of present actual expense in outdoor relief and poor law and other schooling, and of the indirect expense of ill-health, incompetence, and degradation. It is estimated that if in England and Wales 8s. per week were to be paid to widows in respect of their work and expense on the first child under five, 4s. for the second child under five, and 4s. for every other child under fourteen, the total not to exceed £1, the cost to the nation would be £7,000,000 a year. There would have to be a transference of this amount from the general taxpayers to the widows, manageable, however, it is believed, without serious hardship and eminently a redress in fairness. Finally, of the indirect influences of such provision one is especially important. It is no exaggeration to say that through it an indescribable load of anxiety would be moved from the mind of every married man of low average wage who looks into the future at all. Wealth is not yet abundant enough, however distributed, for the average workman to make provision for his death, except through some such sweeping organisation as this. The removal of such a burden would—especially on the eve of a battle or of more peaceful yet equally stirring enterprise—enable cheerfulness and resolution for many hitherto undreamed of.

It is well to consider all changes from the aspect of their effect on the ease and economy of total national production. A heightening of low wages has in this respect nothing to fear. The effect of a steady demand on the industrial life of a neighbourhood has already been insisted on. And a widow, for instance, with a regular

income on which to provide for her children would, by leaving a perplexing town for a compacter village, bring additional life thereby, not only to herself and her children, but to the village itself. Or in larger terms, the needs of a working man who has a regular addition to a low yet permanent wage are both more persistent and more local in their effect, remaining as they do within the realm of necessity, than are those of him whose further increment makes him a purchaser spasmodically of luxuries.

PART II.
GENERAL ORGANISATION.

CHAPTER I.

THE DAY'S LIFE.

How far the day's work and the day's life are identical.—The twentieth century ideal.—The power and the limitations of public organisation in its achievement.

It is in many cases difficult to distinguish between the day's work and the day's life. For many people work to build up the national capital in some way or other—in health, knowledge, comfort, laws, inspirations—has been identical with life ; it may be that their work is of absorbing interest, or that they regard life solely as a pilgrimage. Others, either because their work is dull, though necessary, or because life appeals to them as a place of abiding, separate in their minds, very clearly work from life. Most people come somewhere between these two attitudes.

Of course, many remain untouched by movements and waves of thought, and generalisations must be held to exclude such. It is, however, probably sound generalisation to state that the nineteenth century established in men's minds the hope and possibility of personal advancement in prosperity, wealth, influence, social position—a marshal's baton was for the first time felt to be discoverable in every soldier's knapsack ; whereas the early years of the twentieth century are insisting on the limits of such aspiration and on the value of others. Some of its fascinations have been discovered to be bitter fruit even when plucked, a rise in the social scale, for instance ; others have been found, in their very nature, to be within the reach of but a very small minority. And there now,

in the twentieth century, remains a balance of hope for a steady, if gradual, rise for all in comfort, knowledge, skill, possessions, leisure, together with a concentration on the charm of those things, which might under organisation be brought well within the reach of all, and which for that very reason have, in the rush for special advancement, been neglected. And these charms are none the less genuine and able to afford genuinely abundant life, even if they are only sought by many after a disappointing and restless knocking at some other door closed to them, and by others never at all. They are the open air, exercise, family life, animals, affection, and all that appertains thereto—things not at all necessarily appreciated without endeavour and imagination, even though, under organisation, they may be possessed by all.

And in helping as many as wish for it to achieve this ideal, public action can do much, although not everything. Security, proper conditions of work and distribution of wealth, prevention of control, space, safeguarding of possessions, health to a large extent, education to a large extent, are best accomplished by public action and law. Future laws and organisation of the twentieth century will no doubt, consciously and unconsciously, be directed towards this ideal, as those of earlier times have been directed towards other definite plans of life ; in particular perhaps much law and organisation, dealing with divorce, maintenance, insurance, lightening and fixing of work, will concentrate on a broad yet clear view of family life, determining under various conditions what is possible, backing up those who are in various ways making their surroundings cheerful and human, removing from others their power to demoralise and depress. Family life may thus be taken as seriously as business life—the nagger or disturber held to be as criminal as the forger. In two ways at least, however, public action must bow to its limitations. Firstly, all these things are but preliminary clearing of the decks ; very little genuine enjoyment of

life can be found by a member of a horde ; privacy and individuality are essential to the final step to the ideal. Secondly, the law and organisation will fail, even in their preliminary effect, unless interacting with them are millions of individuals, who individually and spontaneously " tak the evil with the guid," who

" Ca' a gray thing, gray no black,
To a staigh brae a stubborn back
Addressin' daily ;
And up the rude, unbiel'dy track
O' life, gang gaily."

No amount of organisation can dispense with the help of lives inspired by this ideal, and nothing but harm would come from a belief that it could. And few would hesitate, if the separation were found, to award the title of " successful " to a people whose glaring deficiencies in national capital and organisation were relieved by universal cheerfulness rather than to one perfect in the former but without the latter.

CHAPTER II.

LAND QUESTIONS.

The prosperity of farming.—The conditions of fair agricultural rent.—Density and inelasticity in the use of town land.—The effect of possession by individuals of site control.—The ideal use of land.—Alternative systems of payment for land.—Conservation.—Possible use of the lot.—The housing question.

“ This royal throne of kings, this sceptred isle,
This earth of majesty, this seat of Mars,
This other Eden, demi-paradise ;
This fortress, built by Nature for herself,
Against infestation and the hand of war ;
This happy breed of men, this little world ;
This precious stone set in the silver sea,
Which serves it in the office of a wall,
Or as a moat defensive to a house,
Against the envy of less happier lands ;
This blessed plot, this earth, this realm, this England,
This nurse, this teeming womb of royal kings,
Fear'd by their breed, and famous for their birth,
Renowned for their deeds as far from home,
(For Christian service and true chivalry),
As is the sepulchre in stubborn Jewry
Of the world's ransom, blessed Mary's son ;
This land of such dear souls, this dear, dear land.”

THE LAND QUESTION IN ENGLAND.

UNDER the name of the Land Question—and there is not one land question, but many—is discussed frequently the prosperity of English farming. And if it may seem presumptuous that agriculture should receive from amateurs discussion which they do not dream of offering to other technical industries, the fact is sufficiently accounted for by the neighbourly contact in which most at one time or another live to it, by its importance in war—unlike the provision of many other commodities, that of bread, milk,

and meat cannot safely be left to foreign countries—and by its importance at all times to the national health, physique, and sentiment. In general it is pointed out that the nation is becoming decreasingly able to feed itself and that whereas in Nelson's day English wheat was estimated to feed English people for forty weeks in the year, now it is held that it suffices for but twelve weeks. Further allegations are made concerning the circumstances of both farmer and labourer : they are all worth enumeration, because their possibility seems inherent in modern industrial conditions ; how far each is true depends upon particularities, and sound judgment can of course only be passed by those with particular knowledge. Here, therefore, only enumeration is attempted. It is said of the farmer that he suffers often—from expensive and inconsiderate transport, whereas in certain other countries State-managed transport gauges its success largely by its utility to farmers ; from inability to borrow capital, though to meet this need are arising in many parts agricultural banks anxious to make the necessary investigations ; from height of rent and insecurity of tenure calculated to throttle far-reaching designs ; from absence of facilities for scientific education, a defect also gradually being made good ; from bondage to middlemen, although they again are being superseded in many parts of the world by co-operative selling and buying schemes ; from foreign competition ; from the legal expenses accompanying disputes about land or the selling of it, remedy for which is also now under discussion. It is alleged further of the employed labourer that, during a time when the pay of almost everyone else has been increased, his has remained, from whatever cause, stationary, and that unless some legal minimum wage is established the life will attract neither the skilled, nor the sound, nor the energetic ; that his payment in kind, such as schools for his children, is often inferior to that of others ; that he has suffered additionally by that reduction of distance

which has enabled a more paying market for the milk and eggs, which used to fall cheaply and naturally to him ; that the incessant nature of his work on small farms, where there can be no off-duty, further repels, in these days of regular leisure, the men agriculture needs ; that, although dislocation comes more seldom to him than to many others, when it does come it hits him the harder in that, with wages insufficient for putting by, with small opportunity for his dependants to be earning, with no land of his own to which to have recourse, with his house sometimes dislocated from him with his employment, he finds it unusually hard to endure a workless spell, even though it may be a short one.

There is also much discussion of the rightness of the very principle of rent payable on agricultural land. On this subject there are expressed all shades of opinion, from the belief that rent is mere extortion to the other extreme that a man's own is his own and that he should do with it as he wishes and make from it what he can. It is now generally held that the soundest way of determining the fairness of this rent, or of distinguishing between the fair and unfair features of it, is to disentangle features of service and those of control ; that is all which the amateur or the general public can hope to do. Of service there appears abundance. At one time or another buildings, roadways, drainage, hedges have been established ; consideration is very frequently shown, to allow bad times to be tided over ; advice, help, leadership have been willingly offered and willingly accepted in ways known only to those who have personal experience of the matter. Control there is also, in certain quarters and respects, and there are naturally cases of its abuse. In the same way as with dividend on stocks and shares, rent is sometimes paid in respect of capital assets long since demolished—in financial parlance, capital is "watered" ; landlords have power in some circumstances to be inconsiderate in heightening rent in a time of success, thus throttling

a farmer's activities, and where this is done by one who shows no forbearance in lean years, though no doubt such profits never rise to a very great height, he can fairly be said to be combining for himself the advantages of a holder of ordinary shares with those of a holder of preference shares in any company. An inconsiderate landlord is further able to throttle enterprise by capricious notice to quit. It is, finally, the general opinion of those conversant with the subject that it is perfectly possible, by rent courts, for instance, to abolish the bad without harming the good, and that the retention of the good is of particular importance, not only to the sentiment of national life in which it is embedded, and not only because it is essentially fair payment for fair service, but because, though in some circumstances farming by small landowners has a future before it, in others big organisations, backed by abundant capital, have an even greater future.

Again, at the root of many criticisms on the present use of land—chiefly here of townlands—are the density at which life and work is attempted and the inelasticity by which big schemes of public service are from time to time, through the unavailability of land, prevented. As regards density, its power to cramp, darken, and distort vitality cannot be exaggerated; in life, rooms have to be small and few in number, gardens are unavailable, open spaces of real country are impossibly distant, animals, boats and other means of amusement are unkeepable through the ease of thieving where humanity is dense; at work, premises must be inconveniently high, dirt is abundant, extensions are prohibited, streets are blocked, rooms are dark, accidents are easy. As regards inelasticity, the point is that occasionally enterprises are under consideration, only to fail of fulfilment, because their success is dependent on the obtaining of certain pieces of land; a comprehensive road scheme, any substitution for wasteful and often cruel methods of transport, the linking up of termini or lines of already existing railways, the building

or extension of a dock or a market, the furnishing of a district, for some fundamental reason, with schools and grounds, swimming bath, open space or park, are here obvious instances. How such density arises, though almost all those involved in it would prefer space, is not difficult to account for. First, one point forms a centre of attraction to bodies, which in their turn attract others ; a dock, a railway terminus, a coalfield forms the centre of attraction ; firms of all sorts must be, for business, speed, cheapness, first near it, then near one another, and the workers must also have their homes within reasonable distance of their work. To be closer than or as close as one's competitor is the aim of all. Next, owners of the land in question, in a position of control, although rendering no service, are glad to get as close life on their site as is possible ; nor is transport, having among other expenses again that of dear land, cheap enough to recompense the firm or person, who, while paying a smaller rent, remains at a distance from the centre of activity. Density can partly be combated by cheap, good transport, but not wholly, save by definite restrictions on the very act of density. Such restrictions may be held to lack precedence, yet the circumstances seem to render them necessary and they would be fair to all in that no one would see his rival unduly favoured.

And there is a growing belief that, whether in the interests of elasticity and of special claims on special sites, in the name of proper cheapness, or to prevent density itself, no firm foundation will be laid until there is avowed repudiation of the principle that private possession in land may block the way to the fulfilment of public needs and of the principle that site value may fairly accrue to individuals. It is not so much that site value in private hands is giving wealth where it is not earned, but that it blocks enterprise and causes improper dearness ; nor does taxation on the value of a site mend matters, save where it leads to sale to the public, for such taxation merely

increases the dearness and congestion for those in use of it. There are few who would not on any compulsory purchase of land grant compensation even on inflated values, especially when the individual concerned has himself recently purchased at a high rate. But in the principle itself, that site value and control is, in the hands of an individual, an unfair and an obstructive force there is daily growing an increasing belief.

In other words, mere conflict of interests works against the best use of the land for the creation of wealth, health, and happiness ; and it is felt that, if these are to be achieved, certain broad uses must be universally acknowledged as essentially national uses, and a body instituted able to weigh special claims on any piece of land and to give judgment from a broad point of view when claims are in conflict. Most important is the consideration—rendering impossible too detailed a law, and thus leaving much to interpretation—that priority of claim will depend on many circumstances and on the fact, among others, that land, to be nationally used, ought not to be given up to any one object disproportionately, either to work, transport, play, residence, wild life, public parks or private gardens, industry or agriculture ; perhaps some of those who see clearly the necessity of establishing the principle that land is for national use do not see equally clearly that there are many national uses, and that it is as unnational to devote land exclusively to work and public park as to play and private garden. It will, at least, be agreed that roads, docks, railways, and factories often need special sites to a specially important degree ; that schools, deprived of much value unless surrounded by an open space, residences, hospitals, farms, and gardens belong as supplements specially to centres of work ; that farming needs special land, forestry other special land ; that commons and grassy tracks by the roadside are valuable for work, play and good fellowship ; that military requirements demand possession of certain

areas and on certain occasions rights over the whole country ; that big estates, when not obstructive to something more essential, are in every way as legitimate as suburban residences or any other form of private possession ; that animals, wild or tame, have, before Nature, their rights equally with man ; that every family should have an adequate space for its house ; that all should have fresh air to breathe. If land is to be saved for all these purposes, a protecting hand as against individual conflict is needed ; if claims are to be reconciled and progress cheaply maintained, that hand must have ultimate power over every portion.

If it is agreed that the welfare of national life demands that many claims on land shall be recognised as "national," that a Board of large views should have power of deciding between claims, and that, when a claim was once admitted, it should be allowed abundant, not scanty, land for its requirements, the question arises, "On what principle should the users of land pay for it?" Should use be allowed free, at public expense, on the ground that use is national, even as roads, law, and other public provision are used predominantly by those doing certain work, although paid for by all as though all used them proportionately to their wealth? Should there be payment per amount, even as those transporting goods by rail, however national their service, pay? Should there be, as on many State-owned railways, payment per use, with rebate in favour of especially national service—that of farmers, for instance? In favour of non-payment is, that so would be encouraged abundant use, as opposed to that present scanty use, which all desire to abolish: a tax on use of land, such as "the rates," is generally regarded as once administratively necessary, but, where land is fairly held, as inferior to income tax both in fairness and in respect for industrious and healthy living. If there were no payment at all, however, unfair advantage might be given to one of many competitors, while,

as regards legitimate private estates, certain persons would be selected for special private happiness. Probably a middle course would be wisest—viz., free though not excessive apportionment of land for any national purpose, with charge where advantage in competition (power to withhold would of course be removed) or special private happiness were, intentionally or unintentionally, offered.

Interference in the public name with private rights is already recognised in the principle of conservation, whether of agricultural land or of forests, or of fish, animals, and birds. The regulations of the Board of Agriculture and Fisheries, close seasons, disciplinary orders to prevent the spreading of infectious disease among animals, are all concerned with the best use of land and all expressions of changing public attitude.

And it is sometimes argued that an administration desirous of substituting a fair and honoured system of distribution for the bargaining and selling, which heightens prices and leads to density and control, would be wise frankly to embody the principle that there is luck and chance in the world and to decide among claimants by lot. As reorganisation became necessary for national ends, all capricious interference with existing interests would be avoided, sites would be found for the dislodged, and some claimants for vacant space would, according to circumstances, be able to plead more national justification than others; but where that justification was equal it might be found, as occurs in other countries, that the lot would avoid corruption, and accusations of corruption, more completely than any other method of distribution.

Although, as in the case of agriculture, only certain aspects of the question may be confidently dealt with by amateurs, there can be no dispute that many people in civilised countries are dwelling in miserable and

improper houses. It requires no particular insight to comprehend that many so-called homes are unsuitable, cramped, rotten, unhealthy. The last three epithets carry their own explanation ; in one town in the United Kingdom one-fourth of the population dwells wholly in one room ; and homes are perhaps more insidiously inadequate where big houses in some decaying neighbourhood are unsuitably occupied by several families. The reason why the evil has so long been recognised and, on the whole, so little remedied is that the conditions operating against proper housing are very many, that attempts to attack them separately have led to disheartenment and despair, and that, in the United Kingdom particularly, we are shy of the legislation and disciplinary administration necessary. It has already been shown that to oppose successfully the forces making for density nothing less than definite regulations are necessary of the type already adopted by town-planning councils ; it has been pointed out, too, that, whether they are built by a man for himself or by a builder or by a public body, if houses are to be duly cheap (as all necessities should be, subject to the proper pay of those making them available), the element of site cost must be, at preliminary national expense if necessary, eliminated. There remain the two following obstructions which must be, simultaneously with these, demolished. Firstly, the power of inferior houses already in existence to prevent the building of new good ones is much greater than may be always realised. Not only do they occupy the sites, near certain work, for instance, where those concerned prefer to live, but they can sometimes by a slight tinkering, sometimes by a lowering of price, threaten the prospective builder (and building means, of course, considerable outlay) with unfaceable competition. The owner of old bad houses has, further, in his favour the fact that tenants are generally in a hurry and cannot wait for the better article. In short, an inferior existing house, even where intelligent

customers are concerned, has against the new improved house an advantage possessed by no other out-of-date commodity in the world. Secondly, many of the customers in question are too driven, ignorant, or hopeless to be intelligent in their demand. Even if they could be protected from the competition of existing inferior houses, many builders would be shy of providing for tenants who are capable of refusing rent and finally absconding, or of ruining a house. Many private builders could supply a healthy demand ; few could afford the loss involved in creating it. And therefore, if sound dwelling is to be provided, to prohibition of density and elimination of site expensiveness must be added merciless pulling down of inadequate houses on the one hand, and, on the other, that security and intelligibility of work, education, and minimum wage which form the conditions of ability to pay a necessary rent and of desire to keep a place as beautiful and homely as possible. Of these two conditions the first, pulling down, must clearly be done at public expense : and at public expense must the corresponding compensation be paid on the ground that, although many of the houses in question exist in defiance of the terms of law, the inadequate administration of that law has virtually given legal force to the expectations of those dealing in such property. Whether, also, the rebuilding should be undertaken by private or public management is a matter of argument ; the higher the security of work, education, and standard of life, the more would private provision, unbacked by disciplinary powers, achieve of itself the desired end. At the same time, in view of the necessary elasticity which any dwelling scheme, as part of an adaptable land scheme, would have to possess ; in view of adjustment of dwelling sites to the necessities of dock, transport, education, industry, strategy, and of the fact that such adjustment would have to be revised in deference to unforeseeable developments of invention and idea ; in view of the many difficult issues of special

treatment and compensation that would arise if, while land were controlled by a public board, building were in private hands—in view, in short, of the comprehensiveness of the matter, it may be that Governments should add to the present regulation of standard and to the undoubted duty of pulling down that also of building up.

CHAPTER III.

EDUCATION.

Both the results and the process of education are most surely seen in the world at large.—The objects of public technical education.—The minimum standard in the conditions of industry and life, which are necessary to effective grip in education.—The meanings of “general” education.—The principles of public expenditure on education.—Marks, qualifying examinations, competitive examinations and fixed periods of study.—Vitality in teaching.—The meaning of local needs in education.

It implies, of course, no narrowing of the ends of formal education to welcome the judgments on it of men of the world, so long as they are men whose judgments on the world are broad. It is rather essential to the welfare of education to insist that its value can only be tested in the world—in work and life, in a crisis and on every day. And it is equally essential to insist that not only its results but its processes can only be satisfactorily tested by developments in the course of every-day life—again in work and play, in a crisis or in routine. It is literally true of some people that their development and education never cease, and it is from what occurs and can occur in the stress and realities of workaday existence that guidance must be taken in planning schemes of development for the young. From this realisation of the ubiquity of the process of education those with experience of developing minds, whether in their early or in their later stages, are increasingly inclined to hold that it depends on circumstances whether at any moment school, industry, the acquisition of self-confidence in resourcefulness, a period

of reflection, earning, holiday are just what is needed in the interests of education.

It is well worth while thinking out the causes of the recent increase in all civilised countries of institutional technical education of all sorts. The necessity for capacity being thus formally acquired elsewhere than in the existing processes of industry and life is due to three main needs: Firstly, the very fact that there are particular scientific discoveries to be made by hard thought on the basis of general scientific knowledge necessitates some place apart where hard thinking and acquisition of general knowledge can proceed. Secondly, modern division of labour renders it increasingly difficult for a sound all-round workman in any trade to be developed solely in the shops of that trade; employers who would be otherwise willing to make special provision at special expense for this training of young workmen are naturally deterred by the modern facilities of migration of trained men to other firms or countries; while not only industrial progress and accompanying dislocation, but the actual work which many men have to do (*viz.*, the tending of some machine with understanding), renders indispensable to them a general adaptable knowledge of specialised scientific principles and even some such reflection on the working and living world as can best be had in definite schooling. Thirdly—particularly in highly developed organisation and the big scale of industry—there is much work in industry and life which in a thousand intangible respects can be done wastefully and badly, although it can claim that it is being in some sense performed. Reference has been made, in another chapter, to the connexion between cheap wages and poor work, and to the ideal that all human effort should be as telling as scientific organisation will allow. It was shown there that the vicious circle of incompetence and poverty can be broken partly by prohibition of low wages. It must, however, also be broken by education, if the effect is to be permanent. Unfor

tunately, from various causes, the tradition that all work is of importance, and deserving of prepared skill and care, has to a great extent died out in England : it has, until quite recently, seemed unworthy of public investigation that the work of mother, wife, carman, docker, builder's labourer, for instance, and often even of merchant seaman, should be ranked as " unskilled," needing no special characteristics ; and the result has been disastrous, obviously at a crisis even to the short-sighted, equally clearly, however, from a study of daily cumulative effect. The task here of technical education is to point with emphasis to the skill required for every task, to impart that skill, to adjust the proportions of those entering on work to the services demanded (it is primarily the specially gifted from whom adjustment must be expected : room in the educational pyramid, to change the metaphor, is at the top, not the bottom), to achieve such a standard for all that the material offered to industry is incorruptible by negative industrial conditions, to give that additional active interest in life and health which reacts on work and adaptability.

So vicious, however, under certain economic and other pressure, can become the circle of incompetence, low wages and lack of standard, so great the exploitable mass of anxious, " unskilled " labour of boys and men, women and girls, so depressing the insecurity of work and the crampedness of life of those caught in that pressure, that the task of education, even with the aid of a higher wage and its reactions, will be unachievable unless there be exerted other direct grips, enlargements, disentanglements. Direct enlargements of housing and space seem necessary correlatives of any education in domestic skill or in hobby and love of life. Direct prohibition of demoralising occupations for boys (as is, even in regard to mind, the selling of newspapers in the street) seems correlative to any education, which insists on skill, plan, and discipline. But most fundamental of

all—for without it the corresponding education is not only subsequently reversed, but is bound itself to fail in essential grip and hope even when it is being attempted and professed—is direct assurance that the employment of manhood (that of boyhood is after all only a temporary phase) will neither be securable without certain skill, health, and character, nor will be easily lost if those qualities are present. On this assurance and confidence all education whatever depends, and so in particular do all recent educational achievements—in Munich, for instance—in convincing boys of the value of skill and vitality in occupations previously approached casually and haphazard. It seems, then, that the ideal of a corps of carmen, builders' labourers, dockers, for instance, and even of general "unskilled" labourers, of guaranteed skill, energy, discipline, work and wage, desirable already in view of seasonal and other dislocation, is necessitated from the requirements of education and a standard of workmanship. And if the attainment of such a standard seems beyond reach, it can only be reinsisted that the present implied contempt for simple work, whose product is dependent on the co-operation of thousands, and the accompanying refusal of society to provide conditions ensuring vitality in that work, are no permanent reflections of the human mind, but rather the results of unfortunate "individualistic" theory rapidly losing ground in other spheres of human outlook; further, the era of invention, machinery and organisation, which in its first stages a hundred years ago displaced human skill, promises in many respects now, if favourable conditions are allowed, to call for increasing human intelligence and to require the co-operation of no half-developed humanity, whether in production or transport.

The expression "general" education would to-day usually be repudiated, if it were held to deny the special aim in all effective education. It is, however, still used in one of four valuable senses—Firstly, reading,

writing, reckoning, and health are indispensable to all : their effect on further acquisition of knowledge, proper spending, ascertaining, even in a small business, where there has been success and where failure, is obvious. Secondly, certain further technical ability is common to groups of trades and professions : in this sense physical and mechanical principle, or modern languages, or economic understanding are " general." Thirdly, it is desired for all that they shall have a clear, positive, generous outlook on humanity and Nature, be cheerful yet not complacent (there can, in particular, be no leadership without power both to understand and to make plain and convincing the plan and responsibility of those led) ; and it is held that, while home, street, field, workshop, factory, army, hospital are all in this sense educative, yet school and books offer the time and outlook necessary for reflection on increasingly complicated society, together with that close companionship with peers (who on the whole love and hate a man for what he is) which generally produces toughness and avoids hardness. Fourthly, achievable in the course of all learning are certain mental habits, indispensable to effective action and to advanced study and most easily acquired in youth—notably three, viz., appreciation of what is valuable, power to face personal facts, hopes and limitations, power to distinguish between real and superficial knowledge. In this sense " general " education, while subordinating for the time special attainments to the formation of habits, includes the special education suitable for the development, self-confidence, and plan of each. And it is in this recognition of the interaction of principle with the special aim of each that lie both its practical value and its liability to misinterpretation. Thus, it recognises that appreciation, purpose, familiarity with the unique feeling of mental grip and of arrival at the heart of a matter come in different ways to different minds, and that it is therefore a matter of circumstance what special broadening of horizon,

what special instruction in capacity, what acquaintance with detail of Nature is at any time needed. Thus, it protests against the stereotyping and admiring, irrespective of circumstance and individuality, of any special knowledge, interest or capacity (such authorisation leads ultimately to "cram"). But thus, too, it repudiates equally the claim that, without some special appeal to individual hopes and unwearied interests, formal presentation of scientific method, formal establishment of cause and effect, formal ordering of facts, formal expression of ideas unfelt, can call forth that activity of the mind, intimate in grip and in sense of reality, which guarantees advance in mental development.

The general principles of payment for service by taxation and under compulsion, and the increase in real national wealth thus effected, when that service is vital to national welfare and would otherwise go unprovided, are discussed in the following chapter. Payment out of taxes and rates for education in particular seems to have the following advantages. It secures (as distinct from the fees, which in such cases are often unpaid) that even the pressed and short-sighted devote a definite amount of their earnings to preventing their children from becoming a burden to their country; and, except in those cases where necessary food and clothing are thereby sacrificed, such disciplined payment is clearly right. It distributes expenditure, for all parents, from the years of greatest burden to all years alike. It repays, to some extent, parents for their total labour in connexion with children, by demanding also from the childless. According to the principles of taxation followed, it demands additionally from the rich, as is also probably fair. It diverts often from unproductive expenditure to the promotion of energy. It, and it alone, enables that supply which in such a case as this must precede and create demand, and the security of income thus guaranteed to the authorities enables economical provision of broad

schemes, impossible if payment were capricious, in accordance with the temporary or permanent national needs. But the corollary of the expenditure of national money is that the object must be national (more national than that of the money in question, if left in private hands), and fulfillable in no more economical manner. And this principle—while justifying all provision to improve standards of work of all grades, to develop capacity for service in the proportions demanded, to bring brightness and health, otherwise absent, into the lives of the simple and unambitious who yet earn their pay, to develop all talent which can thus make some special contribution to national life, even to restore to sufficiency the children of those failing to pay their way—denies justification to the payment for objects achievable in the natural course of life and industry or by other more economical reorganisation, to the overflowing of any profession unless thus alone can its service be improved, to the stirring up, in the name of literal fairness, of any inharmonious and ineffective ambitions. It is in England, at present as opposed to a hundred years ago, probable that special ability, from whatever origin, has every chance of emerging, of giving its best service, and receiving due reward. The conscious creation of ladders for the few is, at any rate, not nearly so urgent a cause as is scientific and purposeful establishment, in gripping industry and life, of all. Often a reasonable makeshift, for filling without flooding professions requiring long preliminary training, is that payment for that training should come partly from the public purse and partly from fees.

Recent developments in the understanding of educational realities and of the right uses of educational finance have led to a reconsideration of such instruments as marks, qualifying examinations, competitive examinations, fixed periods of study. Thus, since it is found possible for a learner to understand the purpose of each matter,

tests, which are self-evident, check real capacity and lead on from stage to stage, are clearly superior to marks which have only relative significance and often mean nothing at all. Thus, competitive examination (while claiming justly to be one form of avoiding favouritism and of testing application), in attempting comparison of all types of capability and in demanding knowledge which admits of rapid differentiation in assessment, is seen to be ignoring the truths that all activity is special and requires specially determined characteristics, that all gripping education must, while following general principles, have some clear special application in real life, and that the imposition of standards sometimes vague, sometimes, in certain directions, artificially exacting may produce the qualities of vagueness and artificiality both in those who "succeed" and those who "fail." Differentiation in examination, beyond what can be achieved by insistence on the qualities essential to the work contemplated and on real educational standards appropriate to the age concerned, is as clear a yielding to chance as would be the drawing of lots, and a far more expensive one. In qualifying tests, on the other hand, can be embodied every developed understanding of the right preparatory training for the particular service or industry in question, every developed understanding of the aim of each subject both ultimately and at the stage in question. They can be brought, too, scientifically to serve national ends. When freed from present vagueness and unconscious subservience to the ideals of competitive examination, qualifying tests will be able to take account of the actual standard below which further education is a waste of a nation's money, and will be able, in recognition of the flooding or emptiness of any service, without artificiality and in conjunction with other educational and financial reorganisation, to heighten or lower a standard of entry so as to redress the balance. In the reaction against examination of all sorts, as bound to be

artificial, there has grown up belief in fixed courses of study. Necessary as a fixed period is often, particularly in untestable subjects, where bread can be but cast upon the waters, there is clearly here danger of inelasticity and of dawdling. In Germany, for instance, there is complaint that entry to many professions is only allowed after a period long enough to numb the sense of initiative. Tests are preferable wherever they can be established in accordance with educational reality.

Even where tests are definite and scientifically determined, teaching, the direction of purpose, the broadening of horizon, the provision of the means of development is so seldom required to be mechanical that no administration will achieve its end without creating for teachers conditions of vitality. Many "subjects" indeed, being but selected lines on which to establish vital interest in life, are ineffectual, unless the teacher presenting them himself feels that interest and that they are worthy of study. Some of the conditions of keen activity in industry as a whole have been enumerated in a previous chapter, and all of those may be said to be relevant to a profession so varied as the educational profession. One particular problem is always to the front as regards allocation of money: the fact that professional training, though useful to most intending teachers both in itself and for the opportunities it offers in filling up gaps of general education, is yet not professionally essential and even less important than talented sense and understanding renders it disputable how far to devote public funds to training, and how far to hope that heightened pay, enabled by decreased public expenditure on training, will attract exceptional talent. On the whole it is generally found wise to insist on the training while adjusting that training to the personalities concerned. It is wise, however, too, that, as educational ideals develop, the question should often be rediscussed.

In England and Wales the Act of 1902 first threw

upon the councils of counties and of county boroughs the responsibility of forming an educational programme, whose ideal is that for everyone within the area there should be a clear vision of developing life and the means of purposeful advance. To this end, of course, professed education must work in harmony with industry, tradition, and other organisation for the promotion of opportunity, hope, and mutual discipline. And it is in this sense that, if it is to be effective, every scheme of education must have a local character. For every locality and every generation in it has its own problems and hopes, if administration can only find them; there may be a stagnant surplus to be migrated, an industry to be revived, a type of life to be re-established, some common knowledge to be acquired or recovered, some livelihood to be ordered or secured. Much of the machinery of education must be uniform in the nature of things. All elementary schools must have features of uniformity: ill-health can only be attacked on uniform lines. But probably, where a locality and a generation cannot point to some peculiar problem of their own, to which formal education is adjusting itself, the problem is being neglected and the education there is lacking in reality and power.

CHAPTER IV.

SOME FEATURES OF LAW AND GOVERNMENT.

The first principles of constructive law.—More definite discussion of the relations of law to individuals, and in particular to those delinquent and those suffering.—The elements in constitutional government.—Public creation and management of services : taxation.—Central and local administration.—The public finance of the Church of England.

THE very amount of litigation in law, of the settling of differences, of claiming, of objecting, of compelling delinquents, of restraining breakers, even of withholding in a consciously scrupulous manner—shows how imperfectly laws have succeeded in appealing. And yet in a circle of friends, workmates or in a family it occurs sometimes that some object, something to be done, beckons so firmly that careful mutual arrangements seem even little and of no account. And even a nation may at a moment of crisis be swept on in such a manner. At such times it seems that the vision is so clear, and the pathway towards it so certain, that lesser actions must of necessity and without further conscious thought happen rightly and, in a big sense of the word, fairly. Of the individuals concerned, whether among generous friends or when acting in a cause, it is not this little thing or that which is estimated or criticised ; it is asked only that they should positively and constructively have played some part. Perhaps the best test of government is the number of these visions, realised or still beckoning ; and perhaps the limit of bad government is reached when there are no such visions and all is hazy and a matter of argument.

Of course, in the infinite circumstances of life where no uniting vision seems possible (in commerce, for instance, one necessarily prefers one's rival to be passive), all admiration is due to arrangements which promote fairness, liberty, toleration, respect for rights. But greater than these and more effectual are the big imaginative and co-operative achievements. And of these, to repeat, the essence is that they present a clear, appealing vision, build a pathway towards it, promote such confidence in all, that even desire for subtle advantage fails, and interpret actions, as does a generous individual, not by minor defects or any passiveness, but by positive contribution. Of the perfect operation of these four conditions, though select bodies and nations at a crisis have instances to show, the lack of permanent examples even among civilised peoples shows merely how backward we still are. To a large extent, however, the present practical absence of murder in Europe can be interpreted as a positive convincing respect for life, while universal education can be interpreted nearly as a positive intention that every child's brain shall receive development. But we are on safer ground when, as is easily done, we point to achievement after achievement, which just fails of perfection, because there has been failure of one of the four essential conditions. Thus, among certain classes in England there would be more constructive enthusiasm for the vision of perfect marriage, both if the pathway of hope were more secure and if the law looked towards activity rather than passivity in individuals. A pathway of hope is lacking where there is insufficient security of work, space, and health organisation. The law is doing what is unnatural and unappealing to humanity when it fails, in divorce and separation questions, to ask as the fundamental issue, "Which party has done good things for the ideal of the marriage and the children concerned, and which has failed to co-operate?" and concerns itself with rights of people assumed to be passive. Again, whether

in peace or war, any class is bound to be inelastic and without enthusiasm for national necessity, discipline, or ideals which feels insecurity of prospect or deficiency of a fair share in whatever fortune the nation achieves ; for them the vision cannot be clear, because the pathway is not firm—they cannot stand upright, or lift their eyes to the view ahead : no argument that there is fairness from some abstract point of view will make clear the vision ; only the feeling beneath the feet that, though the goal will bring varying rewards, the pathway is firm for all. Sometimes, again, a vision has been formed and the appeal is clear, but financial provision is needed to lead many to the path and definite regulations to give the required confidence. Thus, it is doubtful how far the dream of a country, wherein there is all possible happiness for animals, is capable of fulfilment (quite apart from various land questions) until, for instance, money is set aside even more systematically than now to purchase worn-out animals from those who cannot afford to regard them except commercially ; and until the cessation, for instance, of the work of ponies underground is made possible by such law as will give each rival confidence that in obeying humanity he will not suffer financial ruin. And the vision itself may be obscure even in the minds of legislators and leaders. There is official hesitation, for instance, between the two directions, either of which would make hopeful the task of a town-dwelling, poor, average mother—provision, on the one hand, of food for her children at school, and for herself at municipal restaurants, with further provision for laundry, or, on the other hand, of better space and housing, secure wages for her husband, abundant opportunity for domestic knowledge. And in this hesitation between visions no definite system is pursued, and the task of town-working mothers is uncertain, fitful and deadening for all but the strongest and most courageous. Instance after instance will occur to the reader of this failure by law

to appeal and to effect through one or other form of incompleteness.

It may, however, suggest a new point of view, to assert that one essential condition of good law is its appeal to active individual life ; because in practice most laws, often rightly, are accused of killing individuality in some way or other. The task of the objector to law, who has merely to notice and sometimes need only play on prejudice, is far easier than that of a maker of laws, who must imagine. At the same time the objector, particularly he who is for ever preaching individuality, is doing service if he forces every law or organisation, which attempts to point to visions and to establish order out of chaos, to show wherein it has given more scope to individual energy and decision than it has prevented. It is an undoubted weakness of many modern aims that they do not do so ; though many others, those connected with health, for instance, are falsely accused in this respect. Upholders of the essence of individuality in law are making two further valuable contributions. They urge, firstly, that a law, like a person, is doing something distorted when it concentrates rather on " making people good " than in " helping." By pointing to a vision and backing up those who are marching thither, a law will increase goodness in the ordinary sense of the word. But, in an infinity of reactions, it makes all the difference which is its conscious aim and what is its attitude towards people. No doubt in actual instances much deliberate negligence of the ill-treated on the part of the law in modern times and the substitution of much unpractical moralising are the result primarily of the failure of any effective financial instrument. Thus, in the question of divorce and cruelty among the poorer—to revert to an instance touched on in the preceding paragraph—if only the opportunity for all of secure work and pay were provable and permitted it, unbending insistence on any maintenance due from the offending party would suffi-

ciently protect marriage from trivial dissolution, while the law would then be free confidently to help and protect those whose vitality was being crushed by cruelty, immorality, perpetual drunkenness, perpetual nagging. And similarly it is chiefly inability to fix and insist on financial responsibility which causes the law rather to moralise ineffectively than, in a matter of fact way at the expense of the delinquents, more positively to help and protect neglected children or deceived women. At the same time there is even to-day a degree of truth in the contention that the law has not the definite intention of concentrating on the most effectual direction, viz., those in need of help and co-operation. It is urged, secondly, that modern law and organisation is causing valuable types, which enrich literature, for instance, to disappear. And, though some types are preferable in literature than in life, at a distance than in one's family, it is, of course, important for a people taking stock of itself in other ways to resist, too, any increase in artificiality and sameness.

It is always a triumph when a question long discussed is so settled that it releases energy for the consideration and establishment of further issues. Such is happily the case, in broad theory and to some extent in detailed practice, with discussion on the power and the limitations of government by a popular vote. It is now generally accepted that, without power of voting, any section of a nation may fail to make heard its important needs and hopes and fail to win the sympathy necessary to enforce their recognition. It is also generally accepted that big constructive schemes cannot be established except in an atmosphere of service such as will prevent the growth of innumerable minor obstructions. Thus, the main contentions of the two big political parties of the Victorian period are found both to be true; so much so, indeed, that it is even sometimes complained that the present parties are distinguished by no marked political principle

at all. In detail no doubt neither theory has been logically established or embodied in organisation. On the one hand, arguments can still be heard against the extension of the vote to working women (a section of undoubtedly special needs and hopes), which imply that votes should be given to those only who can think out and disentangle delicate issues. On the other hand, whether between parties or more generally, machinery has not yet been devised for allowing only that amount of opposition to big schemes as will force them to become more clear and purposeful ; it has been found, as yet, impossible to remove power from ignorant or prejudiced obstruction without loss of liberty. Still, it is safe to say that, not only at a crisis, but generally, the past century has seen the creation of much common understanding, on which schemes of progress and service may be built.

It is generally agreed that the need for public expenditure on a service is proved when a nation has men or women to devote to it, and yet, from whatever cause, though it is vital to welfare and dignity, there is for it no effective private demand. It is, again, generally agreed that the need for the public management of a service is clear, whether for immediate profit or not, when, if such service is left in private hands, to respond to private demand, the total result will be against national interests. Thus, on the one hand, the fighting services, varying in size with necessity, protection of life and property, have long, though not always, been recognised as vital to national welfare, yet likely to be inadequate or non-existent if left to the effects of private demand. Similarly, other services have been lately recognised as in the same position, and public provision for education, health, space, housing, recovery from dislocation, trusteeship for funds, secure investment of the savings of the financially ignorant is being, in various degrees, gradually held to be necessary. On the other hand, when private management of an industry, even under public super-

vision or licensing, proves disastrous or fails of some convincing ideal, constructive public management is clearly needed; many think that such a step would be wise with slaughter-houses, for instance, poorly paid and insecure home work, and public-houses. In either case, as soon as national need is proved, there is no sound argument for voluntary, as compared with compulsory, payment; while though pioneer work is well done under voluntary management, effective, sweeping, responsible work can only be done properly by those possessing official powers. Levy of taxation, unless it be only on spasmodic private expenditure, is bound to cause dislocation of some previously employed: in order that this shall be as small as possible, there is advocated avoidance of taxing capital, raw material, food or anything which shall handicap industries in the production of cheap articles for world markets; on the other hand, as has been already said, the regular payment of public services is often able to set in motion the machine of employment so as more than to counteract the dislocation caused by the taxation. Further principles are involved in the intention of fairness to the average man, to the man spending in a particularly national way, and to those likely to be underpaid from general national conditions. Thus there is no justification in commandeering harmless, if unproductive, individual expenditure to allow of equally harmless yet unproductive public expenditure, *e.g.*, on formal grounds or public buildings. Again, although in a perfect economic organisation, poll tax, "indirect" tax on necessities, income tax even for the smallest incomes would all be fair, the modern tendency to avoid these in favour of tax on luxuries and on high incomes, with rebates for expenditure on children, for instance, probably achieves a greater practical fairness, quite apart from avoidance of either dislocation or misery. It is as though a nation said to itself: "Some of us in all classes have, from the big scale of industry and

protected opportunity in our partially organised Empire, put our average talents to the achievement of wealth hitherto undreamed of by similar people ; others—again of all classes—whose path has lain off this organised opportunity, have travelled differently. It is hard to say what is fundamentally fair. Let us at any rate compromise by taxation in proportion to wealth, with special respect for money spent in a clearly necessary or national manner." Above all, finally, it is to be insisted that taxation is not a loss of wealth, but a transference of service, whereby a people, keeping all reactions in mind, asserts that, compared with certain " public " services certain other " private " services are unimportant. Given success in avoiding disastrous indirect results, taxation renders a nation richer, not poorer ; by it certain people do things for one another which matter more in place of things which matter less.

The considerations treated in this paragraph are no doubt dull in the abstract form which is alone here possible. And indeed a knowledge of the following principles is even more powerless than usual, unless aided by common sense and imagination before a concrete situation. They are, however, so important in establishing effective and lively public service, and they are so necessary to a proper understanding of many actual issues—they are, in part, at the bottom of the Irish Question, for instance—that they deserve very careful notice. Two main questions are—Firstly, what is the proper area as unit of various public services ; secondly, what shall be the relation, financial in particular, between the various units and the central authority. In practice, as is known, certain services in the United Kingdom are managed centrally—for instance, the Navy and the Army and the Post Office ; while others—sanitation, education, for instance—are, although controlled from the centre, provided and organised locally. Similarly, in practice some laws passed in London apply to the United Kingdom,

others to England, or Scotland, or Ireland, or Wales. The advantage of central management is not only that of uniformity, but that rare and highly paid expert talent can thus extend its influence in all directions. The advantage of local management is that local interest and knowledge may be of paramount importance and may admit of greater economy, especially perhaps where unpaid work is in question ; in some service the influence of expert supervision and of specific expert consciousness in subordinates may even be numbing, whereas an officer of general experience and feeling of independence may vitalise ; it is thus sometimes urged that in certain parts of India an independent administrator of general experience establishes livelier progress in a neighbourhood than would careful subordination of officers to centralised and specialised expert government ; or, again, that the many subordinate duties of inspection in the houses of big English towns could usually be performed by a single lively capable officer of general experience and special knowledge of a district and would be thus better performed. But of course both the area of service and the relative part to be played by expert and general officers, as also the question how far any one person can combine these two qualities, are matters of degree and circumstance. Again, there are two main reasons why the central authority should have any financial relations at all with the local. On the one hand, a particularly poor area should in fairness be helped by the richer ones, and for this the central authority is the best medium ; on the other, the central authority, while not requiring uniformity, must often demand a standard and may wish to encourage special activity. And the simplest method of combining these two aims is to give an annual grant to all areas, which can be removed on failure of standard and can in proportion to special action be increased. The poorer areas will be benefited by the very fact that money collected throughout the country in

proportion to wealth is redistributed in proportion to persons, and the greater the proportion of local expenditure which comes from central taxation the more are the poor areas benefited; and further assistance still may be given by a special grant for definite poorness. The case of Ireland is complicated by the fact that as a poor area she claims a grant from London, yet, for various reasons, desires little supervision. And if it is felt that absence of such supervision and the resulting sense of responsibility and power to economise will vitalise her local services, there seems no financial reason why she or any specially selected part of her should not receive a grant, justified by her comparative poverty in a rich United Kingdom, without the usually accompanying control.

A similar financial consideration is of importance in connexion with any proposal as to disestablishment and disendowment of a church: there are, namely, two distinct proposals, to be decided on distinct grounds. The rightness of disestablishment depends, of course, on whether independent management would bring increased vitality and whether control by civil ministers means restriction rather than breadth of view. But disendowment is economically very difficult to justify. The Church of England, for instance, uses its funds mainly in offering service and welcome in times of isolation, poverty and unhappiness, service for which, essentially, there is no persistently effective private "demand," and which would not be available, unless the funds were in some way publicly provided. In addition, the intangibility of the service—although it is equally important with the more definite services of medicine, law, education, which the Church has in the course of time ceased to control—renders unlikely the devotion to it of taxation; and for this reason the possession by such a church of inherited funds, even if a part were given at an earlier and different time, is for the nation concerned of great good fortune.

CHAPTER V.

THE POSITION OF ONE NATION AMONG OTHERS.

Compatibility of aims: National personality.—Particular causes of mistrust, alleged to have led to the present war.—The special necessity of clearness of aim, where people of different outlooks are concerned.—Economic elasticity in war time: (1) sufficiency of necessities; (2) sufficiency of national service; (3) sufficiency of taxable wealth; (4) freedom of all from extreme poverty; (5) economic reconstruction after war.—Principles of distribution of wealth implied in the various proposals, during the present war, for pay and allowances.

FOREIGN AFFAIRS.

IT is sometimes advanced in discussion that a nation or any corporation is without personality. When it comes to deeds, whether of co-operation or hostility, one nation regards another just as one person regards another person. And therefore no nation is a force in the world which does not, behind its various actions, show a definite personality. Particularly have sincerity and simplicity—the two qualities desired by man in man—to be evident in any people hoping to play a leading part in the world's ideals and to gain that co-operation of other peoples which is essential if those ideals are to be realised other than locally. As regards sincerity, there is bound to be difficulty in adjusting co-operation between nations (necessary to the heightening of standards in the treatment of animals, the education of children, the limitations of barbarity in war, the abolition of slavery and of sweated conditions) with the competition whereby each nation hopes to obtain for its members a strong position in the

world's economic circle and work steady, enriching and clean. The two are, however, not incompatible. And indeed, although any part in exploitation, in taking improper advantage of commercial control—in China, South America, Africa or elsewhere—apart from its particular indecency in a rich country, earns for a nation professing idealism the reputation of hypocrisy, yet equally would a nation be mistrusted whose idealism both began and ended abroad, or which did not know how to look after its own people. Similarly with the three negations of simplicity—cunning, petty competition and conceit. It is held to be no contradiction to idealism that a nation or her representatives should refuse to take blows without giving them (of British idealists, for instance, as Gordon and Nicholson, this was not expected by those who revered them). But cleverness in diplomacy, successful or unsuccessful, petty rivalry in trade figures (as opposed to concern that one's economic position is good enough), complacent talk displaying ignorance of the contribution of all nations to progress and of the shortcomings of all, render other nations, as other persons, either suspicious or uninterested. To be generous and somewhat careless is at the basis of fellowship, not only between persons, but countries.

Within recent times attention has been drawn to the question whether it is possible for even a victorious modern war to result in a balance of material advantage; and it has long been discussed whether war and devotion to military ideals pave the way for the fulfilment of the positive ideals of peace or turn men's minds from them. But perhaps the moment of an actual war, and particularly the end of a war, when on either side are prominent the motives, persons and ideals which the opposite side can unfeignedly respect, is more appropriate for a consideration of the real causes of suspicion between nations and the most hopeful for an unbiassed facing of the "faults on both sides." It is here difficult

ground. But undoubtedly the most fundamental fact of modern wars and previous suspicions is that they are due to commercial causes. There is no bitter rivalry between powerful nations for the right of burdensome yet honourable ruling. It is at least doubtful, especially in view of the growth and cohesion of the United States of America, how far there is a compelling desire for colonies as places to which the independent farmer, tradesman, or professional man can emigrate without coming under a foreign flag. But it is certain that the chief mistrust between nations or members of nations has been aroused in connexion with localities, where on account of a combination of natural advantages and cheap labour invested money can secure enormous returns. If there were no region in the world where labour was ignorant and allowed itself to be exploited or where land was purchasable for control motives or where control railway monopolies were securable—where, in short, especial wealth was gainable except by special skill or perseverance—there would at any rate not be jealousy without a corresponding admiration. And even if such a change is almost as remote as to be a dream, and for a long time a division into spheres of influence is the right policy, the connexion between the raising of backward peoples and trust among powerful ones is real. Second, perhaps, as forming suspicion and feverishness, comes the absorption of interest in vague feelings that something glorious ought to be done as opposed to interest in the common things of life—industry, sport, animals, physique, and the facing of danger and honour as it comes. Third, perhaps, the suspicion that any rich nation has but feet of clay. Fourthly, it is to such an extent assumed, in conversations between members of different countries desirous of understanding, that daily newspapers are the cause of mischief that there is perhaps truth in the supposition. It may be that the necessity of writing daily, of arresting the attention of the public, of selling the paper at a low

price and serving the interests of those who can afford to advertise heavily, has done something to diminish the debt owed by the civilised world to daily newspapers.

The importance of clearness of aim in a nation's policy is emphasised, according to those with experience, where there is contact between peoples of different traditions, outlook, and even colour. It is, of course, mainly a matter for the British Empire and for the United States. Thus it seems that the unpurged transplantation into complex India of organisations, which even in Europe only achieve their objects indirectly and by implications—such as competitive examination, "general education," laws of rights as distinct from achievements, competition and control in industry—admits of such vagueness and ingenuity in their interpretation that it is sometimes hard to tell in what ideals of character, achievement, or service we really do believe. In England itself, in East London, on account of vagueness in ideal and failure to insist in organisation on the truth that English men and women suffer degradation without the solidarity and standard of life instinctive in them, we have in adding to other disintegrating forces the admission of foreigners with Jewish characteristics, brought ourselves to qualify that welcome we wish to extend with resentment at this further disintegration. Had we known ourselves more exactly, embodied organisation to suit and protect our own nature, and presented to the visitors a perfectly clear ideal, we should have been able to admire their virtues of industry, forbearance, and thrift without suffering from them. In South Africa, again, the task of harmonising at all the lives of unskilful black, brown, and white (Rhodes hoped at one time for complete segregation) has been rendered more difficult from the leading industry, that of gold-mining, having traditions not concentrating on stability, health, or any definite and universally achievable aim in life.

In Australia, whose ideal has been in the main economic order, attempts to avoid confusion between colour, while repudiating special claims of superiority for any, have so far been successful. The United States, too, have made attempts of all sorts to segregate or adapt Red Indian, negro, white man, and, like Australia, have, in distinction to their general immigration policy, tried to avoid further colour complication.

Of course, during actual war—and in view of the date of writing it is impossible not to have a particular war in mind—special facts have to be faced and special achievements call for adjustment to one another. As preliminary, it is agreed: that, owing to increased distribution of wealth by the united nation to the number of those serving it publicly, individuals will have power to demand correspondingly less service for themselves—heavy taxation will involve the surrender by every individual of services to which he has grown accustomed or of increases in wealth which he was otherwise expecting; that, whatever the counteracting influences, there is bound to be much dislocation—foreign markets, foreign sources of raw material must to some extent fail, loaning agencies must be to some extent nervous, many individuals will instinctively “save” in minor or greater luxuries (if they are poor and likely to become a national burden, it is clearly their duty to do so), and once dislocation has begun the demands of the dislocated will also cease; that, for harmonious settlement of all pressing issues there is indispensable on the part both of those whom the Government asks to prosper, and of those to whom the Government appeals that they have lost their livelihood because otherwise national honour could not be satisfied, a solidarity comparable rather to the interdependence of the battlefield than the bargaining and claiming of “economic” life. The following are, perhaps, the four main ends, which demand satisfaction:—

- (1) Sufficient production or collection of necessities

and, in certain circumstances, their careful and limited distribution.

(2) All the positive national service required in fighting and preparing.

(3) A sufficiency of taxable wealth.

(4) Freedom of any from starvation, weakness or demoralisation; and the extent to which each can be satisfied will depend on the requirements of the other three. It is elasticity, which is vital.

(1) Thus, as regards the first, if shortage of food necessitated limitation, even of the rich, to a definite daily ration, or if, at a less critical stage, prices tended to rise above the means of the normal workman and it became necessary for Government to fix them in one of the many possible ways, the price of final distribution—whether, for instance, food were given out “free”—would depend on how the other three ends were being achieved, on how national service was being rewarded, national wealth collected, and the demoralisation from dislocation averted.

(2) The alternative methods of rewarding national service are: full and generous payment and allowance for all individual obligations and contingencies on the one hand, or maintenance and public undertaking of obligations together with very small payment on the other. And, again, which is selected depends clearly on the amount of taxable wealth available (there would be no excuse for the latter alternative while money was spent on individual luxuries, or, for instance, placed into foreign investment; at the same time a crisis is imaginable where this method may be necessary), and on this selection will depend any fixed price of distributed ration.

(3) Similarly (although in extremes all might be called upon to give some sort of national service and obviously for low pay, unless each were to be repaying himself through high taxation), it is preferable, both for dealings with

foreign countries and in respect for the understanding of those to whom the necessity of low pay would not be convincing, for a country to have in hand abundant interchangeable and current wealth. Such an object necessitates respect for the wealth of the taxable and may justify Government expenditure, on the one hand, (in guaranteeing banks, financial houses, and insurance companies, for instance), to enable the prosperous to be still more prosperous and, on the other hand, stringency either in rewarding national service or in remedying dislocation and relieving distress.

(4) As regards dislocation and distress, however, it is not necessary that relief should be antagonistic to abundance of either national service or of taxable wealth. It depends on circumstances. In relation, firstly, to taxable wealth, although it is possible that public expenditure on illocation may lead to no increase of taxable wealth, especially in view of the fact that existing systems of taxation do not benefit from increased wages or very small incomes, it is also possible that the illocation of a few may so set in motion the wheel of further demand and supply as to lead to abundant return in taxability. Which of these possibilities will occur is hard to foretell, as the course of demand depends upon a series of individual desires; the sweep may be broad and include a whole neighbourhood after the first impulse is given, or it may affect but a small circle, and for the inclusion of those still excluded many more deliberate impulses may be needed. In relation, secondly, to abundance of national service, in the extreme case, where all were absorbed into national service and the abundance of taxable wealth were a secondary consideration, there would *ipso facto* be complete remedy of dislocation. But even where the need for national service is not so great as to illocate all, it will probably be great enough, as is fortunately the case in England at the moment of writing, to reduce the problem to local dimensions; and if it is decided to spend as little

further taxable wealth as possible on illocation into work, which is not of primary national necessity, there is, of course, correspondingly, no dishonour, but rather service, in the acceptance by those still dislocated of public maintenance or public training for themselves or their children.

(5) But, except in the direst circumstances, it may be possible for a nation even during the course of war to commence preparations for the subsequently necessary reconstruction. For, although the end of war will no doubt bring a revival of trade in some directions, there will be, too, a return to the labour market of many fighters, cessation of much public and private war demand, continued cessation, owing to continued taxation, of demand for luxuries ; further, under the impulse of war sacrifice and endeavour, there will have been formed determination to heighten standards of skill, to increase the means of life by public and private action and especially to effect the adjustments of all disproportions, whether between skilled and unskilled, men and women, old men, men and boys, which seem intolerable to those with experience of the clear division of function necessary to success in war. With this future in view, far more important than temporary illocation into work, illusory both in its value and in its avoidance of pauperisation, are training of all sorts at public expense (the pauperisation of which under the hopeful and definite prospect is again an illusion), " saving " and formation of plan, especially by those who are in war better off than usual, and abstention from any demoralising or unproductive expenditure ; as regards training, though there is some hope of adaptability in all, it is upon the young that the expenditure of public money is most likely to be effectual.

It is instructive, finally, to notice what principles of the distribution of wealth have, in a time of necessity and of national solidarity, been utilised in the appropriation of pay and allowance to soldiers and sailors,

and in discussion upon them. Most striking is the agreement by the nation to share responsibility for risks and obligations, involving allowances for the invalided and for wives, widows, children, and for mothers hitherto supported by their sons who are serving. Next has been evident practical recognition that a woman is doing national service by tending her children. Thus, for soldiers it has been compulsory, and for sailors practically compulsory, that they should allocate to their wives a definite proportion of pay, to which the nation has added an amount varying with a woman's work and working expenses, viz., the number of her children; and, although even childless wives and widows receive some allowance, in respect for what would be the particular wishes of those whose obligations it is desired to shoulder in common, it is yet small in proportion to that of the mother of children, who is receiving not so much honourable allowance as payment for service. Thirdly, there has been discussion upon the influence on general wages both of these allowances to wives and widows, especially those childless and therefore free for industrial work, and of maintenance allowance at public expense to men, women, boys and girls under training and incidentally productive of some "uneconomic" merchandise. And the conclusion is gaining ground that a minimum wage need not necessarily be endangered by such allowances, nor need the small amount produced under training, as long as it is sold discreetly, be destructive of due height in prices or of demand for "economic" labour; at the same time the ready liability of minimum standards to be threatened by the fulfilment of other national obligations shows the importance of establishing those standards deliberately and explicitly. Fourthly, there has been recognition of unmarried wives and their children, implying the confession that for the general circumstances, which lead to marriage without avowed declaration of marriage, the nation itself is at least partly responsible

and that, in the case of men serving their country, it would be ungenerous to deny either the existence or the genuineness of such lives. Fifthly, it seems that one item in allowance, although necessary for temporary requirements, has been given permanence regardless of future policy. The extra amount for residence in London, on the ground of its expensiveness—right no doubt for wives whose husbands have permanent work there and for whom a temporary migration would be an out-balancing expense—is open to criticism in the case of widows and their children, on the ground that, though educational facilities are in some respects superlative in London, the means of being swamped in it are also abundant, while future policy will demand, from every point of view, a decrease in the number of its inhabitants.

CHAPTER VI.

HEALTH.

The prospect for the future.—Disease not a purger.—Importance of individual action and knowledge.—Possibilities of public action.—Elements of prevention and of discipline.

THE part of the public in matters of health is to see that vagueness of attitude and lack of organisation do not prevent the wonderful medical and scientific discoveries of the past century and the present time from fully achieving their task. How far indeed we have already progressed is often not realised, partly because former generations have not in their writings emphasised what they regarded as a matter of course, partly because the shadow of ill-health still hangs over us darkly enough, and we are naturally oppressed by the statistics (those of the Commission on Physical Deterioration in 1904, or of the first thorough inspection of all elementary schools a few years ago, for instance), which show how far from perfection we still are. Hopefulness for the future, however, demands recognition of the stages already achieved: of the complete departure of certain diseases from certain areas, of typhus and smallpox, for instance, from England; of the acquisition of knowledge how, by sanitation, nourishment, rules of life, to increase power of resistance to disease; of the attack on disease germs, whether by isolation, inoculation, or by destruction or purification of their line of attack, whether that be water, milk, food, or mosquitoes; of the means of successful surgery afforded by antiseptics.

Some lack of interest in the contest with disease must

be attributed to the belief that it is a purger, killing off in due season those not fit to continue their race ; "modern conditions," it is urged, "especially public resistance to disease and tenderness towards the unfit, are building up a people whose weaklings are disproportionately many." This is a statement, however, of which it is essential not to be so carried away by its obvious truth as to fail to observe its fallacy. The indisputable truth seems to be that some modern cooking and dietary, some subdivision of labour, underground work, town life, and particular factory work, enfeeble the physique ; that discipline and a certain determination of attitude are essential to the cause of health ; and even that persons of hereditary weakness, who in previous years would have died, can now be sheltered and enabled to pass on their weakness. The fallacy seems to be that, save occasionally in the last-named instance, it is wrong to suggest that prevention of the recognised diseases—tuberculosis or typhoid, for instance—co-operates in any way with these modern factors ; and that it is a mistake to suppose that a disease attacks a neighbourhood without enfeebling far more than it kills. There are no diseases which kill only, still less diseases which only kill the weak. And, therefore, in the attack by specific remedies on modern causes of ill-health—on unbalanced industrial life, on liberty of the provedly unfit to procreate, on absence of means for a hard personal life—the onslaught on definite disease will be welcomed as an important ally. So far from being one of the causes of modern ill-health, it must be counted as one of the many means of banishing it.

In considering law and organisation for promoting national health, the principles obtaining in all law must, of course, be observed. Both for the sake of economy in organisation and that the human result may be active and not passive, stock must first be taken of individual capacity and care taken that its co-operation shall be

made easier, not harder. And it is important to insist that it will be found to be no part of a belief in the necessity of health organisation to underestimate the value, either of hard outdoor living which in despising care ensures nerve, or of conscious development by each one of his body by exercises and by as much knowledge as possible.

What is, then, this organisation which has already been found necessary to enable individuals to achieve health? and what organisation to this end is still deficient? In the first place, it has been for some time recognised that the receipt of disease from any quarter is so completely beyond the prevention even of the most healthy and capable as to justify public provision of water, sanitation, burial grounds, compulsory notification of certain diseases, and compulsory abstention from certain habits. In the second place, it is recognised with different degrees of conviction that the knowledge, necessary either for facing one's own circumstances (and particularly those of one's children) or for co-operating with public provision, is, among the majority, for whatever reason, deficient and in the clash of interests and claims on expenditure unlikely to be achieved unless taught at public expense. In the third place (although for some energy is sapped at the chance of being helped without additional personal expense, and for others the day may come when their indifference to ill-health and burdensomeness to others may be held criminal and punishable), it is being recognised of an increasing number of circumstances and an increasing number of people that there can be no vision or firm path unless, again, payment for the actual fight with any disease is public and shared by all. Little by little during the last fifty years it has been proved how expensive illness as a whole is, and that there is no disease so insignificant as not to swamp the available resources of, at least, some people—for the individual, bringing hopelessness; for the public, bringing the extra

expense of diseases cheaply resisted at the start, dearly paid for when ignorance, blind, unmeaning hope, and unwillingness to devote money from other necessities have allowed them to reach serious proportions, and to spread from person to person. First were provided at public expense, whether by subscription or taxation, hospitals where illnesses transparently beyond the means of individuals could be treated ; then arose insurance and friendly societies, that burdens might be shared, and outspoken confession of illness at the very start be no extra expense above those of every day ; then compulsory insurance of certain people, that more might be enabled, through a broader basis of taxation, to come under the organisation, and that some, who might otherwise be a menace and a burden to their fellows, might be so compelled ; simultaneously public money is being increasingly spent on examination and treatment of all school-children as a normal arrangement, and on the feeding of some children as abnormal, yet the selected choice of two evils. And gradually the principle is being in practice evolved that, to ensure hopeful and active participation by all in immediate discovery and mending of ill-health, payment is more wisely made by taxation and regularly than on the occasion of ill-health. No scheme of mutual health insurance is " fair " between people's events, only between their liabilities ; it is further not fair between weak and strong people—when payment is done by taxation, appeal must be made to the strong that they are paying for their country's needs. For the rest, the fairness of public payment for health will depend on its obedience to the general rules of fair taxation.

The fact, however, must be faced that, until knowledge is more widespread, until the whole scheme is sufficiently clearly established to be inspiring (and certain parts of the remedy of modern conditions can hardly be said to have commenced), and especially in view of some payment to the sick being indispensable to hope and the

means of recovery, there will have to be specific arrangements for the prevention of unnecessary illness, and for disciplinary insistence on personal co-operation. These two provisions are essential to economy, fairness, and a lively working of the whole organisation. As to prevention, it is now generally understood that of sick pay as of unemployment allowance, although they are economical if through them alone health and energy can be maintained, they are so much waste of money if the necessity for them could by management have been avoided. Both common knowledge and statistics point to the great hope in reduction of tuberculosis, lunacy, infant blindness, and much other weakness ; and as soon as the principle of public payment is fully established there is no doubt that money will be increasingly concentrated on prevention. But when, whether as part of any scheme of prevention or to avoid waste of the time of medical men or to save unnecessary sick benefit, it becomes necessary to enforce co-operation from those whom hope, teaching, fear of being a burden, opportunity for activity do not move, a really difficult point of administration has to be faced. How large it will be no one yet knows. With all delinquents, paupers and failures in ordinary responsibility, until constructive organisation of security and hope have surrounded them from youth, it is impossible to distinguish what proportion are ingrainedly shiftless and what proportion would have responded to proper conditions. If it is, however, believed that the former are in a minority, it is unreasonable to allow their existence to prevent schemes which would call from the majority co-operation otherwise undreamed of ; it would also be unreasonable, as their real number was brought into light by contrast with their fellows instead of confusion with them, not to treat them in a special disciplinary manner.

CHAPTER VII.

STATISTICS : THEIR USE AND ABUSE.

Realisation through statistics.—Difficulties in their collection and interpretation.—The right and wrong occasions for insistence on statistical accuracy.

THREE achievements, among others, of accurate statistics are the following. They draw attention to the extent of a defect or an opportunity. They suggest a causal connexion between two phenomena. They enable comparison between countries or between periods. As regards the first, it is not, of course, true, particularly for the individuals concerned, that the seriousness of any matter is proportionate to its frequency ; but it is true to hold that it is only on realisation of its frequency that a matter is seen to require not only individual, but combined attention ; and further, even when serious individual attention alone is needed, it is often the case that the seriousness of the matter is itself not realised until statistics reveal its extent. Figures have certainly affected both private and public attitude towards, for instance, deaths of children under one year of age, defects of children under fourteen, presence of aliens in our merchant service, life of families on the border-line of poverty, deaths from tuberculosis, mostly preventable, convictions for cruelty to animals, life-saving, rescues by lifeboats, emigration to the colonies. As regards the second, although neither are proof in the mathematical sense, statistics and common sense have together established connexion, for instance, between death and dwelling in a single room, drink and neglect of children,

health and enforcement of school discipline, decrease in crime and sensible treatment of first offence, physique and life in Army or Navy. As regards the third, without establishment of any causal connexion, it yet makes for judgment in action, private or public, to realise the great increase in wealth during the last hundred years, whether total or of each class in the community, to compare year by year the trade figures of any two countries, to realise what provision other countries are making in fighting power, education, transport, accumulation of savings.

The inquirer will, however, very soon discover that both the collection of accurate statistics and their interpretation is of difficulty. The fact that professed statisticians are able to dispute on the actual national income, the distribution of wealth between rich and poor, both now and at previous periods, warns the beginner not to quote any statistics with excessive confidence or to advocate action, justified only if such figures can be proved to have precision. Again, the purchasing power of wages at different periods is a matter of dispute, while no certain statistics exist as to the total amount of casualness in employment. And similarly in the interpretation, whereas many distinctions and dividing lines in health, wealth, spending power would be selected for emphasis by all sensible people and are self-evident, many others are distinctions only of degree or apparent only to the very experienced. The fact must be faced that any compiler of statistics had in his mind—however he tried to isolate phenomena—a special point of view, a host of affecting considerations, which people of different country, period, outlook will allow for differently or even ignore. An extreme example is where people misunderstand correct figures of foreign trade by forgetting that these are of small significance compared to those of home trade. There is all the difference between understanding literally what a compiler says, understand-

ing just what he also implies, and understanding more than he implies or is even capable of implying.

It is, finally, to be hoped that one day such perfection will be reached in fairness and adaptation of organisation to the ends of life that no further detailed step will be justified without some extremely accurate calculation, and all progress will wait upon the agreement of statisticians. But that day is not yet come. To-day the rightness of anxious respect for statistical accuracy seems to be as follows. An achievement, firstly, of such complicated effect and disputed foundation as a perfectly fair redistribution of wealth is to be approached only with very extreme caution. There is, secondly, agreement enough among statisticians, in conjunction with the conclusions of common sense and economic principle, to justify increased health provision, educational provision, and increase of very low wages. Many plans of reorganisation, thirdly—those, for instance, making for security, discipline, freedom from control—are in their nature independent of accuracy in any statistical knowledge.

CHAPTER VIII.

THE READING OF BOOKS

AND

A SHORT BIBLIOGRAPHY.

Books.

CLEARLY no amount of book-reading can make up for experience or give of itself imagination, appreciation, thoughtfulness or sense of proportion. These must be sought directly (even though, if they are sought in too direct and self-conscious a manner, they are missed). But equally clearly book-reading can point to fields of fresh experience, heighten the power of imagining and appreciating, give the information without which reflection can do little, and teach the sense of immensity whereby limitations are realised. Sense of proportion and limitation, above all, may not only be acquired from book-reading but may with advantage be shown in it. It is, of course, a mistake to be too conscientious in reading. Circumstances differ. Indifference to a book may mean that it ought to be read, or may mean that such reading would be waste. The reading of certain valuable books has not necessarily been of no use just because there is no further wish to read similar ones. Some books are read by some people to get a point of view ("the heart of the book") and an impression; some for a detailed analysis. Some books are rightly read throughout with care; others rightly read only half-way through. Some, one reads expecting certain alternatives of information; others are read as an introduction to one knows not what.

To those, probably few in number, who have read but little, and who have no access to a better and fuller bibliography, the following are—with the final reserve that different minds work in different ways—suggested as some of the many possibly useful books.

(1) The political economy of fifty years ago was implicitly regarded as a subject whose study might well be isolated from other knowledge of humanity. Grasp of the issues of national economy in the modern sense is held to require some knowledge of the world and of broad human ideals. No apology is, therefore, offered for recommending the reading of some of the following books concurrently with more technical ones :—

BUCKLAND, F. Notes and Jottings from Animal Life. (Smith, Elder, 1909.)

KIPLING, R. Kim. (Macmillan, 1908.)

REYNOLDS, S. How 'Twas : Short Stories and Small Travels. (Macmillan, 1912.)

SCOTT, R. F. Scott's Last Expedition. (Smith, Elder, 1913.)

SEMENOFF, V. Rasplata (The Reckoning). (Murray, 1909.)

STEVENSON, R. L. Across the Plains, with Other Memories and Essays. (Chatto & Windus, 1892.)

TADAYOSHI SAKURAI. Human Bullets. (Constable, 1907.)

(A knowledge of WAGNER's Opera, *The Meistersingers*, may be of value in forming judgments.)

(2) For a general understanding of the thoughts of those who have attacked big issues :—

BINNS, H. BRYAN. Abraham Lincoln. (Dent, 1907.)

BOMPAS, G. C. The Life of Frank Buckland. (Nelson, 1909.)

Charles Kingsley : His Letters and Memoirs of his Life (Edited by his Wife). (Macmillan.)

COLVIN, IAN. Cecil John Rhodes, 1853—1902. (Jack, 1913.)

- LOVAT FRASER. India under Curzon and After. (Heinemann, 1911.)
- MICHELL, SIR LEWIS. Life of the Right. Hon. Cecil John Rhodes, 1853—1902. (Arnold, 1910.)
- ROOSEVELT, THEODORE. An Autobiography. (Macmillan, 1913.)

(3) For detailed practical knowledge :—

- (a) Any pamphlet dealing with any special subject or having some special purpose.
- (b) Blue Books, both the report and the evidence—
e.g.,

The Report of the Interdepartmental Committee on Physical Deterioration, 1904.

The Report of the Special Committee on Unskilled Labour.

(C.O.S., Denison House, Vauxhall Bridge Road, 1908.)

The Report on the Education and Training of Officers of the Army, 1902.

(4) In relation to the chapters of this text-book :—

PART I.—CHAPTER II.

AMERY, A. M. S. The Fundamental Fallacies of Free Trade (a pamphlet). (Amery, 1909.)

BELL, LADY. At the Works. (Arnold, 1907.)

BEVERIDGE, W. H. Unemployment. (Longman, 1909.)

LOANE, MISS N. The Queen's Poor. (Arnold, 1906.)

MALVERY, OLIVE C. The Soul Market. (Hutchinson, 1908.)

Seasonal Trades, by various authors. (Constable, 1912.)

WEBB, SIDNEY and BEATRICE. The History of Trade Unionism. (Longman, 1902.)

CHAPTER III.

CHIOZZA-MONEY, L. G. The Nation's Wealth. (Collins' Clear-Type Press, 1914.)

MÜNSTERBERG, H. Psychology and Industrial Efficiency. (Constable, 1913.)

RUSKIN, J. Unto this Last. (George Allen.)

WEBB, SIDNEY and BEATRICE. Problems of Modern Industry. (Longman, 1902.)

CHAPTER IV.

REDFERN, PERCY. The Story of the Co-operative Wholesale Society. (1913.)

ROWNTREE and KENDALL. How the Labourer Lives. (Nelson, 1913.)

PART II.—CHAPTER II.

HOWE, F. C. European Cities at Work. (T. Fisher Unwin, 1913.)

PLUNKET, SIR H. The Rural Life Problem of the United States. (Macmillan, 1910.)

REW, R. H. An Agricultural Faggot. (P. S. King, 1913.)

ROBERTSON SCOTT, J. W. ("Home Counties"). The Free Farmer in a Free State. (Heinemann, 1912.)

ROWNTREE and PIGOU. Lectures on Housing. (Sheratt and Hughes, 1914.)

STIRLING, A. M. W. Coke of Norfolk and his Friends. (Lane, 1907.)

CHAPTER III.

BEST, R. H., and OGDEN, C. K. The Problem of the Continuation School. (P. S. King, 1914.)

BROWNING, O. The Boyhood and Youth of Napoleon. (Lane, 1906.)

BULLEN, F. T. The Log of a Sea Waif. (Smith, Elder, 1906.)

The early chapters of any Biography.

HALDANE, B. Education and Empire. (Murray, 1902.)

HOLMES, E. What is and what might be. (Constable, 1911.)

KIPLING, R. Captains Courageous. (Macmillan, 1907.)

MAGNUS, SIR P. Educational Aims and Efforts. (Longman, 1910.)

CHAPTER IV.

The Minority Report of the Poor Law Commission.

WALLAS, GRAHAM. Human Nature in Politics. (Constable, 1908.)

CHAPTER V.

- ANGELL, NORMAN. The Great Illusion. (Heinemann, 1910.)
MAUDE, F. N. War and the World's Life. (Smith, Elder, 1907.)
Siri Ram, Revolutionist. (Constable, 1912.)

CHAPTER VI.

- FREEMANTLE, F. A Traveller's Study of Health and Empire. (Ouseley, 1911.)
GRENFELL, W. T. Down to the Sea. (Andrew Melrose, 1911.)
WOODS HUTCHINSON. Preventable Diseases. (Constable, 1910.)

CHAPTER VII.

- CHIOZZA-MONEY, L. G. Things that Matter. (Methuen, 1912.)
COLLIER, PRICE. England and the English from an American point of View. (Duckworth, 1909.)

