

We trust that we have succeeded in demonstrating that the ultimate and permanent issue of all labour-saving improvements is largely to increase the general demand for labour. As we showed at page 32, "the whole of the earnings of fixed capital are, directly or indirectly, appropriated to the remuneration of labour, that is, to the payment of wages." Whatever portion of the wage-fund might not be wanted for the payment of one kind of labour will be expended on some other kind of labour. All that portion of wealth which is created by the capital and labour set free in consequence of new discoveries or of improved processes is so much added to the world's previous wealth, so much to the good, so much more to distribute towards the supply of man's wants.

Whenever masses of industrious workers have been permanently deprived of work, it has not been in consequence of improved processes creating the same amount of wealth with the employment of less labour. On the contrary, it has occurred when production, instead of being expanded, has been abridged, when mills, furnaces, and workshops stood idle, when capital, crippled by commercial failures, or paralysed by panic, had withdrawn from its co-operation with labour. Those are the circumstances under which labour-sellers are exposed to prolonged suffering. On the other hand, the happy days of active production and of general prosperity have usually been those immediately following the vigorous impulse to trade given by the adoption of some important discovery tending to save labour. Even the most antiquated advo-

cate for "protection to native industry" would ridicule and ignore a discovery that tended not to save but to increase the labour requisite to produce a given result! The very men who went about in 1776 breaking up machinery lived to see that same machinery generally adopted, and joyfully to find that four times as many men were employed at good wages on those machine-worked manufactures as when hand-labour alone was used.

It must not be said that we dwell too persistently on this point. The erroneous assumption that, by labour-saving processes or by cheaper production in other ways, labour is not only displaced but destroyed—that the labour-seller once thrown out of work remains for ever out of work, and ceases henceforth to be an agent of production,—is at the root of many economic fallacies, and cannot be too forcibly exposed.

To sum up, we must enrol scientific discoveries among the most powerful auxiliaries in the noble and beneficent work of wealth-creation.

CHAPTER V.

Education and Morality promote, and are promoted by, the Creation of Wealth—Erroneous Notions concerning the Virtues of Industry and Frugality.

A 7. EDUCATION AND MORALITY.—It will hardly be required of us to do much more than simply enunciate the following proposition, viz.: The universal diffusion of sound knowledge tends to

develop all those qualities in man which most efficiently promote the creation of wealth, and to correct and abate those social evils which notably impede it. The idle, the improvident, the intemperate, and the lawless, are mainly recruited from among those whom no education has rescued from the baneful influence of bad surroundings, or from the mental torpidity of sheer ignorance. This is not the place for referring to the distinction between the preparatory education that teaches the pupil *how* to think, and leaves his mind open to future inquiries and convictions, and the dogmatic education that teaches the pupil *what* to think, and grafts on his mind convictions ready-made. We hail with a hearty welcome all work and all workers in the cause of education. Only let the thinking faculty that resides in every human breast be quickened into active life, it will soon find the food on which to grow, and may eventually expand into a vigorous individuality. Education gives every man his chance, and that chance society is bound to afford to him.

A notion once prevailed among many people, and may still be found lingering in sequestered nooks, that education would turn the heads of the working people and deprive the world of housemaids and cooks, of navigators and scavengers. The schoolmaster has been busy for some years, but no such result has occurred, and the more highly educated the people, the less likely we think it is to occur. On the contrary, the prevailing and very proper tendency is to recognise the dignity of all honest labour. No kind of useful

work is ignoble, and its faithful performance confers honour, not discredit. Education, by raising the labourer in the social scale, raises the work at the same time to a higher level. Indeed, education may be said to sanctify labour and elevate it to the rank of a sacred duty. The superiority of one task over another can only depend on the greater or lesser amount of intellect, inventiveness or conscientiousness which each task may respectively involve; and the superiority of one worker over another can only depend on the greater or lesser thoroughness and skill which each worker may respectively display. It is on these gradations that the hierarchy of work-performers will eventually be founded.

In the word "education" we naturally include the idea of "morality," for the latter is always intended to be, and really is as a rule, the outcome of the former. There are, to be sure, many well-educated men who are immoral, many clever rogues, and some sensational Eugene Arams. But exceptions must not be construed into types. No one surely will contend that it was the possession of a certain amount of instruction that turned these persons into social pests, and that a departure from ignorance is tantamount to a departure from virtue. The softening, refining, and elevating influence of education none can gainsay, nor can any thorough training of the intellectual faculties take place without some corresponding development of the moral sense. Knowing what it is right to do is the first step towards doing what is right.

The smallest part of a man's education is that which he receives when a boy from his schoolmaster. The latter only furnishes him with the tools by means of which the man is able, in his after-life, to seek for knowledge, provided he then have at his command the time and the opportunities for so doing. Unless those two conditions are present, he will find it difficult to utilise the elementary knowledge which he gained at school. He may indeed be able to read newspapers and listen to speeches, if he has time, but these only convey to him second-hand impressions on local or ephemeral matters. From that higher scheme of true education which consists in weighing the thoughts of great thinkers on great things, and by reflection, comparison, rejection, and adoption, framing his own independent convictions on important topics, he will be debarred. And it is to the lack of those conditions and of the higher education which they alone render possible, that the immense majority of the labour-sellers throughout the world appears, under the present *régime*, condemned. Books and a certain amount of leisure are the requisites for intellectual development; but books and leisure are inaccessible to the many millions who now toil all day, and all their days, without any respite except that which is indispensable to recruit their strength for the toil of the morrow.

Is the continuance of this state of things the irrevocable doom of mankind? Is it the irremediable and inevitable outcome of our present social organisation? Are there no means, no hope, no chance of escape from it? Many have given up

the problem in despair, and while they deplore the lamentable shortcomings of human institutions, they pronounce those shortcomings to be inherent and incurable. "All else," they say, "is Utopia. Blood and iron must still rule. Man is, by nature, a pugnacious animal, with great scientific aptitudes for destroying life in large masses. He must follow his destiny. There are no means of striking an average between those who have too much and those who have too little. The present grievous inequalities in the conditions of men are the doom of inexorable fate, and must be submitted to. We must go on in the same groove. All else is Utopia." Heaven forefend that it should be so! If we assented to these doctrines, we should this instant, disheartened and disgusted, throw down our pen, and despair of the future of mankind.

But, no! We are thoroughly and deeply convinced that the holders of these doctrines are wrong. They are far too implicitly guided in their views of what may yet be, by the consideration of what has hitherto been. We contend that not only there might possibly, or may probably be, but that there ought to be, and that, some day, there will be, without any dislocation of the present frame of society, such a distribution of the products of human labour and capital as shall leave no deserving person unprovided for. Indeed, whither otherwise is civilisation tending? Is it to the physical, mental, and moral welfare of the totality—or of only a small number? If of the latter, then such a tendency is towards injustice and cruelty; for it implies superior enjoyments to the few, and inevi-

table privations to the many. If of the former, then let us proceed in the strenuous endeavour to extend all the advantages of civilisation to that totality; and if we find this, in its literal sense, unattainable, let us approach to it as nearly as we possibly can. What we want is enough of physical comfort and of mental culture for all; and these wants can easily be supplied, if human efforts, instead of being as they mostly now are, wasted or misapplied, were properly and intelligently directed. For that purpose we require such measures as will secure the largest possible production of wealth with the smallest possible expenditure of labour. Towards attaining this result the education and morality of the people play a very important part.

Among the various virtues which are included in the generic term "morality," the two which perhaps have the most direct bearing on the creation of wealth are industry and frugality. It is these virtues (which, duties at first, soon become habits) that mostly convert labour-sellers into capitalists, and that contribute powerfully to the welfare of both the individuals themselves and of the community at large. Yet neither have escaped some vulgar prejudices in regard to them. The converse of industry is idleness, and to be idle was long deemed the enviable prerogative of the rich and the great. Not to do anything that savoured of work constituted the "gentleman." The pursuit of mere amusement, the insolence of false pride, nay, even the indulgence in pleasant social vices (affording perhaps transient gratification but inflict-

ing lasting pain) were overlooked and even condoned because they indicated a "person of some consequence." These absurd notions are, however, rapidly passing away. People now look to the personal qualities of a "person of quality;" and judge of him by a critical, not a conventional, standard. It is by no means so clear to the multitude as it formerly was, that industry is degrading and idleness a badge of superiority.

In regard to frugality, the vulgar delusion assumed another shape. The easy, self-indulgent man, who freely spent what he had (or more than he had), was supposed to be a public benefactor, a liberal, large-souled man, who made money circulate, and gave a patriotic impulse to trade. On the other hand, the prudent, frugal man was set down as a close-fisted, niggardly churl, whose money was hoarded instead of descending in golden showers on the people around him. This popular fallacy embodied the doctrine preached with such perverse ingenuity by Mandeville in his "Private Vices made Public Benefits." The truth of the matter is simply this. The money of the spendthrift is circulated, and so is that saved by the economist. In that respect they both stand upon an exactly equal footing. But the former is absorbed wastefully, and totally consumed; the latter mostly becomes reproductive capital. In both cases the money finally goes to pay the wages of labour, but in the first case, the golden showers descend on the caterers of fugitive and barren luxuries; and in the second, on productive enterprises or on borrowers for reproductive purposes.

Let us take the instance of a miser who saves nineteen-twentieths of his income. The whole of that income goes into circulation just as much as though he spent it all. What he saves, he invests, or lends, or places with a bank on deposit, and it thus becomes capital. That is, it goes to increase that fund which permanently employs labour in the production of fresh wealth. If he had saved nothing, and, like the spendthrift, had wasted his whole income on personal enjoyment, it would no doubt have gone to pay labour for once; but only for once, and then vanishing for ever. As an illustration, contrast the result to a landowner of his spending a given sum on horse-racing with that of his spending the same sum on the drainage of his land. In the former case the money is gone never to return, in the latter he secures a permanent increase of income. The miser does not destroy what he does not spend. Unless he digs a hole and buries his wealth in it, he must dispose of it in some way, and, whatever way that may be, it must of necessity be of more service to the world than if he had spent it in evanescent enjoyments. Frugality, even when it runs into excess and lapses into avarice, does not cease powerfully to promote wealth-creation.

These two kindred virtues of industry and frugality exercise a very direct influence over the material progress of mankind. Capital is simply unconsumed production. Now, industry enlarges the boundaries of production, while thrift narrows the limits of consumption; and through their joint operation, the balance, which is capital, receives proportionately greater amplitude. The small

individual savings of the many form a large accumulation of national savings in the aggregate, for the wealth of a community is made up of the combined wealth of its members. Thus, while industry and thrift bring comfort and independence to each household, they build up and aggrandise the national resources. Statesmen have of late years wisely recognised the private and public advantages of these accumulations of minute individual savings, and have encouraged and facilitated them by official banking institutions, in which the smallest deposits are admitted and accounted for.

Among the labour-sellers in different countries, the relative development of industry and of thrift respectively varies according to race, temperament, education, climate, &c. Thus, we may note that, as a rule, among that mixed race which we call Anglo-Saxon there is more of industry and less of thrift. The men work hard and efficiently, but they lack self-control, and spend too much. With the Latin and Celtic peoples the tendency is the other way. The labour is not so productive, but more self-denial and thrift prevail, so that the balance of their savings is probably nearly as great. The equalising influence of education and free inter-communication will, no doubt, in time, level these differences and establish the proper mean between them.

The general conclusion to be drawn from what precedes is, that, if education be essential to the full development of wealth-creation, the latter is no less indispensable to the universal spread of educa-

tion in its higher form of intellectual and moral culture. These two factors mutually act and re-act on each other; and whatever advance is made in either, it will be quickly followed, if not at once accompanied, by a corresponding advance in the other.

We have now gone through the list of those aids to wealth-creation which we had, at p. 14, proposed to examine. That list, however, was far from an exhaustive one, and numerous other topics readily suggest themselves as tending in the same direction. But some are too general in their scope or too indirect and partial in their connection with the subject to justify, while others are either too obvious or too unimportant to require, a separate reference. It will be observed that of all those aids to wealth-creation of which we have treated, there is not one that it is not in the power of man to adopt and carry out with more or less of completeness. It is for him, after inquiry and reflection, to decide whether those are truly the best means of attaining the best ends. If deemed to be so, there is no intrinsic difficulty, nor should there be any avoidable delay, in manfully resorting to them. True, that in the way of this active advance towards universal well-being there intervene certain obstacles, but we contend that, far from being insuperable, they can speedily be removed by the intelligent exercise of human volition. At a farther stage of this inquiry we shall advert to these obstacles, and measure their power of obstruction.

CHAPTER VI.

Impediments to Wealth-creation—Insecurity of Person and Property—Superfluity of Unproductive Consumers—Their Classification.

HAVING now considered the chief aids, we shall proceed to consider the chief impediments to wealth-creation, as classified at p. 15.

B I. INSECURITY OF PERSON AND PROPERTY.
—To put it in other words, one of the most formidable obstacles to wealth-creation is bad government. It is clear that capital will not be brought into existence, or will soon cease to exist, or will take unto itself wings and fly, unless it be secure from robbery or confiscation. Who would care to accumulate capital in a country where, or at a time when, it was liable to spoliation, through either the weakness or the wickedness of the government? Under such baneful influences, not only there is no growth, but there is decadence; not only the creation of native capital is impossible, but the introduction of foreign capital is repelled.

For instance, there exists a wide and promising field for the employment of capital and labour in the vast and fertile plains and in the latent mineral wealth of Asia Minor, but who would risk either capital or labour under the precarious protection of the feeble and loose-jointed Turkish Government against the red-handed swoop of greedy and unscrupulous Turkish pashas? On the other hand, observe the enormous amount of European capital