Principles of Economics

John Stuart Mill

4: Influence of the Progress of Society on Production and

1Characteristics of a Progressive State of Wealth

1. The three preceding Parts include as detailed a view aslimits permit, of what, by a happy generalization of aphrase, has been called the Statics of the subject.have surveyed the field of economical facts, and have examinedthey stand related to one another as causes and effects; whatdetermine the amount of production, of employmentlabour, of capital and population; what laws regulate rent,, and wages; under what conditions and in what proportionsare interchanged between individuals and between. We have thus obtained a collective view of thephenomena of society, considered as existing. We have ascertained, to a certain extent, theof their interdependence; and when the state of somethe elements is known, we should now be able to infer, in away, the contemporaneous state of most of the others. All, however, has only put us in possession of the economicalof a stationary and unchanging society. We have still tothe economical condition of mankind as liable to change,indeed (in the more advanced portions of the race, and in allto which their influence reaches) as at all timesprogressive changes. We have to consider what theseare, what are their laws, and what their ultimate; thereby adding a theory of motion to our theory of— the Dynamics of political economy to the Statics.

In this inquiry, it is natural to commence by tracing theof known and acknowledged agencies. Whatever may be thechanges which the economy of society is destined to, there is one actually in progress, concerning whichcan be no dispute. In the leading countries of the world,in all others as they come within the influence of thosecountries, there is at least one progressive movementcontinues with little interruption from year to year andgeneration to generation; a progress in wealth; anof what is called material prosperity. All thewhich we are accustomed to call civilized, increasein production and in population: and there is no reasondoubt, that not only these nations will for some time continueto increase, but that most of the other nations of the world,some not yet founded, will successively enter upon thecareer. It will, therefore, be our first object to examinenature and consequences of this progressive change; thewhich constitute it, and the effects it produces on theeconomical facts of which we have been tracing the laws,especially on wages, profits, rents, values, and prices.

2. Of the features which characterize this progressivemovement of civilized nations, that which firstattention, through its intimate connexion with theof Production, is the perpetual, and so far as humancan extend, the unlimited, growth of man's power over. Our knowledge of the properties and laws of physicalshows no sign of approaching its ultimate boundaries: itadvancing more rapidly, and in a greater number of directionsonce, than in any previous age or generation, and affordingfrequent glimpses of unexplored fields beyond, as to justifybelief that our acquaintance with nature is still almost ininfancy. This increasing physical knowledge is now, too, morethan at any former period, converted, by practical, into physical power. The most marvellous of modern, one which realizes the imaginary feats of the, not metaphorically but literally — themagnetic

telegraph — sprang into existence but a fewafter the establishment of the scientific theory which itand exemplifies. Lastly, the manual part of these greatoperations is now never wanting to the intellectual :is no difficulty in finding or forming, in a sufficientof the working hands of the community, the skill requisiteexecuting the most delicate processes of the application ofto practical uses. From this union of conditions, it isnot to look for. ward to a vast multiplication andsuccession of contrivances for economizing labour andits produce; and to an ever wider diffusion of the usebenefit of those contrivances.

Another change, which has always hitherto characterized, andassuredly continue to characterize, the progress ofsociety, is a continual increase of the security ofand property. The people of every country in Europe, theback. ward as well as the most advanced, are, in each, better protected against the violence and rapacity ofanother, both by a more efficient judicature and police forsuppression of private crime, and by the decay andof those mischievous privileges which enabled certainof the community to prey with impunity upon the rest.are also, in every generation, better protected, either byor by manners and opinion, against arbitraryof the power of government. Even in semi-barbarous, acts of spoliation directed against individuals, who havemade themselves politically obnoxious, are not supposed to beso frequent as much to affect any person's feelings of. Taxation, in all European countries, grows lessand oppressive, both in itself and in the manner ofit. Wars, and the destruction they cause, are now usually, in almost every country, to those distant and outlyingat which it comes into contact with savages. Even theof fortune which arise from inevitable natural, are more and more softened to those on whom they, by the continual extension of the salutary practice of.

Of this increased security, one of the most unfailing effectsa great increase both of production and of accumulation.and frugality cannot exist, where there is not aprobability that those who labour and spare will beto enjoy. And the nearer this probability approaches to, the more do industry and frugality become pervadingin a people. Experience has shown that a largeof the results of labour and abstinence may be takenby fixed taxation, without impairing, and sometimes eventhe effect of stimulating, the qualities from which a greatand an abundant capital take their rise. But thoseare not proof against a high degree of uncertainty. Themay carry off a part; but there must be assurance thatwill not interfere, nor suffer any one to interfere, with the.

One of the changes which most infallibly attend the progressmodern society, is an improvement in the business capacitiesthe general mass of mankind. I do not mean that the practicalof an individual human being is greater than formerly. Iinclined to believe that economical progress has hitherto hada contrary effect. A person of good natural endowments, in astate of society, can do a great number of things tolerably, has a greater power of adapting means to ends, is moreof extricating himself and others from an unforeseen, than ninety.nine in a hundred of those who haveonly what is called the civilized form of life. How farpoints of inferiority of faculties are compensated, and bymeans they might be compensated still more completely, tocivilized man as an individual being, is a question belonginga different inquiry from the present. But to civilized humancollectively considered, the compensation is ample. Whatlost in the separate efficiency of each, is far more than madeby the greater capacity of united action. In proportion asput off the qualities of the savage, they become amenable to; capable of

adhering to plans concerted beforehand,about which they may not have been consulted; oftheir individual caprice to a preconceived, and performing severally the parts allotted toin a combined undertaking. Works of all sorts, impracticablethe savage or the half-civilized, are daily accomplished bynations, not by any greatness of faculties in theagents, but through the fact that each is able to relycertainty on the others for the portion of the work whichrespectively undertake. The peculiar characteristic, in, of civilized beings, is the capacity of co-operation; and, like other faculties, tends to improve by practice, andcapable of assuming a constantly wider sphere of action.

Accordingly there is no more certain incident of thechange taking place in society, than the continualof the principle and practice of cooperation. Associationsindividuals voluntarily combining their small contributions,perform works, both of an industrial and of many other, which no one person or small number of persons areenough to accomplish, or for the performance of which thepersons capable of accomplishing them were formerly enabledexact the most inordinate remuneration. As wealth increasesbusiness capacity improves, we may look forward to a greatof establishments, both for industrial and other, formed by the collective contributions of large; establishments like those called by the technical namejoint stock companies, or the associations less formally, which are so numerous in England, to raise funds foror philanthropic objects, or, lastly, those associationsworkpeople either for production, or to buy goods for theirconsumption, which are now specially known by the name ofsocieties.

The progress which is to be expected in the physical sciencesarts, combined with the greater security of property, andfreedom in disposing of it, which are obvious features incivilization of modern nations, and with the more extensivemore skilful employment of the joint.stock principle, affordand scope for an indefinite increase of capital and, and for the increase of population which is itsaccompaniment. That the growth of population willthe increase of production, there is not much reason to; and that it should even keep pace with it, iswith the supposition of any real improvement in theclasses of the people. It is, however, quite possiblethere might be a great progress in industrial improvement,in the signs of what is commonly called national prosperity;great increase of aggregate wealth, and even, in some respects,better distribution of it; that not only the rich might grow, but many of the poor might grow rich, that theclasses might become more numerous and powerful, andmeans of enjoyable existence be more and more largely, while yet the great class at the base of the wholeincrease in numbers only, and not in comfort nor in. We must, therefore, in considering the effects ofprogress of industry, admit as a supposition, however greatlydeprecate as a fact, an increase of population ascontinued, as indefinite, and possibly even as rapid, as theof production and accumulation.

With these preliminary observations on the causes of changework in a society which is in a state of economical progress,proceed to a more detailed examination of the changes.

Principles of Political Economy

John Stuart Mill

42of the Progress of Industry and Population on Values Prices

1. The changes which the progress of industry causes orin the circumstances of production, are necessarilywith changes in the values of commodities.

The permanent values of all things which are neither under anor under an artificial monopoly, depend, as we have, on their cost of production. But the increasing power whichare constantly acquiring over nature, increases more andthe efficiency of human exertion, or in other words,cost of production. All inventions by which a greaterof any commodity can be produced with the same labour,the same quantity with less labour, or which abridge the, so that the capital employed needs not be advanced forlong a time, lessen the cost of production of the commodity., however, value is relative; if inventions and improvements inwere made in all commodities, and all in the same, there would be no alteration in values. Things wouldto exchange for each other at the same rates as before;mankind would obtain a greater quantity of all things infor their labour and abstinence, without having thatabundance measured and declared (as it is when it affectsone thing) by the diminished exchange value of the.

As for prices, in these circumstances they would be affectednot, according as the improvements in production did or didextend to the precious metals. If the materials of money wereexception to the general diminution of cost of production, theof all other things would fall in relation to money, that, there would be a fall of general prices throughout the world.if money, like other things, and in the same degree as other, were obtained in greater abundance and cheapness, pricesbe no more affected than values would: and there would bevisible sign in the state of the markets, of any of thewhich had taken place; except that there would be (ifcontinued to labour as much as before) a greater quantityall sorts of commodities, circulated at the same prices by aquantity of money.

Improvements in production are not the only circumstancethe progress of industry, which tends to diminishcost of producing, or at least of obtaining, commodities.circumstance is the increase of intercourse betweenparts of the world. As commerce extends, and theattempts to restrain it by tariffs become obsolete,tend more and more to be produced in the places intheir production can be carried on at the least expense ofand capital to mankind. As civilization spreads, andof person and property becomes established, in parts ofworld which have not hitherto had that advantage, thecapabilities of those places are called into fuller, for the benefit both of their own inhabitants and of. The ignorance and misgovernment in which many of themost favoured by nature are still grovelling, afford, probably, for many generations before those countries willraised even to the present level of the most civilized partsEurope. Much will also depend on the increasing migration ofand capital to unoccupied parts of the earth, of which the, climate, and situation are found, by the ample means ofnow possessed, to promise not only a large return to, but great facilities of producing commodities suited tomarkets of old countries. Much as the collective industry ofearth is likely to be increased in efficiency by theof science and of the industrial arts, a still moresource of increased cheapness of production

will be found,, for some time to come, in the gradually unfoldingof Free Trade, and in the increasing scale on whichand Colonization will be carried on.

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

2. But is it the fact, that these tendencies are not? Has the progress of wealth and industry no effectregard to cost of production, but to diminish it? Are noof an opposite character brought into operation by theprogress, sufficient in some cases not only to neutralize,to overcome the former, and convert the descending movementcost of production into an ascending movement? We are alreadythat there are such causes, and that, in the case of theimportant classes of commodities, food and materials, therea tendency diametrically opposite to that of which we havespeaking. The cost of production of these commodities tendsincrease.

This is not a property inherent in the commodities. If population were stationary, and the produce of thenever needed to be augmented in quantity, there would be nofor greater cost of production. Mankind would, on the, have the full benefit of all improvements in, or in the arts subsidiary to it, and there would bedifference, in this respect, between the products ofand those of manufactures. The only products of, which, if population did not increase, would be liablea real increase of cost of production, are those which,on a material which is not renewed, are either whollypartially exhaustible; such as coal, and most if not all; for even iron, the most abundant as well as most usefulmetallic products, which forms an ingredient of most mineralsof almost all rocks, is susceptible of exhaustion so far asits richest and most tractable ores.

When, however, population increases, as it has never yetto do when the increase of industry and of the means ofmade room for it, the demand for most of theof the earth, and particularly for food, increases incorresponding proportion. And then comes into effect thatlaw of production from the soil, on which we have sohad occasion to expatiate; the law, that increased, in any given state of agricultural skill, is attendeda less than proportional increase of produce. The cost ofof the fruits of the earth increases, caeteris, with every increase of the demand.

No tendency of a like kind exists with respect toarticles. The tendency is in the contrary direction.larger the scale on which manufacturing operations areon, the more cheaply they can in general be performed. Mrhas gone the length of enunciating as an inherent law ofindustry, that in it increased production takesat a smaller cost, while in agricultural industry increasedtakes place at a greater cost. I cannot think,, that even in manufactures, increased cheapness followsproduction by anything amounting to a law. It is aand usual, but not a necessary, consequence.

As manufactures, however, depend for their materials eitheragriculture, or mining, or the spontaneous produce of the, manufacturing industry is subject, in respect of one ofessentials, to the same law as agriculture. But the crudegenerally forms so small a portion of the total cost,any tendency which may exist to a progressive increase insingle

item, is much over.balanced by the diminutiontaking place in all the other elements; to whichit is impossible at present to assign any limit.

The tendency, then, being to a perpetual increase of thepower of labour in manufactures, while in agriculturemining there is a conflict between two tendencies, the onean increase of productive power, the other towards aof it, the cost of production being lessened by everyin the processes, and augmented by every addition to; it follows that the exchange values of manufactured, compared with the products of agriculture and of mines,, as population and industry advance, a certain and decidedto fall. Money being a product of mines, it may also bedown as a rule, that manufactured articles tend, as society, to fall in money price. The industrial history ofnations, especially during the last hundred years, fullyout this assertion.

3. Whether agricultural produce increases in absolute as wellcomparative cost of production, depends on the conflict of theantagonist agencies, increase of population, and improvementagricultural skill. In some, perhaps in most, states of, (looking at the whole surface of the earth,) bothskill and population are either stationary, orvery slowly, and the cost of production of food,, is nearly stationary. In a society which is advancingwealth, population generally increases faster thanskill, and food consequently tends to become more; but there are times when a strong impulse sets in towardsimprovement. Such an impulse has shown itself inBritain during the last twenty or thirty years. In EnglandScotland agricultural skill has of late increasedfaster than population, insomuch that food and otherproduce, notwithstanding the increase of people, cangrown at less cost than they were thirty years ago: and theof the Corn Laws has given an additional stimulus tospirit of improvement. In some other countries, andin France, the improvement of agriculture gainsstill more decidedly upon population, because though, except in a few provinces, advances slowly,advances still more slowly, and even with increasing; its growth being kept down, not by poverty, which is, but by prudence.

Which of the two conflicting agencies is gaining upon theat any particular time, might be conjectured with tolerablefrom the money price of agricultural produce (supposingnot to vary materially in value), provided a sufficientof years could be taken, to form an average independent offluctuations of seasons. This, however, is hardly, since Mr Tooke has shown that even so long a periodhalf a century may include a much greater proportion ofand a smaller of deficient seasons than is properly dueit. A mere average, therefore, might lead to conclusions onlymore misleading, for their deceptive semblance of accuracy.would be less danger of error in taking the average of onlysmall number of years, and correcting it by a conjecturalfor the character of the seasons, than in trusting to aaverage without any such correction. It is hardlyto add, that in founding conclusions on quoted prices,must also be made as far as possible for any changes ingeneral exchange value of the precious metals.(1*)

4. Thus far, of the effect of the progress of society on theor average values and prices of commodities. It remainsbe considered, in what manner the same progress affects their. Concerning the answer to this question there can bedoubt. It tends in a very high degree to diminish them. Inand backward societies, as in the East, and in Europe duringMiddle Ages, extraordinary differences in the price of thecommodity might exist in places not very distant from each, because the want of roads and canals, the imperfection

ofnavigation, and the insecurity of communications, prevented things from being transported from thewhere they were cheap to those where they were dear. Themost liable to fluctuations in value, those directlyby the seasons, and especially food, were seldomto any great distances. Each locality depended, as arule, on its own produce and that of its immediate. In most years, accordingly, there was, in someor other of any large country, a real dearth. Almost everymust be unpropitious to some among the many soils andto be found in an extensive tract of country; but as theseason is also in general more than ordinarily favourable to, it is only occasionally that the aggregate produce of thecountry is deficient, and even then in a less degree thanof many separate portions; while a deficiency at all, extending to the whole world, is a thing almost un.. In modern times, therefore, there is only dearth, whereformerly would have been famine, and sufficiency everywhereanciently there would have been scarcity in some places andin others.

The same change has taken place with respect to all otherof commerce. The safety and cheapness of communications,enable a deficiency in one place to be supplied from theof another, at a moderate or even a small advance on theprice, render the fluctuations of prices much lessthan formerly. This effect is much promoted by theof large capitals, belonging to what are calledmerchants, whose business it is to buy goods in orderresell them at a profit. These dealers naturally buying thingsthey are cheapest, and storing them up to be brought againthe market when the price has become unusually high; theof their operations is to equalize price, or at least toits inequalities. The prices of things are neither sodepressed at one time, nor so much raised at another, aswould be if speculative dealers did not exist.

Speculators, therefore, have a highly useful office in theof society; and (contrary to common opinion) the mostportion of the class are those who speculate inaffected by the vicissitudes of seasons. If thereno corn-dealers, not only would the price of corn be liablevariations much more extreme than at present, but in aseason the necessary supplies might not be forthcomingall. Unless there were speculators in corn, or unless, inof dealers, the farmers became speculators, the price inseason of abundance would fall without any limit or check,the wasteful consumption that would invariably follow.any part of the surplus of one year remains to supply theof another, is owing either to farmers who withholdfrom the market, or to dealers who buy it when at theand lay it up in store.

5. Among persons who have not much considered the subject,is a notion that the gains of speculators are often made byan artificial scarcity; that they create a high price byown purchases, and then profit by it. This may easily beto be fallacious. If a corn-dealer makes purchases on, and produces a rise, when there is neither at thenor afterwards any cause for a rise of price except his own; he no doubt appears to grow richer as long as hiscontinue, because he is a holder of an article which isat a higher and higher price: but this apparent gain onlywithin his reach so long as he does not attempt to realize. If he has bought, for instance, a million of quarters, and by. holding them from the market, has raised the price tena quarter; just so much as the price has been raised bya million quarters, will it be lowered by bringingback, and the best that he can hope is that he will loseexcept interest and his expenses. If by a gradual andsale he is able to realize, on some portion of his, a part of the increased price, so also he willhave had to pay a part of that price on some portionhis purchases. He runs considerable risk of incurring a stillloss; for the

temporary high price is very likely to haveothers, who had no share in causing it, and who mightnot have found their way to his market at all, to bringcorn there, and intercept a part of the advantage. So thatof profiting by a scarcity caused by himself, he is by nounlikely, after buying in an average market, to be forcedsell in a super-abundant one.

As an individual speculator cannot gain by a rise of priceof his own creating, so neither can a number ofgain collectively by a rise which their operationsartificially produced. Some among a number of speculatorsgain, by superior judgment or good fortune in selecting thefor realizing, but they make this gain at the expense, notthe consumer, but of the other speculators who are less. They, in fact, convert to their own benefit the highproduced by the speculations of the others, leaving tothe loss resulting from the recoil. It is not to be denied,, that speculators may enrich themselves by other's loss. But it is by the losses of other speculators. Asmust have been lost by one set of dealers as is gained byset.

When a speculation in a commodity proves profitable to theas a body, it is because, in the interval betweenbuying and reselling, the price rises from some causeof them, their only connexion with it consisting inforeseen it. In this case, their purchases make the priceto rise sooner than it otherwise would do, thus spreadingprivation of the consumers over a longer period, butit at the time of its greatest height: evidently togeneral advantage. In this, however, it is assumed that theynot overrated the rise which they looked forward to. For ithappens that speculative purchases are made in theof some increase of demand, or deficiency of supply,after all does not occur, or not to the extent which theexpected. In that case the speculation, instead offluctuation, has caused a fluctuation of price whichwould not have happened, or aggravated one which would.in that case, the speculation is a losing one, to thecollectively, however much some individuals may gainit. All that part of the rise of price by which it exceedsthere are independent grounds for, cannot give to theas a body any benefit, since the price is as muchby their sales as it was raised by their purchases; andthey gain nothing by it, they lose, not only their troubleexpenses, but almost always much more, through the effectsto the artificial rise of price, in checking, and bringing forward supplies from unforeseen. The operations, therefore, of speculative dealers, areto the public whenever profitable to themselves; andthey are sometimes injurious to the public, by heighteningfluctuations which their more usual office is to alleviate,whenever this happens the speculators are the greatest. The interest, in short, of the speculators as a body,with the interest of the public; and as they can onlyto serve the public interest in proportion as they missown, the best way to promote the one is to leave them tothe other in perfect freedom.

I do not deny that speculators may aggravate a local. In collecting corn from the villages to supply the, they make the dearth penetrate into nooks and cornersmight otherwise have escaped from bearing their share of. To buy and resell in the same place, tends to alleviate; to buy in one place and resell in another, may increasein the former of the two places, but relieves it in the, where the price is higher, and which, therefore, by thesupposition, is likely to be suffering more. And thesealways fall hardest on the poorest consumers, sincerich, by outbidding, can obtain their accustomed supplyif they choose. To no persons, therefore, are theof corn-dealers on the whole so beneficial as to the. Accidentally and exceptionally, the poor may suffer from: it might sometimes be more

advantageous to the rural poorhave corn cheap in winter, when they are entirely dependent on, even if the consequence were a dearth in spring, when theyperhaps obtain partial substitutes. But there are no, procurable at that season, which serve in any greatto replace bread-corn as the chief article of food: ifwere, its price would fall in the spring, instead of, as it always does, to rise till the approach of.

There is an opposition of immediate interest, at the momentsale, between the dealer in corn and the consumer, as thereis between the seller and the buyer: and a time of dearththat in which the speculator makes his largest profits, hean object of dislike and jealousy at that time, to those whosuffering while he is gaining. It is an error, however, tothat the corn.dealer's business affords him anyprofit: he makes his gains not constantly, but attimes, and they must therefore occasionally be great,the chances of profit in a business in which there is so much, cannot on the whole be greater than in other. A year of scarcity, in which great gains are made bydealers, rarely comes to an end without a recoil whichmany of them in the list of bankrupts. There have been fewpromising seasons for corn-dealers than the year 1847, andwas there a greater break-up among the speculators than inautumn of that year. The chances of failure, in this mosttrade, are a set off against great occasional profits.the corn-dealer were to sell his stores, during a dearth, at aprice than that which the competition of the consumersto him, he would make a sacrifice, to charity or, of the fair profits of his employment, which may beas reasonably required from any other person of equal. His business being a useful one, it is the interest of thethat the ordinary motives should exist for carrying it on,that neither law nor opinion should prevent an operationto the public from being attended with as much privateas is compatible with full and free competition.

It appears, then, that the fluctuations of values and pricesfrom variations of supply, or from alterations in real(as distinguished from speculative) demand, may be expected tomore moderate as society advances. With regard to thosearise from miscalculation, and especially from theof undue expansion and excessive contraction of, which occupy so conspicuous a place among commercial, the same thing cannot be affirmed with equal. Such vicissitudes, beginning with irrationaland ending with a commercial crisis, have notbecome either less frequent or less violent with theof capital and extension of industry. Rather they may beto have become more so: in consequence, as is often said, ofcompetition; but, as I prefer to say, of a low rate ofand interest, which makes capitalists dissatisfied withordinary course of safe mercantile gains. The connexion oflow rate of profit with the advance of population and, is one of the points to be illustrated in thechapters. :. A still better criterion, perhaps, than that suggested in the, would be the increase or diminution of the amount of the's wages estimated in agricultural produce.

The Principles of Political Economy

John Stuart Mill

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of the Progress of Industry and Population on Rents,, and Wages

1. Continuing the inquiry into the nature of the economicaltaking place in a society which is in a state ofprogress, we shall next consider what is the effect ofprogress on the distribution of the produce among theclasses who share in it. We may confine our attention tosystem of distribution which is the most complex, and whichincludes all others - that in which the produce ofis shared between two classes, labourers and, and the produce of agriculture among three,, capitalists, and landlords.

The characteristic features of what is commonly meant byprogress, resolve themselves mainly into three,of capital, increase of population, and improvements in; understanding the last expression in its widest, to include the process of procuring commodities from a, as well as that of producing them. The other changestake place are chiefly consequences of these; as, for, the tendency to a progressive increase of the cost ofof food; arising from an increased demand, which mayoccasioned either by increased population, or by an increasecapital and wages, enabling the poorer classes to increaseconsumption. It will be convenient to set out byeach of the three causes, as operating separately;which we can suppose them combined in any manner we think.

Let us first suppose that population increases, capital andarts of production remaining stationary. One of the effectsthis change of circumstances is sufficiently obvious: wagesfall; the labouring class will be reduced to an inferior. The state of the capitalist, on the contrary, will be. With the same capital, he can purchase more labour, andmore produce. His rate of profit is increased. Theof the rate of profits on the cost of labour is here; for the labourer obtaining a diminished quantity of, and no alteration being supposed in theof their production, the diminished quantitya diminished cost. The labourer obtains not only areal reward, but the product of a smaller quantity of. The first circumstance is the important one to himself,last to his employer.

Nothing has occurred, thus far, to affect in any way theof any commodity; and no reason, therefore, has yet shown, why rent should be either raised or lowered. But if weforward another stage in the series of effects, we may seeway to such a consequence. The labourers have increased in: their condition is reduced in the same proportion; thenumbers divide among them only the produce of the sameof labour as before. But they may economize in their other, and not in their food: each may consume as much food,of as costly a quality as previously; or they may submit to a, but not in proportion to the increase of numbers. Onsupposition, notwithstanding the diminution of real wages,increased population will require an increased quantity of. But since industrial skill and knowledge are supposed to be, more food can only be obtained by resorting to worse, or to methods of cultivation which are less productive into the outlay. Capital for this extension ofwill not be wanting; for though, by hypothesis, notakes place to the capital in existence, a sufficientcan be spared from the industry which previously suppliedother and less pressing wants which the labourers have beento curtail. The additional supply of food,

therefore,be produced, but produced at a greater cost; and thevalue of agricultural produce must rise. It may be, that profits having risen, the extra cost of producingcan be defrayed from profits, without any increase of price.could, undoubtedly, but it will not; because if it did, thewould be placed in an inferior position to other. The increase of profits, being the effect ofwages, is common to all employers of labour. Theexpenses arising from the necessity of a more costly, affect the agriculturist alone. For this peculiarhe must be peculiarly compensated, whether the generalof profit be high or low. He will not submit indefinitely todeduction from his profits, to which other capitalists are not. He will not extend his cultivation by laying out fresh, unless for a return sufficient to yield him as high aas could be obtained by the same capital in other. The value, therefore, of his commodity will rise,rise in pro. portion to the increased cost. The farmer willbe indemnified for the burthen which is peculiar to himself,will also enjoy the augmented rate of profit which is commonall capitalists.

It follows, from principles with which we are already, that in these circumstances rent will rise. Any landafford to pay, and under free competition will pay, a rentto the excess of its produce above the return to an equalon the worst land, or under the least favourable. Whenever, therefore, agriculture is driven to descendworse land, or more onerous processes, rent rises. Its risebe twofold, for, in the first place, rent in kind, or corn, will rise; and in the second, since the value ofproduce has also risen, rent, estimated inor foreign commodities (which is represented,paribus, by money rent) will rise still more.

The steps of the process (if, after what has been formerly, it is necessary to retrace them) are as follows. Corn risesprice, to repay with the ordinary profit the capital requiredproducing additional corn on worse land or by more costly. So far as regards this additional corn, the increasedis but an equivalent for the additional expense; but the, extending to all corn, affords on all, except the last, an extra profit. If the farmer was accustomed to100 quarters of wheat at 40s., and 120 quarters are now, of which the last twenty cannot be produced under 45s.,obtains the extra five shillings on the entire 120 quarters,not on the last twenty alone. He has thus an extra 25l.the ordinary profits, and this, in a state of free, he will not be able to retain. He cannot however beto give it up to the consumer, since a less price thans. would be inconsistent with the production of the last twenty. The price, then, will remain at 45s., and the 25l. willtransferred by competition not to the consumer but to the. A rise of rents is therefore inevitably consequent onincreased demand for agricultural produce, when unaccompaniedincreased facilities for its production. A truth which, afterfinal illustration, we may henceforth take for granted.

The new element now introduced - an increased demand for foodbesides occasioning an increase of rent, still further disturbsdistribution of the produce between capitalists and. The increase of population will have diminished theof labour: and if its cost is diminished as greatly as itsremuneration, profits will be increased by the full amount., however, the increase of population leads to an increasedof food, which cannot be supplied but at an enhancedof production, the cost of labour will not be so muchas the real reward of it, and profits, therefore, willbe so much raised. It is even possible that they might not beat all. The labourers may previously have been so wellfor, that the whole of what they now lose may be struckfrom their other indulgences, and they may not, either byor choice, undergo any reduction in the quantity orof their food. To produce the food

for the increasedmay be attended with such an increase of expense, that, though reduced in quantity, may represent as great a cost,be the product of as much labour, as before, and themay not be at all benefited. On this supposition theto the labourer is partly absorbed in the additional labourfor producing the last instalment of agricultural; and the remainder is gained by the landlord, the onlywho always benefits by an increase of population.

2. Let us now reverse our hypothesis, and instead ofcapital stationary and population advancing, let uscapital advancing and population stationary; theof production, both natural and acquired, being, as, unaltered. The real wages of labour, instead of falling,now rise; and since the cost of production of the thingsby the labourer is not diminished, this rise of wagesan equivalent increase of the cost of labour, andof profits. To state the same deduction in other; the labourers not being more numerous, and the productiveof their labour being only the same as before, there is noof the produce; the increase of wages, therefore, mustat the charge of the capitalist. It is not impossible that theof labour might be increased in even a greater ratio thanreal remuneration. The improved condition of the labourersincrease the demand for food. The labourers may have been sooff before, as not to have food enough; and may now consume: or they may choose to expend their increased means partlywholly in a more costly quality of food, requiring more labourmore land; wheat, for example, instead of oats, or potatoes.extension of agriculture implies, as usual, a greater costproduction and a higher price, so that besides the increase ofcost of labour arising from the increase of its reward, therebe a further increase (and an additional fall of profits)the increased costliness of the commodities of which thatconsists. The same causes will produce a rise of rent.the capitalists lose, above what the labourers gain, istransferred to the landlord, and partly swallowed up incost of growing food on worse land or by a less productive.

3. Having disposed of the two simple cases, an increasingand stationary capital, and an increasing capital andpopulation, we are prepared to take into considerationmixed case, in which the two elements of expansion are, both population and capital increasing. If eitherincreases faster than the other, the case is so farwith one or other of the two preceding: we shallthem, therefore, to increase with equal rapidity; theof equality being, that each labourer obtains the sameas before, and the same quantity of those. Let us examine what will be the effect, on rent and, of this double progress.

Population having increased, without any falling off in the's condition, there is of course a demand for more food.arts of production being supposed stationary, this food mustproduced at an increased cost. To compensate for this greaterof the additional food, the price of agricultural producerise. The rise extending over the whole amount of food, though the increased expenses only apply to a part,is a greatly increased extra profit, which, by competition,transferred to the landlord. Rent will rise both in quantityproduce and in cost; while wages, being supposed to be thein quantity, will be greater in cost. The labourer obtainingsame amount of necessaries, money wages have risen; and asrise is common to all branches of production, the capitalistindemnify himself by changing his employment, and the lossbe borne by profits.

It appears, then, that the tendency of an increase of capitalpopulation is to add to rent at the expense of profits:rent does not gain all that profits lose, a part beingin increased expenses of production, that is, in hiringfeeding a greater number of labourers to

obtain a given amountagricultural produce. By profits, must of course be understoodrate of profit; for a lower rate of profit on a largermay yield a larger gross profit, considered absolutely,a smaller in proportion to the entire produce.

This tendency of profits to fall, is from time to time. acted by improvements in production: whether arisingincrease of knowledge, or from an increased use of thealready possessed. This is the third of the three, the effects of which on the distribution of the produceunder. took to investigate; and the investigation will beby supposing, as in the case of the other two, that it operates, in the first instance, alone.

4. Let us then suppose capital and population stationary, andsudden improvement made in the arts of production; by theof more efficient machines, or less costly processes,by obtaining access to cheaper commodities through foreign.

The improvement may either be in some of the necessaries orwhich enter into the habitual consumption of theclass; or it may be applicable only to luxuriesexclusively by richer people. Very few, however, of theindustrial improvements are altogether of this last. Agricultural improvements, except such as speciallyto some of the rarer and more peculiar products, actupon the principal objects of the labourer's. The steam.engine and every other invention whicha manageable power, are applicable to all things, and ofto those consumed by the labourer. Even the power-loom andspinning jenny, though applied to the most delicate fabrics,available no less for the coarse cottons and woollens worn bylabouring class. All improvements in locomotion cheapen theof necessaries as well as of luxuries. Seldom is a newof trade opened, without, either directly or in someway, causing some of the articles which the mass of theconsume to be either produced or imported at smaller cost.may safely be affirmed, therefore, that improvements ingenerally tend to cheapen the commodities on which theof the labouring class are expended.

In so far as the commodities affected by an improvement arewhich the labourers generally do not consume, thehas no effect in altering the distribution of the. Those particular commodities, indeed, are cheapened;produced at less cost, they fall in value and in price, andwho consume them, whether landlords, capitalists, or skilledprivileged labourers, obtain increased means of enjoyment.rate of profits, however, is not raised. There is a largerprofit, reckoned in quantity of commodities. But thealso, if estimated in those commodities, has risen in. The profit is the same percentage on the capital that itbefore. The capitalists are not benefited as capitalists, butconsumers. The landlords and the privileged classes of, if they are consumers of the same commodities, sharesame benefit.

The case is different with improvements which diminish theof production of the necessaries of life, or of commoditiesenter habitually into the consumption of the great mass of. The play of the different forces being here rather, it is necessary to analyse it with some minuteness.

As formerly observed, there are two kinds of agricultural. Some consist in a mere saving of labour, and enablegiven quantity of food to be produced at less cost, but not onsmaller surface of land than before. Others enable a givenof land to yield not only the same produce with less, but a greater produce; so that if no greater produce is, a part of the land already under culture may bewith. As the part rejected will be the least

productive, the market will thenceforth be regulated by a betterof land than what was previously the worst under.

To place the effect of the improvement in a clear light, wesuppose it to take place suddenly, so as to leave no timeits introduction, for any increase of capital or of. Its first effect will be a fall of the value andof agricultural produce. This is a necessary consequence ofkind of improvement, but especially of the last.

An improvement of the first kind, not increasing the produce,not dispense with any portion of the land; the margin of(as Dr Chalmers terms it) remains where it was;does not recede, either in extent of cultivated land,in elaborateness of method: and the price continues to beby the same land, and by the same capital, as before.since that land or capital, and all other land or capitalproduces food, now yields its produce at smaller cost, theof food will fall proportionally. If one-tenth of theof production has been saved, the price of produce willone-tenth.

But suppose the improvement to be of the second kind;the land to produce, not only the same corn withtenth less labour, but a tenth more corn with the same. Here the effect is still more decided. Cultivation canbe contracted, and the market supplied from a smallerof land. Even if this smaller surface of land were ofsame average quality as the larger surface, the price wouldone-tenth, because the same produce would be obtained with aless labour. But since the portion of land abandoned willthe least fertile portion, the price of produce willbe regulated by a better quality of land than before.addition, therefore, to the original diminution of one-tenththe cost of production, there will be a further diminution,with the recession of the 'margin' of agricultureland of greater fertility. There will thus be a twofold fallprice.

Let us now examine the effect of the improvements, thusmade, on the division of the produce; and in the first, on rent. By the former of the two kinds of improvement,would be diminished. By the second, it would be diminishedmore.

Suppose that the demand for food requires the cultivation ofqualities of land, yielding, on an equal surface, and at anexpense, 100, 80, and 60 bushels of wheat. The price ofwill, on the average, be just sufficient to enable thequality to be cultivated with the ordinary profit. Thequality therefore will yield forty and the second twentyof extra profit, constituting the rent of the landlord.first, let an improvement be made, which, without enablingcorn to be grown, enables the same corn to be grown withfourth less labour. The price of wheat will fall one.fourth,8o bushels will be sold for the price for which 6o were sold. But the produce of the land which produces 6o bushels isrequired, and the expenses being as much reduced as the, that land can still be cultivated with the ordinary. The first and second qualities will therefore continue toa surplus of 40 and 20 bushels, and corn rent will remainsame as before. But corn having fallen in price one.fourth,same corn rent is equivalent to a fourth less of money and ofother commodities. So far, therefore, as the landlord expendsincome in manufactured or foreign products, he is one.fourthoff than before. His income as landlord is reduced to.quarters of its amount: it is only as a consumer of cornhe is as well off.

If the improvement is of the other kind, rent will fall in agreater ratio. Suppose that the amount of produce which therequires, can be grown not only with a fourth less

labour,on a fourth less land. If all the land already in cultivationto be cultivated, it would yield a produce much largernecessary. Land, equivalent to a fourth of the produce, mustbe abandoned; and as the third quality yielded exactly.fourth, (being 60 out of 240,) that quality will go out of. The 240 bushels can now be grown on land of theand second qualities only; being, on the first, 100 bushelsone-third, or 133 1/3 bushels; on the second, 80 bushelsone-third, or 106 2/3 bushels; together 240. The secondof land, instead of the third, is now the lowest, andthe price. Instead of 6o, it is sufficient if 106 2/3repay the capital with the ordinary profit. The price ofwill consequently fall, not in the ratio of 6o to 8o, as inother case, but in the ratio of 60 to 106 2/3 . Even thisan insufficient idea of the degree in which rent will be. The whole produce of the second quality of land willbe required to repay the expenses of production. That land,the worst in cultivation, will pay no rent. And the firstwill only yield the difference between 133 1/3 bushels106 2/3 , being 26 2/3 bushels instead of 40. The landlordswill have lost 33 1/3 out of 60 bushels in corn rent, while the value and price of what is left will have beenin the ratio of 6o to 106 2/3.

It thus appears, that the interest of the landlord ishostile to the sudden and general introduction ofimprovements. This assertion has been called a, and made a ground for accusing its first promulgator,, of great intellectual perverseness, to say nothing. I cannot discern in what the paradox consists; and theof vision seems to me to be on the side of his. The opinion is only made to appear absurd by statingunfairly. If the assertion were that a landlord is injured byimprovement of his estate, it would certainly be; but what is asserted is, that he is injured by theof the estates of other people, although his own is. Nobody doubts that he would gain greatly by theif he could keep it to himself, and unite the two, an increased produce from his land, and a price as highbefore. But if the increase of produce took placeon all lands, the price would not be as high as; and there is nothing unreasonable in supposing that thewould be, not benefited, but injured. It is admittedwhatever permanently reduces the price of produce diminishes: and it is quite in accordance with common notions tothat if, by the increased productiveness of land, lesswere required for cultivation, its value, like that of otherfor which the demand had diminished, would fall.

I am quite willing to admit that rents have not really beenby the progress of agricultural improvement; but why?improvement has never in reality been sudden, but always; at no time much outstripping, and often falling far short, the growth of capital and population, which tends as much torent, as the other to lower it, and which is enabled as wepresently see, to raise it much higher, by means of themargin afforded by improvements in agriculture. First,, we must examine in what manner the sudden cheapening ofproduce would affect profits and wages.

In the beginning, money wages would probably remain the samebefore, and the labourers would have the full benefit of the. They would be enabled to increase their consumptionof food or of other articles, and would receive the same, and a greater quantity. So far, profits would be. But the permanent remuneration of the labourersdepends on what we have called their habitual; the extent of the requirements which, as a class, theyon satisfying before they choose to have children. Iftastes and requirements receive a durable impress from theimprovement in their condition, the benefit to the classbe permanent. But the same cause which enables them togreater comforts and

indulgences with the same wages,enable them to purchase the same amount of comforts andwith lower wages; and a greater population may now, without reducing the labourers below the condition tothey are accustomed. Hitherto this and no other has beenuse which the labourers have commonly made of any increase ofmeans of living; they have treated it simply as convertiblefood for a greater number of children. It is probable,, that population would be stimulated, and that afterlapse of a generation the real wages of labour would be nothan before the improvement: the reduction being partlyabout by a fall of money wages, and partly through theof food, the cost of which, from the demand occasioned byincrease of population, would be increased. To the extent tomoney wages fell, profits would rise: the capitalista greater quantity of equally efficient labour by theoutlay of capital. We thus see that a diminution of the costliving, whether arising from agricultural improvements or fromimportation of foreign produce, if the habits andof the labourers are not raised, usually lowerswages and rent, and raises the general rate of profit.

What is true of improvements which cheapen the production of, is true also of the substitution of a cheaper for a morevariety of it. The same land yields to the same labour agreater quantity of human nutriment in the form of maize or, than in the form of wheat. If the labourers were toup bread, and feed only on those cheaper products, taking ascompensation not a greater quantity of other consumable, but earlier marriages and larger families, the costlabour would be much diminished, and if labour continuedefficient, profits would rise; while rent would be much, since food for the whole population could be raised onor a third part of the land now sown with corn. At the same, it being evident that land too barren to be cultivated formight be made in case of necessity to yield potatoesto support the little labour necessary for producing, cultivation might ultimately descend lower, and rentrise higher, on a potato or maize system, than on asystem; because the land would be capable of feeding a muchpopulation before reaching the limit of its powers.

If the improvement, which we suppose to take place, is not inproduction of food, but of some manufactured article consumedthe labouring class, the effect on wages and profits will atbe the same; but the effect on rent very different. It willbe lowered; it will even, if the ultimate effect of theis an increase of population, be raised: in whichcase profits will be lowered. The reasons are too evident tostatement.

5. We have considered, on the one hand, the manner in whichdistribution of the produce into rent, profits, and wages, isby the ordinary increase of population and capital, andthe other, how it is affected by improvements in production,more especially in agriculture. We have found that the formerlowers profits, and raises rent and the cost of labour:the tendency of agricultural improvements is to diminish; and all improvements which cheapen any article of the's consumption, tend to diminish the cost of labour andraise profits. The tendency of each cause in its separatebeing thus ascertained, it is easy to determine theof the actual course of things, in which the twoare going on simultaneously, capital and populationwith tolerable steadiness, while improvements inare made from time to time, and the knowledge andof improved methods become diffused gradually throughcommunity.

The habits and requirements of the labouring classes being(which determine their real wages), rents, profits, andwages at any given time, are the result of the

compositionthese rival forces. If during any period agriculturaladvances faster than population, rent and money wagesthat period will tend downward, and profits upward. Ifadvances more rapidly than agricultural improvement,the labourers will submit to a reduction in the quantityquality of their food, or if not, rent and money wages willrise, and profits will fall.

Agricultural skill and knowledge are of slow growth, andslower diffusion. Inventions and discoveries, too, occuroccasionally, while the increase of population and capitalcontinuous agencies. It therefore seldom happens that, even during a short time, has so much the start ofand capital as actually to lower rent, or raise theof profits. There are many countries in which the growth ofand capital is not rapid, but in these agriculturalis less active still. Population almost everywhereclose on the heels of agricultural improvement, andits effects as fast as they are produced.

The reason why agricultural improvement seldom lowers rent,that it seldom cheapens food, but only prevents it fromdearer; and seldom, if ever, throws lands out of, but only enables worse and worse land to be taken inthe supply of an increasing demand. What is sometimes callednatural state of a country which is but half cultivated,, that the land is highly productive, and food obtained inabundance by little labour, is only true of unoccupiedcolonized by a civilized people. In the United Statesworst land in cultivation is of a high quality (exceptin the immediate vicinity of markets or means of, where a bad quality is compensated by a good); and even if no further improvements were made inor locomotion, cultivation would have many steps yetdescend, before the increase of population and capital wouldbrought to a stand; but in Europe five hundred years ago,so thinly peopled in comparison to the present population,is probable that the worst land under the plough was, from thestate of agriculture, quite as unproductive as the worstnow cultivated; and that cultivation had approached as nearthe ultimate limit of profitable tillage, in those times as inpresent. What the agricultural improvements since made havedone is, by increasing the capacity of production of landgeneral, to enable tillage to extend downwards to a much worsequality of land than the worst which at that time wouldadmitted of cultivation by a capitalist for profit; thusa much greater increase of capital and population, and removing always a little and a little further off,barrier which restrains them; population meanwhile alwaysso hard against the barrier, that there is never anymargin left for it to seize, every inch of ground madefor it by improvement being at once filled up by itscolumns. Agricultural improvement may thus beto be not so much a counterforce conflicting withof population, as a partial relaxation of the bondsconfine that increase.

The effects produced on the division of the produce by anof production, under the joint influence of increase ofand capital and improvements of agriculture, are veryfrom those deduced from the hypothetical casesdiscussed. In particular, the effect on rent is mostdifferent. We remarked that - while a greatimprovement made suddenly and universally would infirst instance inevitably lower rent - such improvementsrent, in the progress of society, to rise gradually to ahigher limit than it could otherwise attain, since theya much lower quality of land to be ultimately cultivated.in the case we are now supposing, which nearly corresponds tousual course of things, this ultimate effect becomes theeffect. Suppose cultivation to have reached, or almost, the utmost limit permitted by

the state of thearts, and rent, therefore, to have attained nearly thepoint to which it can be carried by the progress ofand capital, with the existing amount of skill and. If a great agricultural improvement were suddenly, it might throw back rent for a considerable space,it to regain its lost ground by the progress ofand capital, and afterwards to go on further. But,place, as such improvement always does, very gradually, itno retrograde movement of either rent or cultivation; itenables the one to go on rising, and the other extending,after they must otherwise have stopped. It would do thiswithout the necessity of resorting to a worse quality of; simply by enabling the lands already in cultivation toa greater produce, with no increase of the proportional. If by improvements of agriculture all the lands incould be made, even with double labour and capital,yield a double produce, (supposing that in the meantimeincreased so as to require this double quantity) allwould be doubled.

To illustrate the point, let us revert to the numericalin a former page. Three qualities of land yieldlOO, 8o, and 60 bushels to the same outlay on theextent of surface. If No. 1 could be made to yield 200, No., 160, and No. 3, 120 bushels, at only double the expense, andwithout any increase of the cost of production, and ifpopulation, having doubled,required all this increased, the rent of No. 1 would be 80 bushels instead of 40,of No. 2, 40 instead of 20, while the price and value perwould be the same as before: so that corn rent and moneywould both be doubled. I need not point out the differencethis result, and what we have shown would take place ifwere an improvement in production without the accompanimentan increased demand for food.

Agricultural improvement, then, is always ultimately, and inmanner in which it generally takes place also immediately,to the landlord. We may add, that when it takes placethat manner, it is beneficial to no one else. When the demandproduce fully keeps pace with the increased capacity of, food is not cheapened; the labourers are not, even, benefited; the cost of labour is not diminished, norraised. There is a greater aggregate production, aproduce divided among the labourers, and a larger gross; but the wages being shared among a larger population, andprofits spread over a larger capital, no labourer is better, nor does any capitalist derive from the same amount ofa larger income.

The result of this long investigation may be summed up as. The economical progress of a society constituted of, capitalists, and labourers, tends to the progressiveof the landlord class; while the cost of the's subsistence tends on the whole to increase, andto fall. Agricultural improvements are a counteractingto the two last effects; but the first, though a case isin which it would be temporarily checked, isin a high degree promoted by those improvements; andincrease of population tends to transfer all the benefitsfrom agricultural improvement to the landlords alone.other consequences, in addition to these, or in modificationthem, arise from the industrial progress of a society thus, I shall endeavour to show in the succeeding chapter.

The Principles of Political Economy

John Stuart Mill

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the Tendency of Profits to a Minimum

1. The tendency of profits to fall as society advances, whichbeen brought to notice in the preceding chapter, was earlyby writers on industry and commerce; but the lawsgovern profits not being then understood, the phenomenonascribed to a wrong cause. Adam Smith considered profits todetermined by what he called the competition of capital; andthat when capital increased, this competition mustincrease, and profits must fall. It is not quite certainsort of competition Adam Smith had here in view. His wordsthe chapter on Profits of Stock(1*) are, 'When the stocks ofrich merchants are turned into the same trade, their mutualnaturally tends to lower its profits; and when therea like increase of stock in all the different trades carriedin the same society, the same competition must produce theeffect in them all.' This passage would lead us to infer, in Adam Smith's opinion, the manner in which theof capital lowers profits is by lowering prices; thatusually the mode in which an increased investment ofin any particular trade, lowers the profits of that. But if this was his meaning, he overlooked the, that the fall of price, which if confined to onereally does lower the profits of the producer, ceaseshave that effect as soon as it extends to all commodities;, when all things have fallen, nothing has really fallen,nominally; and even computed in money, the expenses ofproducer have diminished as much as his returns. Unlesslabour be the one commodity which has not fallen in money, when all other things have: if so, what has really takenis a rise of wages; and it is that, and not the fall of, which has lowered the profits of capital. There isthing which escaped the notice of Adam Smith; that theuniversal fall of prices, through increased competitioncapitals, is a thing which cannot take place. Prices are notby the competition of the sellers only, but also byof the buyers; by demand as well as supply. The demand whichmoney prices consists of all the money in the hands ofcommunity, destined to be laid out in commodities; and asas the proportion of this to the commodities is not, there is no fall of general prices. Now, howsoevermay increase, and give rise to an increased production of, a full share of the capital will be drawn to theof producing or importing money, and the quantity ofwill be augmented in an equal ratio with the quantity of. For if this were not the case, and if money,, were, as the theory supposes, perpetually acquiringpurchasing power, those who produced or imported itobtain constantly increasing profits; and this could notwithout attracting labour and capital to that occupationother employments. If a general fall of prices, andvalue of money, were really to occur, it could only bea consequence of increased cost of production, from theexhaustion of the mines.

It is not tenable, therefore, in theory, that the increase ofproduces, or tends to produce, a general decline of money. Neither is it true, that any general decline of prices,capital increased, has manifested itself in fact. The onlyobserved to fall in price with the progress of society,those in which there have been improvements in production,than have taken place in the production of the precious; as for example, all spun and woven fabrics. Other things,, instead of falling, have risen in price, because theirof production,

compared with that of gold and silver, has. Among these are all kinds of food, comparison beingwith a much earlier period of history. The doctrine,, that competition of capital lowers profits by lowering, is incorrect in fact, as well as unsound in principle.

But it is not certain that Adam Smith really held that; for his language on the subject is wavering and, denoting the absence of a definite and well-digested. Occasionally he seems to think that the mode in whichcompetition of capital lowers profits, is by raising wages.when speaking of the rate of profit in new colonies, he seemsthe very verge of grasping the complete theory of the subject.'As the colony increases, the profits of stock gradually. When the most fertile and best situated lands have beenoccupied, less profit can be made by the cultivators of whatinferior both in soil and situation.' Had Adam Smith meditatedon the subject, and systematized his view of it bywith each other the various glimpses which he caughtit from different points, he would have perceived that thisis the true cause of the fall of profits usually consequentincrease of capital.

2. Mr Wakefield, in his Commentary on Adam Smith, and hiswritings on Colonization, takes a much clearer view ofsubject, and arrives, through a substantially correct seriesdeductions, at practical conclusions which appear to me justimportant; but he is not equally happy in incorporating hisspeculations with the results of previous thought, andthem with other truths. Some of the theories of Dr, in his chapter 'On the Increase and Limits of Capital',the two chapters which follow it, coincide in their tendencyspirit with those of Mr Wakefield; but Dr Chalmers' ideas,delivered, as is his custom, with a most attractiveof clearness, are really on this subject much morethan even those of Adam Smith, and more decidedlywith the often refuted notion that the competition oflowers general prices; the subject of Money apparentlyhaving been included among the parts of Political Economythis acute and vigorous writer had carefully studied.

Mr Wakefield's explanation of the fall of profits is briefly. Production is limited not solely by the quantity of capitalof labour, but also by the extent of the 'field of'. The field of employment for capital is twofold; theof the country, and the capacity of foreign markets to takemanufactured commodities. On a limited extent of land, only aquantity of capital can find employment at a profit. Asquantity of capital approaches this limit, profit falls; whenlimit is attained, profit is annihilated; and can only bethrough an extension of the field of employment, eitherthe acquisition of fertile land, or by opening new markets incountries, from which food and materials can be purchasedthe products of domestic capital. These propositions are, inopinion, substantially true; and, even to the phraseology inthey are expressed, considered as adapted to popular andrather than scientific uses, I have nothing to object.error which seems to me imputable to Mr Wakefield is that ofhis doctrines to be in contradiction to the principlesthe best school of preceding political economists, instead of, as they really are, corollaries from those principles;corollaries which, perhaps, would not always have beenby those political economists themselves.

The most scientific treatment of the subject which I have met, is in an essay on the effects of Machinery, published inWestminster Review for January 1826, by Mr William Ellis;(2*)was doubtless unknown to Mr Wakefield, but which hadhim, though by a different path, in several of hisconclusions. This essay excited little notice, partlybeing published anonymously in a periodical, and partlyit was much in advance of the state of political economythe time. In Mr Ellis's view of the subject, the questions andraised by Mr

Wakefield's speculations and by thoseDr Chalmers, find a solution consistent with the principles ofeconomy laid down in the present treatise.

3. There is at every time and place some particular rate of, which is the lowest that will induce the people of thatand time to accumulate savings, and to employ thoseproductively. This minimum rate of profit variesto circumstances. It depends on two elements. One is,strength of the effective desire of accumulation; theestimate made by the people of that place and era, ofinterests when weighed against present. This elementaffects the inclination to save. The other element, whichnot so much the willingness to save as the disposition tosavings productively, is the degree of security of capitalin industrial operations. A state of general insecurity,doubt affects also the disposition to save. A hoard may be aof additional danger to its reputed possessor. But as italso be a powerful means of averting dangers, the effects inrespect may perhaps be looked upon as balanced. But inany funds which a person may possess as capital on hisaccount, or in lending it to others to be so employed, therealways some additional risk, over and above that incurred byit idle in his own custody. This extra risk is great inas the general state of society is insecure: it may beto twenty, thirty, or fifty per cent, or to no moreone or two; something, however, it must always be: and for, the expectation of profit must be sufficient to compensate.

There would be adequate motives for a certain amount of, even if capital yielded no profit. There would be anto lay by in good times a provision for bad; tosomething for sickness and infirmity, or as a means ofand independence in the latter part of life, or a help toin the outset of it. Savings, however, which have onlyends in view, have not much tendency to increase the amountcapital permanently in existence. These motives only promptto save at one period of life what they purpose toat another, or what will be consumed by their childrenthey can completely provide for themselves. The savings byan addition is made to the national capital, usuallyfrom the desire of persons to improve what is termedcondition in life, or to make a provision for children or, independent of their exertions. Now, to the strength ofinclinations it makes a very material difference how muchthe desired object can be effected by a given amount andof self-denial; which again depends on the rate of. And there is in every country some rate of profit, belowpersons in general will not find sufficient motive to savethe mere purpose of growing richer, or of leaving othersoff than themselves. Any accumulation, therefore, by whichgeneral capital is increased, requires as its necessarya certain rate of profit; a rate which an averagewill deem to be an equivalent for abstinence, with theof a sufficient insurance against risk. There are alwayspersons in whom the effective desire of accumulation isthe average, and to whom less than this rate of profit is ainducement to save; but these merely step into theof others whose taste for expense and indulgence is beyondaverage, and who, instead of saving, perhaps even dissipatethey have received.

I have already observed that this minimum rate of profit,than which is not consistent with the further increase of, is lower in some states of society than in others; and Iadd, that the kind of social progress characteristic of ourcivilization tends to diminish it. In the first place,of the acknowledged effects of that progress is an increasegeneral security. Destruction by wars, and spoliation byor public violence, are less and less to be apprehended;the improvements which may be looked for in education and inadministration of justice, or, in their default, increasedfor opinion, afford a growing protection against

fraud andmismanagement. The risks attending the investment ofin productive employment require, therefore, a smallerof profit to compensate for them than was required a century, and will hereafter require less than at present. In theplace, it is also one of the consequences of civilizationmankind become less the slaves of the moment, and moreto carry their desires and purposes forward into afuture. This increase of providence is a natural resultthe increased assurance with which futurity can be lookedto; and is, besides, favoured by most of the influencesan industrial life exercises over the passions andof human nature. In proportion as life has fewer, as habits become more fixed, and great prizes areand less to be hoped for by any other means than long, mankind become more willing to sacrifice presentfor future objects. This increased capacity ofand self-control may assuredly find other things toitself upon than increase of riches, and someconnected with this topic will shortly be touched. The present kind of social progress, however, decidedly, though not perhaps to increase the desire of accumulation,to weaken the obstacles to it, and to diminish the amount ofwhich people absolutely require as an inducement to saveaccumulate. For these two reasons, diminution of risk andof providence, a profit or interest of three or four peris as sufficient a motive to the increase of capital inat the present day, as thirty or forty per cent in theEmpire, or in England at the time of King John. Induring the last century a return of two per cent, onsecurity, was consistent with an undiminished, if notan increasing capital. But though the minimum rate of profitthus liable to vary, and though to specify exactly what it isat any given time be impossible, such a minimum always; and whether it be high or low, when once it is reached,further increase of capital can for the present take place.country has then attained what is known to politicalunder the name of the stationary state.

4. We now arrive at the fundamental proposition which thisis intended to inculcate. When a country has longa large production, and a large net income to makefrom, and when, therefore, the means have long existed ofa great annual addition to capital; (the country not, like America, a large reserve of fertile land still;) it is one of the characteristics of such a country, thatrate of profit is habitually within, as it were, a hand'sof the minimum, and the country therefore on the veryof the stationary state. By this I do not mean that thisis likely, in any of the great countries of Europe, to beactually reached, or that capital does not still yield aconsiderably greater than what is barely sufficient tothe people of those countries to save and accumulate. Myis, that it would require but a short time to reduceto the minimum, if capital continued to increase at itsrate, and no circumstances having a tendency to raise theof profit occurred in the meantime. The expansion of capitalsoon reach its ultimate boundary, if the boundary itselfnot continually open and leave more space.

In England, the ordinary rate of interest on government, in which the risk is next to nothing, may beat a little more than three per cent: in all other, therefore, the interest or profit calculated upon(exclusively of what is properly a remuneration for talent or) must be as much more than this amount, as is equivalentthe degree of risk to which the capital is thought to be. Let us suppose that in England even so small a netas one per cent, exclusive of insurance against risk,constitute a sufficient inducement to save, but that lessthis would not be a sufficient inducement. I now say, thatmere continuance of the present annual

increase of capital,no circumstance occurred to counteract its effect, wouldin a small number of years to reduce the rate of netto one per cent.

To fulfil the conditions of the hypothesis, we must supposeentire cessation of the exportation of capital for foreign. No more capital sent abroad for railways or loans; noemigrants taking capital with them, to the colonies, or tocountries; no fresh advances made, or credits given, byor merchants to their foreign correspondents. We mustassume that there are no fresh loans for unproductive, by the government, or on mortgage, or otherwise; andof the waste of capital which now takes place by the failureundertaking, which people are tempted to engage in by the hopea better income than can be obtained in safe paths at thehabitually low rate of profit. We must suppose the entireof the community to be annually invested in reallyemployment within the country itself; and no newopened by industrial inventions, or by a more extensiveof the best known processes for inferior ones.

Few persons would hesitate to say, that there would be greatin finding remunerative employment every year for sonew capital, and most would conclude that there would beused to be termed a general glut; that commodities would be, and remain unsold, or be sold only at a loss. But theexamination which we have already given to this,(3*) has shown that this is not the mode in which thewould be experienced. The difficulty would notin any want of a market. If the new capital were dulyamong many varieties of employment, it would raise up afor its own produce, and there would be no cause why anyof that produce should remain longer on hand than formerly.would really be, not merely difficult, but impossible, wouldto employ this capital without submitting to a rapid reductionthe rate of profit.

As capital increased, population either would also increase,it would not. If it did not, wages would rise, and a greaterwould be distributed in wages among the same number of. There being no more labour than before, and noto render the labour more efficient, there would notany increase of the produce; and as the capital, howeverincreased, would only obtain the same gross return, thesavings of each year would be exactly so much subtractedthe profits of the next and of every following year. It isnecessary to say that in such circumstances profits wouldsoon fall to the point at which further increase of capitalcease. An augmentation of capital, much more rapid thanof population, must soon reach its extreme limit, unlessby increased efficiency of labour (through inventionsdiscoveries, or improved mental and physical education), orsome of the idle people, or of the unproductive labourers,productive.

If population did increase with the increase of capital, andproportion to it, the fall of profits would still be. Increased population implies increased demand forproduce. In the absence of industrial improvements,demand can only be supplied at an increased cost of, either by cultivating worse land, or by a moreand costly cultivation of the land already under. The cost of the labourer's subsistence is therefore; and unless the labourer submits to a deterioration ofcondition, profits must fall. In an old country like England,, in addition to supposing all improvement in domesticsuspended, we suppose that there is no increasedin foreign countries for the English market, the fallprofits would be very rapid. If both these avenues to ansupply of food were closed, and population continued to, as it is said to do, at the rate of a thousand a day,waste land which admits of cultivation in the

existing stateknowledge would soon be cultivated, and the cost of productionprice of food would be so increased, that, if the labourersthe increased money wages necessary to compensate forincreased expenses, profits would very soon reach the. The fall of profits would be retarded if money wages didrise, or rose in a less degree; but the margin which can beby a deterioration of the labourers' condition is a veryone: in general they cannot bear much reduction; when they, they have also a higher standard of necessary requirements,will not. On the whole, therefore, we may assume that in suchcountry as England, if the present annual amount of savingsto continue, without any of the counteracting circumstancesnow keep in check the natural influence of those savings inprofit, the rate of profit would speedily attain the, and all further accumulation of capital would for thecease.

5. What, then, are these counteracting circumstances, which,the existing state of things, maintain a tolerably equalagainst the downward tendency of profits, and preventgreat annual savings which take place in this country, fromthe rate of profit much nearer to that lowest point toit is always tending, and which, left to itself, it wouldpromptly attain? The resisting agencies are of several kinds.

First among them, we may notice one which is so simple and so, that some political economists, especially M. deand Dr Chalmers, have attended to it almost to the. of all others. This is, the waste of capital inof over.trading and rash speculation, and in therevulsions by which such times are always followed. Ittrue that a great part of what is lost at such periods is not, but merely transferred, like a gambler's losses, tosuccessful speculators. But even of these mere transfers, aportion is always to foreigners, by the hasty purchase ofquantities of foreign goods at advanced prices. And muchis absolutely wasted. Mines are opened, railways or bridges, and many other works of uncertain profit commenced, and inenterprises much capital is sunk which yields either no, or none adequate to the outlay. Factories are built anderected beyond what the market requires, or can keep in. Even if they are kept in employment, the capital isless sunk; it has been converted from circulating into fixed, and has ceased to have any influence on wages or. Besides this, there is a great unproductive consumptioncapital, during the stagnation which follows a period ofovertrading. Establishments are shut up, or kept workingany profit, hands are discharged, and numbers of personsall ranks, being deprived of their income, and thrown foron their savings, find themselves, after the crisis hasaway, in a condition of more or less impoverishment. Suchthe effects of a commercial revulsion: and that suchare almost periodical, is a consequence of the veryof profits which we are considering. By the time a fewhave passed over without a crisis, so much additionalhas been accumulated, that it is no longer possible toit at the accustomed profit: all public securities rise tohigh price, the rate of interest on the best mercantilefalls very low, and the complaint is general amongin business that no money is to be made. Does not thishow speedily profit would be at the minimum, and thecondition of capital would be attained, if thesewent on without any counteracting principle? Butdiminished scale of all safe gains, inclines persons to giveready ear to any projects which hold out, though at the risk of, the hope of a higher rate of profit; and speculations, which, with the subsequent revulsions, destroy, orto foreigners, a considerable amount of capital, producetemporary rise of interest and profit, make room for fresh, and the same round is recommenced.

This, doubtless, is one considerable cause which arrestsin their descent to the minimum, by sweeping away fromto time a part of the accumulated mass by which they aredown. But this is not, as might be inferred from theof some writers, the principal cause. If it were, theof the country would not increase; but in England it doesgreatly and rapidly. This is shown by the increasingof almost all taxes, by the continual growth ofthe signs of national wealth, and by the rapid increase of, while the condition of the labourers is certainly not, but on the whole improving. These things prove thatcommercial revulsion, however disastrous, is very far fromall the capital which has been added to theof the country since the last revulsion preceding, and that, invariably, room is either found or made for theemployment of a perpetually increasing capital,with not forcing down profits to a lower rate.

6. This brings us to the second of the counter.agencies,, improvements in production. These evidently have theof extending what Mr Wakefield terms the field of, that is, they enable a greater amount of capital toaccumulated and employed without depressing the rate of: provided always that they do not raise, to a proportional, the habits and requirements of the labourer. If theclass gain the full advantage of the increased, in other words, if money wages do not fall, profitsnot raised, nor their fall retarded. But if the labourersup to the improvement in their condition, and so relapsetheir previous state, profits will rise. All inventions whichany of the things consumed by the labourers, unless theirare raised in an equivalent degree, in time lowerwages: and by doing so, enable a greater capital to beand employed, before profits fall back to what theypreviously.

Improvements which only affect things consumed exclusively byricher classes, do not operate precisely in the same manner.cheapening of lace or velvet has no effect in diminishing theof labour; and no mode can be pointed out in which it canthe rate of profit, so as to make room for a larger capitalthe minimum is attained. It, however, produces an effectis virtually equivalent; it lowers, or tends to lower, theitself. In the first place, increased cheapness ofof consumption promotes the inclination to save, byto all consumers a surplus which they may lay by,with their accustomed manner of living; and unlesswere previously suffering actual hardships, it will requireself-denial to save some part at least of this surplus. Innext place, whatever enables people to live equally well on aincome, inclines them to lay by capital for a lower rateprofit. If people can live on an independence of 500l. a yearthe same manner as they formerly could on one of 1000l., somewill be induced to save in hopes of the one, who wouldbeen deterred by the more remote prospect of the other. All, therefore, in the production of almost any, tend in some degree to widen the interval which has topassed before arriving at the stationary state: but thisbelongs in a much greater degree to the improvements whichthe articles consumed by the labourer, since these conduceit in two ways; they induce people to accumulate for a lower, and they also raise the rate of profit itself.

7. Equivalent in effect to improvements in production, is theof any new power of obtaining cheap commodities fromcountries. If necessaries are cheapened, whether they areby improvements at home or importation from abroad, is exactlysame thing to wages and profits. Unless the labourer obtains,by an improvement of his habitual standard, keeps, the whole, the cost of labour is lowered, and the rate of profit. As long as food can continue to be imported for anpopulation without any diminution of cheapness, sothe

declension of profits through the increase of populationcapital is arrested, and accumulation may go on withoutthe rate of profit draw nearer to the minimum. And on thisit is believed by some, that the repeal of the corn lawsopened to this country a long era of rapid increase ofwith an undiminished rate of profit.

Before inquiring whether this expectation is reasonable, onemust be made, which is much at variance with commonlynotions. Foreign trade does not necessarily in. creasefield of employment for capital. It is not the mere openinga market for a country's productions, that tends to raise theof profits. If nothing were obtained in exchange for thosebut the luxuries of the rich, the expenses of nowould be diminished; profits would not be at all, nor room made for the accumulation of more capitalsubmitting to a reduction of profits: and if theof the stationary state were at all retarded, it wouldbe because the diminished cost at which a certain degree ofcould be enjoyed, might induce people, in that prospect,make fresh savings for a lower profit than they formerly wereto do. When foreign trade makes room for more capital atsame profit, it is by enabling the necessaries of life, orhabitual articles of the labourer's consumption, to beat smaller cost. It may do this in two ways; by theeither of those commodities themselves, or of theand appliances for producing them. Cheap iron has, in ameasure, the same effect on profits and the cost ofas cheap corn, because cheap iron makes cheap tools forand cheap machinery for clothing. But a foreign tradeneither directly, nor by any indirect consequence,the cheapness of anything consumed by the labourers,not, any more than an invention or discovery in the like, tend to raise profits or retard their fall; it merelythe production of goods for foreign markets, in theof the home production of luxuries, leaving the employmentcapital neither greater nor less than before. It is true,there is scarcely any export trade which, in a country thatimports necessaries or materials, comes within these: for every increase of exports enables the country toall its imports on cheaper terms than before.

A country which, as is now the case with England, admits foodall kinds, and all necessaries and the materials of, to be freely imported from all parts of the world,longer depends on the fertility of her own soil to keep up herof profits, but on the soil of the whole world. It remainsconsider how far this resource can be counted upon, for makingduring a very long period against the tendency of profits toas capital increases.

It must, of course, be supposed that with the increase of, population also increases; for if it did not, therise of wages would bring down profits, in spite ofcheapness of food. Suppose then that the population of Greatgoes on increasing at its present rate, and demands everya supply of imported food considerably beyond that of thepreceding. This annual increase in the food demanded fromexporting countries, can only be obtained either by greatin their agriculture, or by the application of aadditional capital to the growth of food. The former isto be a very slow process, from the rudeness and ignorancethe agricultural classes in the food-exporting countries of, while the British colonies and the United States arein possession of most of the improvements yet made, soas suitable to their circumstances. There remains as a, the extension of cultivation. And on this it is to be, that the capital by which any such extension can take, is mostly still to be created. In Poland, Russia, Hungary,, the increase of capital is extremely slow. In America itrapid, but not more rapid than the population. The principalat present available for supplying this

country with aincreasing importation of food, is that portion of thesavings of America which has heretofore been applied tothe manufacturing establishments of the United States,which free trade in corn may possibly divert from thatto growing food for our market. This limited source of, unless great improvements take place in agriculture,be expected to keep pace with the growing demand of soincreasing a population as that of Great Britain; and ifpopulation and capital continue to increase with theirrapidity, the only mode in which food can continue to becheaply to the one, is by sending the other abroad toit.

8. This brings us to the last of the counter-forces whichthe downward tendency of profits, in a country whoseincreases faster than that of its neighbours, and whoseare therefore nearer to the minimum. This is, theoverflow of capital into colonies or foreign countries,seek higher profits than can be obtained at home. I believeto have been for many years one of the principal causes bythe decline of profits in England has been arrested. It hastwofold operation. In the first place, it does what a fire, orinundation, or a commercial crisis would have done: it carriesa part of the increase of capital from which the reduction ofproceeds. Secondly, the capital so carried off is not, but is chiefly employed either in founding colonies, whichlarge exporters of cheap agricultural produce, or inand perhaps improving the agriculture of older. It is to the emigration of English capital, that wechiefly to look for keeping up a supply of cheap food andmaterials of clothing, proportional to the increase of our; thus enabling an increasing capital to findin the country, without reduction of profit, inmanufactured articles with which to pay for this supplyraw produce. Thus, the exportation of capital is an agent ofefficacy in extending the field of employment for thatremains: and it may be said truly that, up to a certain, the more capital we send away, the more we shall possessbe able to retain at home.

In countries which are further advanced in industry and, and have therefore a lower rate of profit, than, there is always, long before the actual minimum is, a practical minimum, viz. when profits have fallen tobelow what they are elsewhere, that, were they to fall, all further accumulations would go abroad. In the presentof the industry of the world, when there is occasion, inrich and improving country, to take the minimum of profits atinto consideration for practical purposes, it is only thisminimum that needs be considered. As long as there arecountries where capital increases very rapidly, and newwhere profit is still high, profits in the oldwill not sink to the rate which would put a stop to; the fall is stopped at the point which sendsabroad. It is only, however, by improvements in, and even in the production of things consumed by, that the capital of a country like England isfrom speedily reaching that degree of lowness of, which would cause all further savings to be sent to findin the colonies, or in foreign countries. :. Wealth of Nations, Bk. I, Ch. 9.. Now so much better known through his apostolic exertions, by, purse, and person, for the improvement of popular education,especially for the introduction into it of the elements ofPolitical Economy. . Bk iii, Ch. XIV.

The Principles of Political Economy

John Stuart Mill

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of the Tendency of Profits to a Minimum

1. The theory of the effect of accumulation on profits, laidin the preceding chapter, materially alters many of theconclusions which might otherwise be supposed to followthe general principles of Political Economy, and which were,, long admitted as true by the highest authorities on the.

It must greatly abate, or rather, altogether destroy, inwhere profits are low, the immense importance whichto be attached by political economists to the effects whichevent or a measure of government might have in adding to orfrom the capital of the country. We have now seenthe lowness of profits is a proof that the spirit ofis so active, and that the increase of capital hasat so rapid a rate, as to outstrip the twoagencies, improvements in production, and increasedof cheap necessaries from abroad: and that unless aportion of the annual increase of capital wereperiodically destroyed, or exported for foreign, the country would speedily attain the point at whichaccumulation would cease, or at least spontaneously, so as no longer to overpass the march of invention inarts which produce the necessaries of life. In such a statethings as this, a sudden addition to the capital of the, unaccompanied by any increase of productive power, wouldbut of transitory duration; since by depressing profits and, it would either diminish by a corresponding amount thewhich would be made from income in the year or two, or it would cause an equivalent amount to be sent, or to be wasted in rash speculations. Neither, on thehand, would a sudden abstraction of capital, unless ofamount, have any real effect in impoverishing the. After a few months or years, there would exist in thejust as much capital as if none had been taken away. The, by raising profits and interest, would give a freshto the accumulative principle, which would speedily fillthe vacuum. Probably, indeed, the only effect that would, would be that for some time afterwards less capital wouldexported, and less thrown away in hazardous speculation.

In the first place, then, this view of things greatly, in a wealthy and industrious country, the force of theargument against the expenditure of public money forvaluable, even though industriously unproductive,. If for any great object of justice or philanthropic, such as the industrial regeneration of Ireland, or ameasure of colonization or of public education, itproposed to raise a large sum by way of loan, politiciansnot demur to the abstraction of so much capital, as tendingdry up the permanent sources of the country's wealth, andthe fund which supplies the subsistence of the labouring. The utmost expense which could be requisite for anythese purposes, would not in all probability deprive oneof employment, or diminish the next year's production byell of cloth or one bushel of grain. In poor countries, theof the country requires the legislator's sedulous care;is bound to be most cautious of encroaching upon it, andfavour to the utmost its accumulation at home, and itsfrom abroad. But in rich, populous, and highlycountries, it is not capital which is the deficient, but fertile land; and what the legislator should desirepromote, is not a greater aggregate saving, but a greaterto savings, either by improved cultivation, or by accessthe produce of more fertile lands in other parts of the globe.such countries, the government

may take any moderate portionthe capital of the country and expend it as revenue, withoutthe national wealth: the whole being either drawn fromportion of the annual savings which would otherwise be sent, or being subtracted from the unproductive expenditure offor the next year or two, since every million spentroom for another million to be saved before reaching thepoint. When the object in view is worth the sacrificesuch an amount of the expenditure that furnishes the dailyof the people, the only well-grounded economicalagainst taking the necessary funds directly from, consists of the inconveniences attending the process ofa revenue by taxation, to pay the interest of a debt.

The same considerations enable us to throw aside as unworthyregard, one of the common arguments against emigration as aof relief for the labouring class. Emigration, it is said,do no good to the labourers, if, in order to defray the cost,much must be taken away from the capital of the country asits population. That anything like this proportion couldto be abstracted from capital for the purpose even of theextensive colonization, few, I should think, would now: but even on that untenable supposition, it is an error tothat no benefit would be conferred on the labouring. If one-tenth of the labouring people of England wereto the colonies, and along with them one-tenth of thecapital of the country, either wages, or profits, or, would be greatly benefited, by the diminished pressure ofand population upon the fertility of the land. Therebe a reduced demand for food: the inferior arable landsbe thrown out of cultivation, and would become pasture; thewould be cultivated less highly, but with a greaterreturn; food would be lowered in price, and thoughwages would not rise, every labourer would be considerablyin circumstances, an improvement which, if no increasedto population and fall of wages ensued, would be; while if there did, profits would rise, andstart forward so as to repair the loss of capital.landlords alone would sustain some loss of income; and even, only if colonization went to the length of actuallycapital and population, but not if it merely carriedthe annual increase.

2. From the same principles we are now able to arrive at aconclusion respecting the effects which machinery, andthe sinking of capital for a productive purpose,upon the immediate and ultimate interests of theclass. The characteristic property of this class ofimprovements is the conversion of circulating capitalfixed: and it was shown in the first Book, that in a countrycapital accumulates slowly, the introduction of machinery,improvements of land, and the like, might be, for the, extremely injurious; since the capital so employed might betaken from the wages fund, the subsistence of the peoplethe employment for labour curtailed, and the gross annualof the country actually diminished. But in a country ofannual savings and low profits, no such effects need be. Since even the emigration of capital, or itsexpenditure, or its absolute waste, do not in such a, if confined within any moderate bounds, at all diminishaggregate amount of the wages fund — still less can the mereof a like sum into fixed capital, which continues toproductive, have that effect. It merely draws off at onewhat was already flowing out at another; or if not, thevacant space left in the reservoir does but cause aquantity to flow in. Accordingly, in spite of thederangements of the money-market which were at oneoccasioned by the sinking of great sums in railways, I wasable to agree with those who apprehended mischief, fromsource, to the productive resources of the country. Not onabsurd ground (which to any one acquainted with the elementsthe subject needs no

confutation) that railway expenditure ismere transfer of capital from hand to hand, by which nothing isor destroyed. This is true of what is spent in the purchasethe land; a portion too of what is paid to parliamentary, counsel, engineers, and surveyors, is saved by those whoit, and becomes capital again: but what is laid out inbona fide construction of the railway itself, is lost and; when once expended, it is incapable of ever being paid inor applied to the maintenance of labourers again; as aof account, the result is that so much food and clothingtools have been consumed, and the country has got a railway. But what I would urge is, that sums so applied area mere appropriation of the annual overflowing which wouldhave gone abroad, or been thrown away unprofitably,neither a railway nor any other tangible result. Thegambling of 1844 and 1845 probably saved the country fromdepression of profits and interest, and a rise of all publicprivate securities, which would have engendered still wilder, and when the effects came afterwards to beby the scarcity of food, would have ended in a stillformidable crisis than was experienced in the yearsfollowing. In the poorer countries of Europe, thefor railway construction might have had worse consequencesin England, were it not that in those countries suchare in a great measure carried on by foreign capital.railway operations of the various nations of the world may beupon as a sort of competition for the overflowing capitalthe countries where profit is low and capital abundant, asand Holland. The English railway speculations are ato keep our annual increase of capital at home; those ofcountries are an effort to obtain it.(1*)

It already appears from these considerations, that theof circulating capital into fixed, whether by, or manufactories, or ships, or machinery, or canals, or, or works of drainage and irrigation, is not likely, in anycountry, to diminish the gross produce or the amount offor labour. How much then is the case strengthened,we consider that these transformations of capital are of theof improvements in production, which, instead ofdiminishing circulating capital, are the necessaryof its increase, since they alone enable a country toa constantly augmenting capital without reducing profitsthe rate which would cause accumulation to stop. There isany increase of fixed capital which does not enable theto contain eventually a larger circulating capital, thanotherwise could possess and employ within its own limits; foris hardly any creation of fixed capital which, when itsuccessful, does not cheapen the articles on which wageshabitually expended. All capital sunk in the permanentof land, lessens the cost of food and materials;all improvements in machinery cheapen the labourer'sor lodging, or the tools with which these are made;in locomotion, such as railways, cheapen to theall things which are brought from a distance. All thesemake the labourers better off with the same money, better off if they do not increase their rate of. But if they do, and wages consequently fall, atprofits rise, and, while accumulation receives an immediate, room is made for a greater amount of capital before amotive arises for sending it abroad. Even thewhich do not cheapen the things consumed by the, and which, therefore, do not raise profits nor retainin the country, nevertheless, as we have seen, bythe minimum of profit for which people will ultimatelyto save, leave an ampler margin than previously foraccumulation, before arriving at the stationary state.

We may conclude, then, that improvements in production, andof capital to the more fertile soils and unworkedof the uninhabited or thinly peopled parts of the globe, do, as appears to a superficial view, diminish the gross producethe demand for labour at

home; but, on the contrary, are whathave chiefly to depend on for increasing both, and are evennecessary conditions of any great or prolonged augmentationeither. Nor is it any exaggeration to say, that within, and not very narrow, limits, the more capital a countryEngland expends in these two ways, the more she will have. :. It is hardly needful to point out how fully the remarks in thehave been verified by subsequent facts. The capital of the, far from having been in any degree impaired by the largesunk in railway construction, was soon again overflowing.

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the Stationary State

1. The preceding chapters comprise the general theory of theprogress of society, in the sense in which those termscommonly understood; the progress of capital, of population,of the productive arts. But in contemplating any progressive, not in its nature unlimited, the mind is not satisfiedmerely tracing the laws of the movement; it cannot but askfurther question, to what goal? Towards what ultimate pointsociety tending by its industrial progress? When the progress, in what condition are we to expect that it will leave?

It must always have been seen, more or less distinctly, byeconomists, that the increase of wealth is not: that at the end of what they term the progressivelies the stationary state, that all progress in wealth isa postponement of this, and that each step in advance is anto it. We have now been led to recognize that thisgoal is at all times near enough to be fully in view;we are always on the verge of it, and that if we have notit long ago, it is because the goal itself flies before. The richest and most prosperous countries would very soonthe stationary state, if no further improvements were madethe productive arts, and if there were a suspension of theof capital from those countries into the uncultivated orcultivated regions of the earth.

This impossibility of ultimately avoiding the stationary— this irresistible necessity that the stream of humanshould finally spread itself out into an apparentlysea must have been, to the political economists of thetwo generations, an unpleasing and discouraging prospect;the tone and tendency of their speculations goes completelyidentify all that is economically desirable with thestate, and with that alone. With Mr M'Culloch, for, prosperity does not mean a large production and a goodof wealth, but a rapid increase of it; his test ofis high profits; and as the tendency of that veryof wealth, which he calls prosperity, is towards low, economical progress, according to him, must tend to theof prosperity. Adam Smith always assumes that theof the mass of the people, though it may not bedistressed, must be pinched and stinted in acondition of wealth, and can only be satisfactory in astate. The doctrine that, to however distant a timestruggling may put off our doom, the progress ofmust 'end in shallows and in miseries', far from being,many people still believe, a wicked invention of Mr Malthus,either expressly or tacitly affirmed by his mostpredecessors, and can only be successfully combatedhis principles. Before attention had been directed to theof population as the active force in determining theof labour, the increase of mankind was virtuallyas a constant quantity; it was, at all events, assumedin the natural and normal state of human affairs populationconstantly increase, from which it followed that a constantof the means of support was essential to the physicalof the mass of mankind. The publication of Mr Malthus'is the era from which better views of this subject must be; and notwithstanding the acknowledged errors of his first, few writers have done more than himself, in theeditions, to promote these juster and more hopeful.

Even in a progressive state of capital, in old countries, aor prudential restraint on population is, to prevent the increase of numbers fromthe increase of capital, and the condition of thewho are at the bottom of society from being deteriorated.there is not, in the people, or in some very largeof them, a resolute resistance to this deterioration - determination to preserve an established standard of comfort -condition of the poorest class sinks, even in a progressive, to the lowest point which they will consent to endure. Thedetermination would be equally effectual to keep up theirin the stationary state, and would be quite as likelyexist. Indeed, even now, the countries in which the greatestis manifested in the regulating of population, are oftenin which capital increases least rapidly. Where there is anprospect of employment for increased numbers, there isto appear less necessity for prudential restraint. If it werethat a new hand could not obtain employment but by, or succeeding to, one already employed, the combinedof prudence and public opinion might in some measurerelied on for restricting the coming generation within thenecessary for replacing the present.

2. I cannot, therefore, regard the stationary state ofand wealth with the unaffected aversion so generallytowards it by political economists of the old school.am inclined to believe that it would be, on the whole, a veryimprovement on our present condition. I confess I amcharmed with the ideal of life held out by those who thinkthe normal state of human beings is that of struggling toon; that the trampling, crushing, elbowing, and treading onother's heels, which form the existing type of social life,the most desirable lot of human kind, or anything but thesymptoms of one of the phases of industrial. It may be a necessary stage in the progress of, and those European nations which have hitherto beenfortunate as to be preserved from it, may have it yet to. It is an incident of growth, not a mark of decline, foris not necessarily destructive of the higher aspirations andheroic virtues; as America, in her great civil war, hasto the world, both by her conduct as a people and bysplendid individual examples, and as England, it is tohoped, would also prove, on an equally trying and exciting. But it is not a kind of social perfection whichto come will feel any very eager desire to assistrealizing. Most fitting, indeed, is it, that while riches are, and to grow as rich as possible the universal object of, the path to its attainment should be open to all,favour or partiality. But the best state for human naturethat in which, while no one is poor, no one desires to be, nor has any reason to fear being thrust back, by theof others to push themselves forward.

That the energies of mankind should be kept in employment bystruggle for riches, as they were formerly by the struggle of, until the better minds succeed in educating the others intothings, is undoubtedly more desirable than that theyrust and stagnate. While minds are coarse they requirestimuli, and let them have them. In the meantime, thosedo not accept the present very early stage of humanas its ultimate type, may be excused for beingindifferent to the kind of economical progressexcites the congratulations of ordinary politicians; theincrease of production and accumulation. For the safety ofindependence it is essential that a country should notmuch behind its neighbours in these things. But inthey are of little importance, so long as either theof population or anything else prevents the mass of thefrom reaping any part of the benefit of them. I know notit should be matter of congratulation that persons who arericher than any one needs to be, should have doubledmeans of consuming things which give little or no pleasureas representative of

wealth; or that numbers ofshould pass over, every year, from the middle classesa richer class, or from the class of the occupied rich toof the unoccupied. It is only in the backward countries ofworld that increased production is still an important object:those most advanced, what is economically needed is a better, of which one indispensable means is a stricteron population. Levelling institutions, either of a justof an unjust kind, cannot alone accomplish it; they may lowerheights of society, but they cannot, of themselves,raise the depths.

On the other hand, we may suppose this better distribution ofattained, by the joint effect of the prudence andof individuals, and of a system of legislationequality of fortunes, so far as is consistent with theclaim of the individual to the fruits, whether great or, of his or her own industry. We may suppose, for instance(according to the suggestion thrown out in a former chapter), aof the sum which any one person may acquire by gift or, to the amount sufficient to constitute a moderate. Under this twofold influence, society would exhibitleading features: a well-paid and affluent body of; no enormous fortunes, except what were earned andduring a single lifetime; but a much larger body ofthan at present, not only exempt from the coarser toils,with sufficient leisure, both physical and mental, fromdetails, to cultivate freely the graces of life, andexamples of them to the classes less favourablyfor their growth. This condition of society, sopreferable to the present, is not only perfectlywith the stationary state, but, it would seem, moreallied with that state than with any other.

There is room in the world, no doubt, and even in old, for a great increase of population, supposing the artslife to go on improving, and capital to increase. But even if, I confess I see very little reason for desiring it.density of population necessary to enable mankind to obtain,the greatest degree, all the advantages both of co-operationof social intercourse, has, in all the most populous, been attained. A population may be too crowded, thoughbe amply supplied with food and raiment. It is not good forto be kept perforce at all times in the presence of his. A world from which solitude is extirpated, is a veryideal. Solitude, in the sense of being often alone, isto any depth of meditation or of character; andin the presence of natural beauty and grandeur, is theof thoughts and aspirations which are not only good forindividual, but which society could ill do without. Nor ismuch satis. faction in contemplating the world with nothingto the spontaneous activity of nature; with every rood ofbrought into cultivation, which is capable of growing foodhuman beings; every flowery waste or natural pasture ploughed, all quadrupeds or birds which are not domesticated for man'sexterminated as his rivals for food, every hedgerow ortree rooted out, and scarcely a place left where ashrub or flower could grow without being eradicated as ain the name of improved agriculture. If the earth must losegreat portion of its pleasantness which it owes to thingsthe unlimited increase of wealth and population wouldfrom it, for the mere purpose of enabling it to supportlarger, but not a better or a happier population, I sincerely, for the sake of posterity, that they will be content to be, long before necessity compels them to it.

It is scarcely necessary to remark that a stationaryof capital and population implies no stationary statehuman improvement. There would be as much scope as ever forkinds of mental culture, and moral and social progress; asroom for improving the Art of Living, and much moreof its being improved, when minds ceased to beby the art of getting on.

Even the industrial artsbe as earnestly and as successfully cultivated, with thisdifference, that instead of serving no purpose but theof wealth, industrial improvements would produce theireffect, that of abridging labour. Hitherto it isif all the mechanical inventions yet made havethe day's toil of any human being. They have enabled apopulation to live the same life of drudgery and, and an in. creased number of manufacturers andto make fortunes. They have increased the comforts of theclasses. But they have not yet begun to effect those greatin human destiny, which it is in their nature and infuturity to accomplish. Only when, in addition to just, the increase of mankind shall be under theguidance of judicious foresight, can the conquestsfrom the powers of nature by the intellect and energy ofdiscoverers, become the common property of the, and the means of improving and elevating the universal.

The Principles of Political Economy

John Stuart Mill

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the Probable Futurity of the Labouring Classes

1. The observations in the preceding chapter had for theirobject to deprecate a false ideal of human society.applicability to the practical purposes of present times,in moderating the inordinate importance attached to theincrease of production, and fixing attention upon improved, and a large remuneration of labour, as the two. Whether the aggregate produce increases absolutely or, is a thing in which, after a certain amount has been, neither the legislator nor the philanthropist need feelstrong interest: but, that it should increase relatively tonumber of those who share in it, is of the utmost possible; and this, (whether the wealth of mankind be, or increasing at the most rapid rate ever known in ancountry), must depend on the opinions and habits of the mostclass, the class of manual labourers.

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

Considered in its moral and social aspect, the state of thepeople has latterly been a subject of much moreand discussion than formerly; and the opinion that itnot now what it ought to be, has become very general. Thewhich have been promulgated, and the controversieshave been excited, on detached points rather than on theof the subject, have put in evidence the existence ofconflicting theories, respecting the social positionfor manual labourers. The one may be called the theorydependence and protection, the other that of self-dependence.

According to the former theory, the lot of the poor, in allwhich affect them collectively, should be regulated for, not by them. They should not be required or encouraged tofor themselves, or give to their own reflection or forecastinfluential voice in the determination of their destiny. It isto be the duty of the higher classes to think for them,to take the responsibility of their lot, as the commander andof an army take that of the soldiers composing it. This, it is contended, the higher classes should prepareto perform conscientiously, and their whole demeanourimpress the poor with a reliance on it, in order that,yielding passive and active obedience to the rulesfor them, they may resign themselves in all otherto a trustful insouciance, and repose under the shadowtheir protectors. The relation between rich and poor,to this theory (a theory also applied to the relationmen and women) should be only partly authoritative; itbe amiable, moral, and sentimental: affectionate tutelagethe one side, respectful and grateful deference on the other.rich should be in loco parentis to the poor, guiding andthem like children. Of

spontaneous action on theirthere should be no need. They should be called on forbut to do their day's work, and to be moral and. Their morality and religion should be provided forby their superiors, who should see them properly taught it,should do all that is necessary to ensure their being, infor labour and attachment, properly fed, clothed, housed,edified, and innocently amused.

This is the ideal of the future, in the minds of those whosewith the present assumes the form of affectionregret towards the past. Like other ideals, it exercises aninfluence on the opinions and sentiments of numbersnever consciously guide themselves by any ideal. It has alsoin common with other ideals, that it has never beenrealized. It makes its appeal to our imaginativein the character of a restoration of the good times offorefathers. But no times can be pointed out in which theclasses of this or any other country performed a part evenresembling the one assigned to them in this theory. Itan idealization, grounded on the conduct and character of herethere an individual. All privileged and powerful classes, as, have used their power in the interest of their own, and have indulged their self.importance in, and not in lovingly caring for, those who were, inestimation, degraded by being under the necessity offor their benefit. I do not affirm that what has alwaysmust always be, or that human improvement has no tendency tothe intensely selfish fillings engendered by power; butthe evil may be lessened, it cannot be eradicated, untilpower itself is withdrawn. This, at least, seems to me, that long before the superior classes could beimproved to govern in the tutelary manner supposed,inferior classes would be too much improved to be so.

I am quite sensible of all that is seductive in the picturesociety which this theory presents. Though the facts of itno prototype in the past, the feelings have. In them liesthat there is of reality in the conception. As the idea isrepulsive of a society only held together by theand feelings arising out of pecuniary interests, sois something naturally attractive in a form of societyin strong personal attachments and disinterested.devotion. Of such feelings it must be admitted that theof protector and protected has hitherto been the richest. The strongest attachments of human beings in general, arethe things or the persons that stand between them anddreaded evil. Hence, in an age of lawless violence and, and general hardness and roughness of manners, inlife is beset with dangers and sufferings at every step, towho have neither a commanding position of their own, nor aon the protection of some one who has — a generous givingprotection, and a grateful receiving of it, are the strongestwhich connect human beings; the feelings arising from thatare their warmest feelings; all the enthusiasm andof the most sensitive natures gather round it; loyaltythe one part and chivalry on the other are principles exaltedpassions. I do not desire to depreciate these qualities. Thelies in not perceiving, that these virtues and sentiments,the clanship and the hospitality of the wandering Arab,emphatically to a rude and imperfect state of the social; and that the feelings between protector and protected,between kings and subjects, rich and poor, or men and, can no longer have this beautiful and endearing character,there are no longer any serious dangers from which to. What is there in the present state of society to make itthat human beings, of ordinary strength and courage,glow with the warmest gratitude and devotion in return for? The laws protect them, wherever the laws do notfail in their duty. To be under the power of some one,of being as formerly the sole condition of safety, is, speaking generally, the only

situation which exposes towrong. The so-called protectors are now the only personswhom, in any ordinary circumstances, protection is. The brutality and tyranny with which every police reportfilled, are those of husbands to wives, of parents to. That the law does not prevent these atrocities, that itonly now making a first timid attempt to repress and punish, is no matter of necessity, but the deep disgrace of thosewhom the laws are made and administered. No man or woman whopossesses or is able to earn an independent livelihood,any other protection than that which the law could andto give. This being the case, it argues great ignorance ofnature to continue taking for granted that relationson protection must always subsist, and not to see thatassumption of the part of protector, and of the power whichto it, without any of the necessities which justify it,engender feelings opposite to loyalty.

Of the working men, at least in the more advanced countriesEurope, it may be pronounced certain, that the patriarchal orsystem of government is one to which they will not againsubject. That question was decided, when they were taught to, and allowed access to newspapers and political tracts; whenpreachers were suffered to go among them, and appealtheir faculties and feelings in opposition to the creedsand countenanced by their superiors; when they weretogether in numbers, to work socially under the same; when railways enabled them to shift from place to place,change their patrons and employers as easily as their coats;they were encouraged to seek a share in the government, byof the electoral franchise. The working classes have takeninterests into their own hands, and are perpetually showingthey think the interests of their employers not identicaltheir own, but opposite to them. Some among the higherflatter themselves that these tendencies may beby moral and religious education: but they have lettime go by for giving an education which can serve their. The principles of the Reformation have reached as lowin society as reading and writing, and the poor will notlonger accept morals and religion of other people's. I speak more particularly of this country,the town population, and the districts of the mostagriculture or the highest wages, Scotland and theof England. Among the more inert and less modernizedpopulation of the southern counties, it might befor the gentry to retain, for some time longer,of the ancient deference and submission of the poor, bythem with high wages and constant employment; by insuringsupport, and never requiring them to do anything which theynot like. But these are two conditions which never have been, and never can be, for long together. A guarantee ofcan only be practically kept up, when work isand superfluous multiplication restrained by at least acompulsion. It is then, that the would-be revivers of oldwhich they do not understand, would feel practically in howa task they were engaged. The whole fabric ofor seignorial influence, attempted to be raised onfoundation of caressing the poor, would be shattered againstnecessity of enforcing a stringent Poor-law.

2. It is on a far other basis that the well-being anddoing of the labouring people must henceforth rest. The poorcome out of leading.strings, and cannot any longer beor treated like children. To their own qualities mustbe commended the care of their destiny. Modern nations willto learn the lesson, that the well-being of a people mustby means of the justice and self-government, the and of thecitizens. The theory of dependence attempts towith the necessity of these qualities in the dependent. But now, when even in position they are becoming lessless dependent, and their minds less and less acquiescent indegree of

dependence which remains, the virtues ofare those which they stand in need of. Whatever, exhortation or guidance is held out to the labouring, must henceforth be tendered to them as equals andby them with their eyes open. The prospect of the futureon the degree in which they can be made rational beings.

There is no reason to believe that prospect other than. The progress indeed has hitherto been, and still is,. But there is a spontaneous education going on in the mindsthe multitude, which may be greatly accelerated and improvedartificial aids. The instruction obtained from newspapers andtracts may not be the most solid kind of instruction,it is an immense improvement upon none at all. What it doesa people, has been admirably exemplified during the cotton, in the case of the Lancashire spinners and weavers, whoacted with the consistent good sense and forbearance soapplauded, simply because, being readers of newspapers,understood the causes of the calamity which had befallen, and knew that it was in no way imputable either to theiror to the Government. It is not certain that theirwould have been as rational and exemplary, if thehad preceded the salutary measure of fiscal emancipationgave existence to the penny press. The institutions forand discussion, the collective deliberations onof common interest, the trades unions, the political, all serve to awaken public spirit, to diffuse varietyideas among the mass, and to excite thought and reflection inmore intelligent. Although the too early attainment offranchises by the least educated class might retard,of promoting, their improvement, there can be littlethat it has been greatly stiPulated by the attempt tothem. In the meantime, the working classes are now partthe public; in all discussions on matters of general interest, or a portion of them, are now partakers; all who use theas an instrument may, if it so happens, have them for an; the avenues of instruction through which the middleacquire such ideas as they have, are accessible to, at, the operatives in the towns. With these resources, itbe doubted that they will increase in intelligence, eventheir own unaided efforts; while there is reason to hope thatimprovements both in the quality and quantity of schoolwill be effected by the exertions either of governmentof individuals, and that the progress of the mass of thein mental cultivation, and in the virtues which areon it, will take place more rapidly, and with fewerand aberrations, than if left to itself.

From this increase of intelligence, several effects may beanticipated. First: that they will become even lessthan at present to be led and governed, and directed intoway they should go, by the mere authority and prestige of. If they have not now, still less will they have, any deferential awe, or religious principle of, holding them in mental subjection to a class above. The theory of dependence and protection will be more andintolerable to them, and they will require that theirand condition shall be essentially self-governed. It is,the same time, quite possible that they may demand, in many, the intervention of the legislature in their affairs, andregulation by law of various things which concern them, oftenvery mistaken ideas and suggestions, to which they willthat effect should be given, and not rules laid down forby other people. It is quite consistent with this, that theyfeel respect for superiority of intellect and knowledge,defer much to the opinions, on any subject, of those whomthink well acquainted with it. Such deference is deeplyin human nature; but they will judge for themselves ofpersons who are and are not entitled to it.

3. It appears to me impossible but that the increase of, of education, and of the love of independence amongworking classes, must be attended with a corresponding

growththe good sense which manifests itself in provident habits of, and that population, therefore, will bear a graduallyratio to capital and employment. This most desirablewould be much accelerated by another change, which lies indirect line of the best tendencies of the time; the openingindustrial occupations freely to both sexes. The same reasonsmake it no longer necessary that the poor should depend onrich, make it equally unnecessary that women should depend on; and the least which justice requires is that law and customnot enforce dependence (when the correlative protectionbecome superfluous) by ordaining that a woman, who does notto have a provision by inheritance, shall have scarcelymeans open to her of gaining a livelihood, except as a wifemother. Let women who prefer that occupation, adopt it; butthere should be no option, no other career possible for themajority of women, except in the humbler departments of, is a flagrant social injustice. The ideas and institutionswhich the accident of sex is made the groundwork of anof legal rights, and a forced dissimilarity of social, must ere long be recognized as the greatest hindrancemoral, social, and even intellectual improvement. On theoccasion I shall only indicate, among the probableof the industrial and social independence of women,great diminution of the evil of over-population. It is byone-half of the human species to that exclusive, by making it fill the entire life of one sex, anditself with almost all the objects of the other, thatanimal instinct in question is nursed into thepreponderance which it has hitherto exercised inlife.

4. The political consequences of the increasing power andof the operative classes, and of the growingof numbers, which, even in England and under theinstitutions, is rapidly giving to the will of theat least a negative voice in the acts of government, arewide a subject to be discussed in this place. But, confiningto economical considerations, and notwithstanding thewhich improved intelligence in the working classes,with just laws, may have in altering the distribution ofproduce to their advantage, I cannot think that they will becontented with the condition of labouring for wagestheir ultimate state. They may be willing to pass through theof servants in their way to that of employers; but not toin it all their lives. To begin as hired labourers, thena few years to work on their own account, and finallyothers, is the normal condition of labourers in a new, rapidly increasing in wealth and population, likeor Australia. But in an old and fully peopled country,who begin life as labourers for hire, as a general rule,such to the end, unless they sink into the still lowerof recipients of public charity. In the present stage ofprogress, when ideas of equality are daily spreading moreamong the poorer classes, and can no longer be checked byshort of the entire suppression of printed discussioneven of freedom of speech, it is not to be expected that theof the human race into two hereditary classes, employersemployed, can be permanently maintained. The relation isas unsatisfactory to the payer of wages as to the. If the rich regard the poor as, by a kind of natural, their servants and dependents, the rich in their turn areas a mere prey and pasture for the poor; the subject ofand expectations wholly indefinite, increasing in extentevery concession made to them. The total absence of regardjustice or fairness in the relations between the two, is ason the side of the employed as on that of the employers.look in vain among the working classes in general for the justwhich will choose to give good work for good wages; for thepart, their sole endeavour is to receive as much, and returnlittle in the shape of service, as possible. It will sooner orbecome insupportable to the employing classes, to live inand hourly contact with persons whose interests andare in hostility to them. Capitalists are almost as muchas

labourers in placing the operations of industry ona footing, that those who labour for them may feel the samein the work, which is felt by those who labour on theiraccount.

The opinion expressed in a former part of this treatise. ing small landed properties and peasant proprietors, maymade the reader anticipate that a wide diffusion of propertyland is the resource on which I rely for exempting at leastagricultural labourers from exclusive dependence on labourhire. Such, however, is not my opinion. I indeed deem thatof agricultural economy to be most groundlessly cried down,to be greatly preferable, in its aggregate effects on human, to hired labour in any form in which it exists at; because the prudential check to population acts more, and is shown by experience to be more efficacious; and, in point of security, of independence, of exercise ofother than the animal faculties, the state of a peasantis far superior to that of an agricultural labourer inor any other old country. Where the former system already, and works on the whole satisfactorily, I should regret,the present state of human intelligence, to see it abolishedorder to make way for the other, under a pedantic notion ofimprovement as a thing necessarily the same in everyof circumstances. In a backward state of industrial, as in Ireland, I should urge its introduction, into an exclusive system of hired labour; as a moreinstrument for raising a population from semi-savageand recklessness, to persevering industry andcalculation.

But a people who have once adopted the large system of, either in manufactures or in agriculture, are notto recede from it; and when population is kept in dueto the means of support, it is not desirable that they. Labour is unquestionably more productive on the system ofindustrial enterprises; the produce, if not greater, is greater in proportion to the labour employed: thenumber of persons can be supported equally well with lessand greater leisure; which will be wholly an advantage, asas civilization and improvement have so far advanced, thatis a benefit to the whole shall be a benefit to eachcomposing it. And in the moral aspect of the question,is still more important than the economical, somethingshould be aimed at as the goal of industrial improvement,to disperse mankind over the earth in single families, eachinternally, as families now are, by a patriarchal despot,having scarcely any community of interest, or necessarycommunion, with other human beings. The domination of theof the family over the other members, in this state of, is absolute; while the effect on his own mind tendsconcentration of all interests in the family, consideredan expansion of self, and absorption of all passions in thatexclusive possession, of all cares in those of preservationacquisition. As a step out of the merely animal state intohuman, out of reckless abandonment to brute instincts intoforesight and self-government, this moral conditionbe seen without displeasure. But if public spirit, generous, or true justice and equality are desired,, not isolation, of interests, is the school in whichexcellences are nurtured. The aim of improvement should besolely to place human beings in a condition in which theybe able to do without one another, but to enable them towith or for one another in relations not involving. Hitherto there has been no alternative for those whoby their labour, but that of labouring either each foralone, or for a master. But the civilizing and improvingof association, and the efficiency and economy ofon a large scale, may be obtained without dividing theinto two parties with hostile interests and feelings,many who do the work being mere servants under the command ofone who supplies the funds, and having no interest of theirin the enterprise except to earn their wages with as littleas

possible. The speculations and discussions of the lastyears, and the events of the last thirty, are abundantlyon this point. If the improvement which evenmilitary despotism has only retarded, not stopped,continue its course, there can be little doubt that theof hired labourers will gradually tend to confine itselfthe description of work-people whose low moral qualitiesthem unfit for anything more independent: and that theof masters and work-people will be gradually supersededpartnership, in one of two forms: in some cases, associationthe labourers with the capitalist; in others, and perhapsin all, association of labourers among themselves.

5. The first of these forms of association has long been, not indeed as a rule, but as an exception. In severalof industry there are already cases in which everywho contributes to the work, either by labour or by pecuniary, has a partner's interest in it, proportional to theof his contribution. It is already a common practice tothose in whom peculiar trust is reposed, by means of aon the profits: and cases exist in which the principle, with excellent success, carried down to the class of merelabourers.

In the American ships trading to China, itlong been the custom for every sailor to have an interest inprofits of the voyage; and to this has been ascribed thegood conduct of those seamen, and the extreme rarity ofcollision between them and the government or people of the. An instance in England, not so well known as it deservesbe, is that of the Cornish miners. 'In Cornwall the mines arestrictly on the system of joint adventure; gangs of minerswith the agent, who represents the owner of the mine,execute a certain portion of a vein and fit the ore for, at the price of so much in the pound of the sum for whichore is sold. These contracts are put up at certain regular, generally every two months, and taken by a voluntaryof men accustomed to the mine. This system has its, in consequence of the uncertainty and irregularitythe earnings, and consequent necessity of living for longon credit; but it has advantages which more thanthese drawbacks. It produces a degree of, independence, and moral elevation, which raise theand character of the Cornish miner far above that ofgenerality of the labouring class. We are told by Dr Carham,"they are not only, as a class, intelligent for labourers,men of considerable knowledge". Also, that "they have aof independence, some. thing American, the system bythe contracts are let giving the takers entire freedom toarrangements among themselves; so that each man feels, as ain his little firm, that he meets his employers on nearlyterms"... With this basis of intelligence and independencetheir character, we are not surprised when we hear that "agreat number of miners are now located on possessions ofown, leased for three lives or ninety-nine years, on whichhave built houses"; or that "281,541l. are deposited inbanks in Cornwall, of which two-thirds are estimated toto miners".'(1*)

Mr Babbage, who also gives an account of this system,that the payment to the crews of whaling ships isby a similar principle; and that 'the profits arisingfishing with nets on the south coast of England are thus: one-half the produce belongs to the owner of the boatnet; the other half is divided in equal portions between theusing it, who are also bound to assist in repairing thewhen required.' Mr Babbage has the great merit of havingout the practicability, and the advantage, of extendingprinciple to manufacturing industry generally.(2*)

Some attention has been excited by an experiment of this, commenced above thirty years ago by a Paris tradesman, apainter, M. Leclaire,(3*) and described by him in

apublished in the year 1842. M. Leclaire, according tostatement, employs on an average two hundred workmen, whom hein the usual manner, by fixed wages or salaries. He assignshimself, besides interest for his capital, a fixed allowancehis labour and responsibility as manager. At the end of the, the surplus profits are divided among the body, himself, in the proportion of their salaries.(4*) The reasons byM. Leclaire was led to adopt this system are highly. Finding the conduct of his workmen unsatisfactory,first tried the effect of giving higher wages, and by this heto obtain a body of excellent workmen, who would not quitservice for any other. 'Having thus succeeded' (I quote fromabstract of the pamphlet in Chambers' Journal,(5*)) 'insome sort of stability in the arrangement of his, M. Leclaire expected, he says, to enjoy greaterof mind. In this, however, he was disappointed. So long aswas able to superintend everything himself, from the generalof his business down to its minutest details, he dida certain satisfaction; but from the moment that, owing toincrease of his business, he found that he could be nothingthan the centre from which orders were issued, and to whichwere brought in, his former anxiety and discomfortupon him.' He speaks lightly of the other sources ofto which a tradesman is subject, but describes as ancause of vexation the losses arising from theof workmen. An employer 'will find workmen whoseto his interests is such that they do not performthirds of the amount of work which they are capable of; hencecontinual fretting of masters, who, seeing their interests, believe themselves entitled to suppose that workmenconstantly conspiring to ruin those from whom they derivelivelihood. If the journeyman were sure of constant, his position would in some respects be more enviablethat of the master, because he is assured of a certainof day's wages, which he will get whether he works much or. He runs no risk, and has no other motive to stimulate himdo his best than his own sense of duty. The master, on thehand, depends greatly on chance for his returns: hisis one of continual irritation and anxiety. This wouldlonger be the case to the same extent, if the interests of theand those of the workmen were bound up with each other,by some bond of mutual security, such as that whichbe obtained by the plan of a yearly division of profits.'

Until the passing of the Limited Liability Act, it was heldan arrangement similar to M. Leclaire's would have beenin England, as the workmen could not, in the previousof the law, have been associated in the profits, withoutliable for losses. One of the many benefits of that greatimprovement has been to render partnerships of thispossible, and we may now expect to see them carriedpractice. Messrs Briggs, of the Whitwood and Methley, near Normanton in Yorkshire, have taken the first. They now work these mines by a company, two-thirds of theof which they themselves continue to hold, but undertake,the allotment of the remaining third, to give the preferencethe 'officials and operatives employed in the concern'; and,is of still greater importance, whenever the annual profit10 per cent, one-half the excess is divided among thepeople and employes, whether shareholders or not, into their earnings during the year. It is highlyto these important employers of labour to havea system so full of benefit both to the operativesand to the general interest of social improvement: andexpress no more than a just confidence in the principle whensay, that 'the adoption of the mode of appropriation thuswould, it is believed, add so great an element ofto the undertaking as to increase rather than diminishdividend to the shareholders.'

6. The form of association, however, which if mankindto improve, must be expected in the end to predominate,not that which can exist between a capitalist as chief, and. people without a voice in the management, but theof the labourers themselves on terms of equality,owning the capital with which they carry on their, and working under managers elected and removable by. So long as this idea remained in a state of theory,the writings of Owen or of Louis Blanc, it may have appeared,the common modes of judgment, incapable of being realized, andlikely to be tried unless by seizing on the existing capital,confiscating it for the benefit of the labourers; which isnow imagined by many persons, and pretended by more, both inand on the Continent, to be the meaning and purpose of. But there is a capacity of exertion and self-denial inmasses of mankind, which is never known but on the rareon which it is appealed to in the name of some greator elevated sentiment. Such an appeal was made by the Frenchof 1848. For the first time it then seemed to theand generous of the working classes of a great, that they had obtained a government who sincerely desiredfreedom and dignity of the many, and who did not look upon ittheir natural and legitimate state to be instruments of, worked for the benefit of the possessors of capital.this encouragement, the ideas sown by Socialist writers, ofemancipation of labour to be effected by means of association,and fructified; and many working people came to the, not only that they would work for one another,of working for a master tradesman or manufacturer, butthey would also free themselves, at whatever cost of labourprivation, from the necessity of paying, out of the produce ofindustry, a heavy tribute for the use of capital; that theyextinguish this tax, not by robbing the capitalists of whator their predecessors had acquired by labour and preservedeconomy, but by honestly acquiring capital for themselves. Ifa few operatives had attempted this arduous task, or if,many attempted it, a few only had succeeded, their successhave been deemed to furnish no argument for their system aspermanent mode of industrial organization. But, excluding allinstances of failure, there exist, or existed a short time, upwards of a hundred successful, and many eminently, associations of operatives in Paris alone, besides anumber in the departments.

The same admirable qualities by which the associations werethrough their early struggles, maintained them in theirprosperity. Their rules of discipline, instead ofmore lax, are stricter than those of ordinary workshops;being rules self.imposed, for the manifest good of the, and not for the convenience of an employer regarded asan opposite interest, they are far more scrupulously, and the voluntary obedience carries with it a sense ofworth and dignity. With wonderful rapidity theworkpeople have learnt to correct those of the ideasset out with, which are in opposition to the teaching ofand experience. Almost all the associations, at first,piece-work, and gave equal wages whether the work donemore or less. Almost all have abandoned this system, andallowing to every one a fixed minimum, sufficient for, they apportion all further remuneration according towork done: most of them even dividing the profits at the endthe year, in the same proportion as the earnings.

It is the declared principle of most of these associations,they do not exist for the mere private benefit of themembers, but for the promotion of the co-operative. With every extension, therefore, of their business, theyin additional members, not (when they remain faithful tooriginal plan) to receive wages from them as hired, but to enter at once into the full benefits of the, without being required to bring anything in, exceptlabour: the only

condition imposed is that of receivinga few years a smaller share in the annual division of, as some equivalent for the sacrifices of the founders.members quit the association, which they are always atto do, they carry none of the capital with them: itan indivisible property, of which the members for thebeing have the use, but not the arbitrary disposal: by theof most of the contracts, even if the associationup, the capital cannot be divided, but must be devotedto some work of beneficence or of public utility. A fixed,generally a considerable, proportion of the annual profits isshared among the members, but added to the capital of the, or devoted to the repayment of advances previouslyto it: another portion is set aside to provide for the sickdisabled, and another to form a fund for extending theof association, or aiding other associations in their. The managers are paid, like other members, for the timeis occupied in management, usually at the rate of thepaid labour: but the rule is adhered to, that theof power shall never be an occasion of profit.

Of the ability of the associations to compete successfullyindividual capitalists, even at an early period of their, M. Feugueray(6*) said, 'Les associations qui ont etedepuis deux annees, avaient bien des obstacles a vaincre;plupart manquaient presque absolument de capital; toutesdans une voie encore inexploree; elles bravaient lesqui menacent toujours les novateurs et les debutants. Et, dans beaucoup d'industries ou elles se sont etablies,constituent deja pour les anciennes maisons une rivalite, qui suscite meme des plaintes nombreuses dans unede la bourgeoisie, non pas seulement chez les traiteurs,limonadiers et les coiffeurs, c'est-a-dire dans lesou la nature des produits permet aux associations desur la clientele democratique, mais dans d'autresou elles n'ont pas les memes avantages. On n'a qu'apar exemple les fabricants de fauteuils, de chaises, de, et l'on saura d'eux si les etablissements les plusen leurs genres de fabrication ne sont pas lesdes associes.' The vitality of these associationsindeed be great, to have enabled about twenty of them tonot only the anti-socialist reaction, which for the timeall attempts to enable workpeople to be their own— not only the tracasseries of the police, and thepolicy of the government since the usurpation — but into these obstacles, all the difficulties arising fromtrying condition of financial and commercial affairs fromto 1858. Of the prosperity attained by some of them evenpassing through this difficult period, I have givenwhich must be conclusive to all minds as to thefuture reserved for the principle of cooperation.

It is not in France alone that these associations havea career of prosperity. To say nothing at present of, Piedmont, and Switzerland (where the Konsum-Verein ofis one of the most prosperous cooperative associations in), England can produce cases of success rivalling evenwhich I have cited from France. Under the impulse commencedMr Owen, and more recently propagated by the writings andefforts of a band of friends, chiefly clergymen and, to whose noble exertions too much praise can scarcelygiven, the good seed was widely sown; the necessaryin the English law of partnership were obtained from, on the benevolent and public.spirited initiative ofSlaney; many industrial associations, and a still greaterof cooperative stores for retail purchases, were founded.these are already many instances of remarkable prosperity,most signal of which are the Leeds Flour Mill, and theSociety of Equitable Pioneers. Of this last association,most successful of all, the history has been written in ainteresting manner by Mr Holyoake;(7*) and the notorietyby this and other means has been given to facts so, is causing a rapid extension of associations withobjects in Lancashire, Yorkshire, London, and elsewhere.is not necessary

to enter into any details respecting the sub.history of English Co-operation; the less so, as it isone of the recognized elements in the progressive movement ofage, and, as such, has latterly been the subject of elaboratein most of our leading periodicals, one of the mostand best of which was in the Edinburgh Review for October: and the progress of Cooperation from month to month ischronicled in the Co-operator. I must not, however,to mention the last great step in advance in reference toCooperative Stores, the formation in the North of England(and another is in course of formation in London) of a Wholesale, to dispense with the services of the wholesale merchantwell as of the retail dealer, and extend to the Societies thewhich each society gives to its own members, by anfor cooperative purchases, of foreign as well as domestic, direct from the producers.

It is hardly possible to take any but a hopeful view of theof mankind, when, in two leading countries of the, the obscure depths of society contain simple working menintegrity, good sense, self-command, and honourablein one another, have enabled them to carry these nobleto the triumphant issue which the facts recorded inpreceding pages attest. From the progressive advance of theoperative movement, a great increase may be looked for even inaggregate productiveness of industry. The sources of theare twofold. In the first place, the class of mere, who are not producers but auxiliaries of, and whose inordinate numbers, far more than the gainscapitalists, are the cause why so great a portion of theproduced does not reach the producers — will be reducedmore modest dimensions. Distributors differ from producers in, that when producers increase, even though in any givenof industry they may be too numerous, they actuallymore: but the multiplication of distributors does notmore distribution to be done, more wealth to be distributed;does but divide the same work among a greater number of, seldom even cheapening the process. By limiting theto the number really required for making theaccessible to the consumers which is the directof the cooperative system — a vast number of hands willset free for production, and the capital which feeds and thewhich remunerate them will be applied to feed andproducers. This great economy of the world's resourcesbe realized even if co-operation stopped at associationspurchase and consumption, without extending to production.

The other mode in which cooperation tends, still more, to increase the productiveness of labour, consiststhe vast stimulus given to productive energies, by placing the, as a mass, in a relation to their work which wouldit their principle and their interest — at present it is— to do the utmost, instead of the least possible, infor their remuneration. It is scarcely possible to ratehighly this material benefit, which yet is as nothingwith the moral revolution in society that wouldit: the healing of the standing feud between capitallabour; the transformation of human life, from a conflict ofstruggling for opposite interests, to a friendly rivalrythe pursuit of a good common to all; the elevation of theof labour; a new sense of security and independence inlabouring class; and the conversion of each human being'soccupation into a school of the social sympathies and theintelligence.

Such is the noble idea which the promoters of Co-operationhave before them. But to attain, in any degree, these, it is indispensable that all, and not some only, ofwho do the work should be identified in interest with theof the undertaking. Associations which, when they havesuccessful, renounce the essential principle of the system,become joint-stock

companies of a limited number of, who differ from those of other companies only inworking men; associations which employ hired labourersany interest in the profits (and I grieve to say that theSociety even of Rochdale has thus degenerated) are,doubt, exercising a lawful right in honestly employing thesystem of society to improve their position as, but it is not from them that anything need betowards replacing that system by a better. Neither willsocieties, in the long run, succeed in keeping their groundindividual competition. Individual management, by the oneprincipally interested, has great advantages over everyof collective management. Co-operation has but oneto oppose to those advantages — the common interest of allworkers in the work. When individual capitalists, as theycertainly do, add this to their other points of advantage;, even if only to increase their gains, they take up thewhich these cooperative societies have dropped, andthe pecuniary interest of every person in theirwith the most efficient and most economical managementthe concern; they are likely to gain an easy victory overwhich retain the defects, while they cannot possess theadvantages, of the old system.

Under the most favourable supposition, it will be desirable,perhaps for a considerable length of time, that individual, associating their work-people in the profits, shouldwith even those cooperative societies which are faithfulthe cooperative principle. Unity of authority makes manypossible, which could not or would not be undertakento the chance of divided councils or changes in the. A private capitalist, exempt from the control of a, if he is a person of capacity, is considerably more likelyalmost any association to run judicious risks, and originateimprovements. Co-operative societies may be depended onadopting improvements after they have been tested by success,individuals are more likely to commence things previously. Even in ordinary business, the competition of capablewho in the event of failure are to have all the loss, andthe case of success the greater part of the gain, will be veryin keeping the managers of cooperative societies up to thepitch of activity and vigilance.

When, however, cooperative societies shall have sufficiently, it is not probable that any but the least valuablepeople will any longer consent to work all their lives formerely; both private capitalists and associations willfind it necessary to make the entire body of labourersin profits. Eventually, and in perhaps a less remotethan may be supposed, we may, through the cooperative, see our way to a change in society, which wouldthe freedom and independence of the individual, with the, intellectual, and economical advantages of aggregate; and which, without violence or spoliation, or evensudden disturbance of existing habits and expectations, would, at least in the industrial department, the bestof the democratic spirit, by putting an end to theof society into the industrious and the idle, andall social distinctions but those fairly earned byservices and exertions. Associations like those which wedescribed, by the very process of their success, are aof education in those moral and active qualities by whichsuccess can be either deserved or attained. As associations, they would tend more and more to absorb allpeople, except those who have too little understanding, orlittle virtue, to be capable of learning to act on any otherthan that of narrow selfishness. As this change proceeded,of capital would gradually find it to their advantage,of maintaining the struggle of the old system withpeople of only the worst description, to lend their capitalthe associations; to do this at a diminishing rate of, and at last, perhaps, even to exchange their capitalterminable

annuities. In this or some such mode, the existingof capital might honestly, and by a kind ofprocess, become in the end the joint property of allparticipate in their productive employment: a transformation, thus effected, (and assuming of course that both sexesequally in the rights and in the government of the)(8*) would be the nearest approach to social justice,the most beneficial ordering of industrial affairs for thegood, which it is possible at present to foresee.

7. I agree, then with the Socialist writers in theirof the form which industrial operations tend to assumethe advance of improvement; and I entirely share their opinionthe time is ripe for commencing this transformation, andit should by all just and effectual means be aided and. But while I agree and sympathize with Socialists inpractical portion of their aims, I utterly dissent from theconspicuous and vehement part of their teaching, theiragainst competition. With moral conceptions in manyfar ahead of the existing arrangements of society, theyin general very confused and erroneous notions of its actual; and one of their greatest errors, as I conceive, is toupon competition all the economical evils which at present. They forget that wherever competition is not, monopoly is;that monopoly, in all its forms, is the taxation of thefor the support of indolence, if not of plunder. They, too, that with the exception of competition among, all other competition is for the benefit of the, by cheapening the articles they consume; thateven in the labour market is a source not of low buthigh wages, wherever the competition for labour exceeds theof labour, as in America, in the colonies, and in thetrades; and never could be a cause of low wages, save byoverstocking of the labour market through the too greatof the labourers' families; while, if the supply ofis excessive, not even Socialism can prevent theirfrom being low. Besides, if association were, there would be no competition between labourer and; and that between association and association would bethe benefit of the consumers, that is, of the associations;the industrious classes generally.

I do not pretend that there are no inconveniences in, or that the moral objections urged against it bywriters, as a source of jealousy and hostility amongengaged in the same occupation, are altogether groundless.if competition has its evils, it prevents greater evils. As. Feugueray well says, 'La racine la plus profonde des maux etiniquites qui couvrent le monde industriel, n'est pas la, mais bien l'exploitation due travail par le capital,la part enorme que les possesseurs des instruments de travailsur les produits... Si la concurrence a beaucoup depour le mal, elle n'a pas moins de fecondite pour le, surtout en ce qui concerne le developpement des facultes, et le succes des innovations.' It is the commonof Socialists to overlook the natural indolence of mankind;tendency to be passive, to be the slaves of habit, toindefinitely in a course once chosen. Let them onceany state of existence which they consider tolerable, anddanger to be apprehended is that they will thenceforth; will not exert themselves to improve, and by lettingfaculties rust, will lose even the energy required tothem from deterioration. Competition may not be the beststimulus, but it is at present a necessary one, andone can foresee the time when it will not be indispensable to. Even confining ourselves to the industrial department,which, more than in any other, the majority may be supposed tocompetent judges of improvements; it would be difficult tothe general assembly of an association to submit to theand inconvenience of altering their habits by adoptingnew and promising invention, unless their knowledge of theof rival

associations made them apprehend that whatwould not consent to do, others would, and that they wouldleft behind in the race.

Instead of looking upon competition as the baneful andsocial principle which it is held to be by the generality of, I conceive that, even in the present state of societyindustry, every restriction of it is an evil, and everyof it, even if for the time injuriously affecting someof labourers, is always an ultimate good. To be protectedcompetition is to be protected in idleness, in mental; to be saved the necessity of being as active and asas other people; and if it is also to be protectedbeing underbid for employment by a less highly paid classlabourers, this is only where old custom, or local and partial, has placed some particular class of artisans in aposition as compared with the rest; and the time haswhen the interest of universal improvement is no longerby prolonging the privileges of a few. If theand others of their class have lowered the wages of, and some other artisans, by making them an affair ofinstead of custom, so much the better in the end.is now required is not to bolster up old customs, wherebyclasses of labouring people obtain partial gains whichthem in keeping up the present organization of society,to introduce new general practices beneficial to all; andis reason to rejoice at whatever makes the privilegedof skilled artisans feel that they have the same, and depend for their remuneration on the same general, and must resort for the improvement of their condition tosame remedies, as the less fortunately circumstanced andhelpless multitude. :. This passage is from the Prize Essay on the Causes andof National Distress, by Mr Samuel Laing. The extractsit includes are from the Appendix to the Report of the's Employment Commission. . Economy of Machinery and Manufactures, 3rd edition, Ch. 26.. His establishment is 11, Rue Saint Georges.. It appears, however, that the workmen whom M. Leclaire hadto this participation of profits, were only a portion(rather less than half) of the whole number whom he employed.is explained by another part of his system. M. Leclaire paysfull market rate of wages to all his workmen. The share ofassigned to them is, therefore, a clear addition to thegains of their class, which he very laudably uses as anof improvement, by making it the reward of desert, orrecompense for peculiar trust. . For 27 September, 1845. . L'Association Ouvriere Industrielle et Agricole, pp. 37-8.. 'Self-help by the People — History of Co-operation in.' An instructive account of this and other co-operativehas also been written in the 'Companion to the' for 1862, by Mr John Plummer, of Kettering; himself onethe most inspiring examples of mental cultivation and highin a self-instructed working man.. In this respect also the Rochdale Society has given an examplereason and justice, worthy of the good sense and good feelingin their general proceedings. 'The Rochdale Story.'Mr Holyoake, 'renders incidental but valuable aid towardsthe civil independence of women. Women may be membersthis Store, and vote in its proceedings. Single and marriedjoin. Many married women become members because theirwill not take the trouble, and others join in it indefence, to prevent the husband from spending their money in. The husband cannot withdraw the savings at the Storein the wife's name, unless she signs the order.