

# CONTENTS

## INTRODUCTION

Existing social conditions and tendencies—Undeserved poverty—The concentration of wealth—The social problem defined—The attractiveness of Socialism—The progress of Socialism—The general character of Socialism . . . . . Pages xxix-xxxiv

## PART I

### AN ANALYSIS OF SOCIALISM

#### CHAPTER I

##### THE ECONOMIC CONCEPTIONS

Karl Marx's theories of value and surplus-value—The failure of competition as an industrial regulator—The evil of competition *qua* competition—The reconciliation of these two views—The individualistic view of competition . . . . . 3-11

#### CHAPTER II

##### THE INDUSTRIAL PROPOSALS

State-ownership and management of industry—Reconciliation of apparently conflicting socialist declarations—The abolition of rent and interest—Consequential extensions of these proposals . . . . . 12-23

CHAPTER III

THE INDUSTRIAL PROPOSALS—*Continued*

The methods of transferring land, capital, and industries to the State—  
Examination and reconciliation of conflicting methods—Further  
consequential changes in industrial organisation—The division of  
authority between local and central government—The organisa-  
tion of labour—Persistence of private ownership in consumption-  
goods and of rent—Definition of the industrial proposals of  
Socialism . . . . . Pages 24-32

CHAPTER IV

THE ETHICAL CONCEPTIONS

The denial of natural rights—Its necessary consequence of the indus-  
trial and distributive proposals of Socialism—The denial of  
individual rights to labour-products—The reasoning upon which  
it is based : (1) The impossibility under modern industrial con-  
ditions of determining the part or part-value of any industrial  
product due to the labour of any particular individual ; (2) The  
inequity of individuals benefiting by their special capacity and  
industry, these being due to heredity—The inequity of individuals  
benefiting directly by their use of social opportunities . . . 33-39

CHAPTER V

THE DISTRIBUTIVE PROPOSALS

Justice in distribution, the original object in Socialism—Disagreement  
amongst socialists as to what constitutes justice—Examination of  
the various systems of distribution open to Socialism—The  
impossibility of determining individual services and the value  
of products under Socialism otherwise than by the arbitrary  
decision of State officials—Equal distribution in value, the system  
which offers least difficulties and finds the greatest support—The  
consequential alterations arising from distribution of equal values  
in the organisation of science, art, literature, the professions, and  
domestic service . . . . . 40-46

## CONTENTS

xiii

### CHAPTER VI

#### MODIFICATIONS OF FAMILY RELATIONS

Economic independence of women—Abandonment of separate family homes—Transference of children to the care of the State at an early age . . . . . Pages 47-48

### CHAPTER VII

#### THE POLITICAL CONCEPTION

Political equality—The abolition of hereditary aristocracy and monarchy—The extension of the function of local governments—Centralisation—Internationalism . . . . . 49-51

### CHAPTER VIII

#### IS SOCIALISM SCIENTIFIC?

The nature of science—Socialism empirical on account of its denial of any natural law of distribution and of natural ethics . . . . . 52-53

### CHAPTER IX

THE DEFINITION OF SOCIALISM . . . . . 54-55

## PART II

### ECONOMICS

#### CHAPTER I

##### MARX'S THEORY OF VALUE

Every politico-economic theory is based on some conception of value—Marx's theory of value stated—Its contradictions exposed (*a*) with regard to goods, (*b*) with regard to labour—The theory tested deductively—Socialists who repudiate the theory, nevertheless accept Marx's deduction from it . . . . . 59-68

## CHAPTER II

### THE QUANTITATIVE THEORY OF VALUE

Professor W. S. Jevons's theory—The Austrian theory—Desire and utility—The condition which confers value on useful things—The classification of utilities—Value is determined by the urgency of desire, not by its kind—The Robinson Crusoe example—Value of consumption-goods determined by their marginal utility—Value of production-goods determined by the marginal utility of their ultimate products—The relation of value to cost of production . . . . . Pages 69-76

## CHAPTER III

### ORIGIN AND NATURE OF CAPITAL

Socialist definitions of capital—Their absurdities and contradictions—The origin of capital and its function in the co-operative process of production—The increased yield from the extension of productive processes in time—The function of exchange in co-operative production—The nature of capital defined—The ownership of capital—The organisation of capitalist industry  
77-90

## CHAPTER IV

### THE ORIGIN AND NATURE OF SPURIOUS CAPITAL AND SPURIOUS INTEREST—DEBTS AND MONOPOLIES

The points of resemblance between real and spurious capital—The differences between rights of debt and real capital—The essential character of monopolies—Monopoly in land—Monopoly in franchises—Differentiation between monopoly-value and capital-value in the same undertaking—Comparison of the effect of special and of exclusive legal privileges . . . . . 91-100

## CONTENTS

xv

### CHAPTER V

#### THE ORIGIN AND NATURE OF SPURIOUS CAPITAL AND SPURIOUS INTEREST—*Continued*

Industrial monopolies—The socialist view of industrial monopolies—  
Industrial monopolies based on legal privileges—Protectionism  
the fruitful source of industrial monopoly—Monopolies which  
arise from the co-operation of two or more legal privileges—  
Monopoly of unprivileged industries arising from the support of  
privileged industries—The conversion of monopoly-rights into  
spurious capital . . . . . Pages 101-112

### CHAPTER VI

#### A COMPARISON OF REAL WITH SPURIOUS CAPITAL

Spurious capital would disappear with the repeal of laws conferring  
special privileges—All real capital ephemeral ; spurious capital  
may continue for ever and accumulates—Social progress tending  
to reduce value of real capital, increases the value of spurious  
capital—The greater part of existing capital is spurious capital  
113-117

### CHAPTER VII

#### SURPLUS-VALUE

Marx's theory of surplus-value disproved by the disproof of his theory  
of value—Examples of surplus-value further disproving his theory  
118-121

### CHAPTER VIII

#### LAND AND RENT

The twofold meaning of the term "land"—Space and time—Space  
as affecting the use of land—Natural and social variations in the  
productivity of land—Conditions which favour the concentration

xvi      DEMOCRACY VERSUS SOCIALISM

of exertion upon land—Influence of these conditions and variations upon the distribution of wealth—The limitation of Ricardo's Law of Rent and the Malthusian doctrine—The law extended—Natural rent arises from the extension of labour in space—Spurious rent the result of private ownership of land—Private appropriation of rent destructive of the economic and ethical functions of rent . . . . . Pages 122-134

CHAPTER IX

THE THEORY OF INTEREST

Present wants mostly supplied by past labour, while present labour is mostly directed to the satisfaction of future wants—Goods available at present valued more highly than like goods which become available in the future, on account of (a) differences in the provision for wants, (b) under-estimation of future wants, (c) technical superiority of present goods—Loans resulting from individual differences in the relative valuation of present and future goods—Averages of such valuations produce rates of interest—The tendency towards lowering the rate of interest—Interest is the increment of value arising during the growth of future into present goods, *i.e.* arises from the extension of labour in time . . . . . 135-143

CHAPTER X

THE WAGES OF LABOUR

Natural rent not a deduction from individual wages, but a social fund—Natural interest not a deduction from individual labour, nor a common fund—Illustrations—The function of the capitalist which entitles him to interest—Wages consist of all the produce of labour—The minimum and maximum wages of labour—Why labour, under just legal conditions, is more powerful than capital, and must obtain maximum wages—The tribute exacted from labour by monopoly, and by unprivileged employers when monopoly prevails—Influence of monopoly on production and the demand for labour—Under-consumption—Unemployment and commercial crises . . . . . 144-160

## CONTENTS

xvii

### CHAPTER XI

#### THE COMPONENT PARTS OF SURPLUS-VALUE

Surplus-value arises partly from natural law, partly from legal enactments—The action of each of its component parts on the distribution of wealth—Impossibility of abolishing rent and interest—Rent can be made common property; interest cannot be made common property—The private appropriation of interest just and innocuous; the private appropriation of rent unjust and harmful—The unscientific character of the economic basis of Socialism . . . . . Pages 161-165

### CHAPTER XII

#### COMPETITION

Competition an inherent necessity of life—Industrial competition twofold: (a) in which the number of prizes is less than that of competitors; (b) in which the prizes are equal to the number of competitors, but of varying value—The latter kind predominates—Competition the only means of ensuring efficiency of service and equality of reward to service rendered—Scarcity of employment alters character of industrial competition—The removal of causes productive of scarcity of employment a social necessity, not the removal of competition . . . . . 166-174

## PART III

### ETHICS

#### CHAPTER I

##### THE DENIAL OF NATURAL RIGHTS

The fundamental ethical conception of Socialism—The meaning of the conception made clear—The denial of natural rights contradicted by other fundamental conceptions of Socialism: (a) the duty of the State to secure happiness; (b) the claim of

xviii DEMOCRACY VERSUS SOCIALISM

majority rule ; (c) the assertion of the injustice of existing conditions—The denial examined deductively—Murder and theft condemned for other reasons than the prohibition of the State—Certain rights universally recognised, and recognised more fully as societies evolve—The State unable to alter the sequences of its acts—The origin and nature of rights . . . . Pages 177-185

CHAPTER II

HAPPINESS OR JUSTICE

The universal relation between the discharge of functions and sensations—Happiness consists of the due discharge of all functions—Freedom to exercise all faculties the first requisite of happiness—Equal freedom, *i.e.* justice the condition for the greatest aggregate sum of happiness—Happiness cannot be distributed—Equal distribution of means to happiness cannot secure the greatest sum of happiness—Justice, securing equal rights to all, alone can result in greatest sum of happiness—The relativity of sensations to individual organisms and to the state of such organisms, and consequent impossibility of governmental determinations of acts conducive to general happiness—Justice a more intelligible aim than happiness . . . . . 186-194

CHAPTER III

THE ORIGIN AND GROWTH OF LAW

Recognition of individual rights precedes the State and the formulation of laws—*Leges Barbarorum* are collections of pre-existing tribal customs—The growth of custom among Teutonic tribes—Growth of the Feudal Law, the Canon Law, and the Law of Merchants—The development of the Common Law and of Equity in England—The growth and codification of laws in Germany and France—Laws were declared by authority, but not made by it 195-206

CHAPTER IV

NATURAL RIGHTS

The limit of State interference with individual action—Undisputed natural rights . . . . . 207





## CHAPTER V

## THE ETHICS OF DISTRIBUTION

The development of social life in the direction of altruism—The law of immaturity—Altruism originates in parental emotions—The law of maturity—The survival of the fittest—The penalties of inefficiency—The consequences of State interference with the survival of the fittest—The qualities and sentiments which constitute fitness in the social state—Monopoly fostering the survival of the less fitted ; justice in distribution tending to raise the general degree of fitness—Distributive proposals of Socialism disastrous to society—Their defence examined : (a) that competition fails to secure a reward commensurate with services rendered ; (b) that special energy and ability, being the result of ancestral evolution, the “rent of ability” is a social inheritance ; (c) that the power of any individual to supply his wants in the social state depends upon the desire of others for his services ; (d) that society is the only heir to the social inheritance of intellect and discovery—The right to an equal opportunity for the acquisition of knowledge—Distinction between equal rights to the possession of things and equal rights to the opportunity for the production of things . . . . . Pages 208-227

## CHAPTER VI

## THE RIGHT TO THE USE OF THE EARTH

The right to the use of the earth a natural right and equal for all—No generation can limit or abolish the equal rights of future generations—Justice condemns private ownership of land, as interfering with the law of equal freedom—The denial of equal freedom through private ownership of land originates and is maintained by force—The duty of the State to enforce regulations giving equal rights to land—The appropriation of rent for common purposes securing equal rights to land—An illustration 228-232

## CHAPTER VII

## THE ETHICS OF PROPERTY

The proprietary sentiment recognisable in animals—The causes of its indefiniteness and limitation among savages—Its growth among  
*b*

xx      DEMOCRACY VERSUS SOCIALISM

pastoral and agricultural tribes—The origin and growth of slavery—The causes of its abolition—Communal use and ownership of land—The Teutonic mark—War originates private ownership of land—Its original limitations—Landowners, as the governing class, removing such limitations—Property in slaves, in land, and in monopolies resting on a different basis than property in labour-products—The ethics of property in labour-products—Property in land, slaves, and monopolies directly infringes upon the rights of property, and leads to indirect infringements—The failure of the State to make like claims upon property as upon lives for defensive war—Socialism would merely change the incidence of injustice with regard to property . . . . . Pages 233-243

CHAPTER VIII

THE RIGHT OF FREE INDUSTRY

“The right to labour,” what it is—Socialism, abolishing the natural right to work, would establish slavery—The essence of slavery—The line of ethical demarcation between free and unfree industries—Objections considered : (a) Fraudulent promises and adulterations ; (b) Factory legislation . . . . . 244-249

CHAPTER IX

INDIVIDUALISM

Socialist conception of the prevalence and influence of Individualism—Social injustice arises not from prevailing Individualism, but from its legal limitation—All social evolution proceeds from primitive Socialism in the direction of Individualism—The ethical difference between Socialism and Individualism—Existing limitations of Individualism and their result—The persistence of evils arising from past interferences of the State with individual freedom—Examples of such interferences in England—The degradation of English labourers and remedial measures—Full Individualism consisting of the abolition of all interference with equal freedom alone can complete the elevation of the working classes . . . . . 250-260

PART IV  
THE OUTCOME OF SOCIALISM

CHAPTER I

THE UNCONSCIOUS GROWTH OF SOCIAL STRUCTURES

Social evolution, like all evolution, consists in the development, multiplication, and increasing definiteness of structures—The variety, interdependence, and definiteness of the structures of co-operative societies—Individual desire to satisfy wants with least exertion, the originating cause of social structures—Their growth unpremeditated; not social, but individual wellbeing being the immediate object aimed at—Socialism involves the substitution of conscious creation for unconscious growth—The evolution, growth, and decline of social structures described—Socialism must reduce to a minimum the development of new and decline of old structures—Its influence on inventions and discoveries—The shrinkage of social structures under Socialism—Stagnation rapidly followed by retrogression, the result of Socialism

Pages 263-276

CHAPTER II

THE UNCONSCIOUS DISCHARGE OF SOCIAL FUNCTIONS

Co-operation the condition of social life—The two kinds of co-operation: (a) aiming directly at common ends, and compulsory; (b) aiming directly at individual ends, and voluntary—Their contrasts—Illustration: the provisioning of an army and of a great city—The limited scope of compulsory co-operation—Impossibility to consciously direct the major activities of social life . . . . . 277-288

CHAPTER III

THE INDUSTRIAL ORGANISATION OF THE SOCIALIST STATE

Compulsory regulation declines with man's better adaptation to social life—Socialism, disregarding this law, increases compulsory regu-

## xxii DEMOCRACY VERSUS SOCIALISM

lation—Socialist and military organisation compared—Socialist admissions—Compulsory allocation of occupation and location—The enforcement of “equality of service”—Slavery the necessary result of the conscientious discharge of its regulative functions by the socialised State . . . . Pages 289-299

### CHAPTER IV

#### THE POLITICAL OUTCOME OF SOCIALISM

The tendency of governmental structures to escape from popular control—The political machine in the United States—The experience of trade unions—Mr. and Mrs. Sidney Webb’s statements—Differences between the regulative agency of trade unions and that of the socialised State—The bribing and terrorising power of the latter—Its control of the Press—Impossibility of resistance to oppressive or corrupt use of power—Different systems of appointing and controlling regulative agency examined—Inevitability of such oppression and corruption—Evolution of caste system and hereditary despotism—The experience of the United States cited—Impossibility of strikes . . . . 300-316

### CHAPTER V

#### THE INDUSTRIAL OUTCOME OF SOCIALISM

The motive for industrial exertion—Its weakness under existing conditions and total absence under Socialism—Invalidity of the socialist’s reply to this contention—The inefficiency of the regulated labour equalled by the inefficiency of the regulators, and followed by a decline in the efficiency of the national capital—Gradual reduction in the productivity of national labour—Uniformity in poverty the result . . . . 317-326

### CHAPTER VI

#### THE FAMILY UNDER SOCIALISM

The evolution of parental emotions and their growth into generally altruistic sentiments—Monogynic relations best subserve this

## CONTENTS

xxiii

evolution and the wellbeing of offspring—Socialism must materially alter this relation—The early separation of parents and children weakening altruistic sentiments generally—Its influence on the propagation of the race, and upon the character and permanency of the marital relation—These tendencies supported by the pecuniary independence of women and the absence of a separate family home—The influence of public training on the character of the children—Survival of the unfittest—Retrogression and decay the inevitable result—Socialist evidence confirming the facts adduced . . . . . Pages 327-336

## CHAPTER VII

### THE ETHICAL OUTCOME OF SOCIALISM

The mental and physical adaptability of man to surrounding conditions—The reciprocal influence of individual character and social control—Appropriate sentiments accompanying various stages of social evolution—Socialism must develop appropriate sentiments and ideas in the members of the socialised State, viz. implicit obedience and submission to authority ; loss of the sense of justice ; untruthfulness, selfishness, and unchastity 337-342

## PART V

### THE SINGLE TAX

#### CHAPTER I

##### INTRODUCTION

Private monopoly, especially land monopoly, the cause of social injustice—Recapitulation of conclusions drawn in preceding chapters—Recapitulation of distinctions drawn between land and wealth, inclusive of capital . . . . . 345-348

## CHAPTER II

### OBJECTIONS TO PRINCIPLES

Lord Bramwell's theory of labour-value in land—"The Fabian Society": the compound nature of capital; the impossibility of distinguishing between capital and land; the ethical equality of rent and interest; that capital may have been acquired unjustly, while land may have been purchased with rightfully acquired wealth—Mr. J. C. Spence, on behalf of "The Liberty and Property Defence League": that wealth is no more "made" by labour than land; that all forms of wealth are limited in amount as land is limited; that if land is common property, all men are part-proprietors of Canadian land, and none of it can be taken possession of without the special permission of all men—Mr. Lecky's version of this argument—that priority of claim is the basis of all property-rights; that further corollaries from the theory of common property in land are: the prohibition of the use of any natural object involving its destruction; the badness of all titles to private property; the prohibition of the appropriation of anything—Professor Huxley: the non-existence of natural rights; that equal right to land involves the denial of individual rights to wealth; that individual property in land is a corollary of the derivation of individual rights of property from the exertion of labour . . . . . Pages 349-371

## CHAPTER III

### THE METHOD OF REFORM

Equal right to the use of land involves as a corollary the duty of governments to frame and enforce regulations safeguarding this right—Where this right is being disregarded, the regulations must be framed in a manner which avoids unnecessary hardship being inflicted upon those who suffer from and those who benefit by this disregard—Other conditions to be observed—Nationalisation of land by purchase—It would miss the object aimed at and would produce secondary evils—Nationalisation of the rent of land by purchase produces similar results—Nationalisation of the land by sudden confiscation produces utmost hardship to owners and non-owners alike and produces secondary evils—Henry George's Single

## CONTENTS

XXV

Tax method alone complies with all the conditions—Its working and results—Its applicability to franchise-monopolies—The treatment of routes of transportation . . . . . Pages 372-384

### CHAPTER IV

#### THE ETHICS OF COMPENSATION

The demand for compensation by defenders of private ownership of land illogical—Lord Bramwell's and Mr. Lecky's formulation of the same—The demand for compensation by the upholders of equal rights to land considered—Its validity when Land Nationalisation is the method of reform ; its invalidity when applied to the Single Tax method—The right to compensation involves the denial of equal rights to land and of individual rights to labour-products—Compensation would perpetuate the existing system in another form—The plea of constructive general sanction—The plea that land has been purchased with labour-products—The plea of disappointed expectation—The plea of destructive effect on the sanctity of property . . . . . 385-395

### CHAPTER V

#### THE SUFFICIENCY OF THE REFORM

It abolishes speculation in land, lowers rent, increases demand for labour, and raises wages—It renders labourers independent of capitalist employers—The disappearance of involuntary unemployment—The disappearance of large fortunes—Wage-industry superseded by co-operative industry—Almost disappearance of a separate class of capitalists—The disappearance of restrictive legislation—The dispersion of population and garden-homes—Improvement in the lot of women—The re-population of the country—Objections by socialists considered—Mr. H. M. Hyndman : rent an insignificant amount ; the relief of capitalists from taxation ; that wages fall *pari passu* with the removal of taxation from wage-earners—Mr. J. A. Hobson : that other classes have partaken, even more than landowners, of the immense growth of wealth ; that the Single Tax system would fail unless adopted universally—*The Fabian Essays* : the destruction of opportunities for employment furnished by the wealthy classes . . . . . 396-413

CHAPTER VI

MR. EDWARD ATKINSON'S OBJECTIONS

That the Single Tax falls on the actual producers of wealth—That it would prevent men of small means from using land—That it would throw all valuable land into the hands of great capitalists, and would not diminish their incomes—That the tax would be shifted to consumers, and that it could not be so shifted—That the tax would fall most heavily on farmers—That the poor will pay as much as the rich—That it is impossible to determine the "site" value of land—That no one would make improvements unless the land were leased for long periods at a fixed rent . . . . . Pages 414-425

CHAPTER VII

PROFESSOR FRANCIS A. WALKER'S OBJECTIONS AND ADMISSIONS

*Objections:* That industrial crises are not due chiefly to speculative holding of land—That valuable land is not withheld from use—That the effect of improvements in methods of production does not generally increase rent in a stationary population and where all land is private property—Increase of agricultural wages in Great Britain—Increase of capitalists' profits—Increased production does not necessarily involve an increased demand for land, and the latter habitually falls short of the increased demand for labour—That improvements in transportation invariably reduce rent—That all improvements in agriculture invariably reduce rent—*Admissions:* That the landowner renders no service in return for the rent which he appropriates—That property in land differs materially from property in labour-products and occupies a lower ethical level—That increase in the value of land is due, not to the exertions and sacrifices of its owners, but to those of the community—*Further Objections:* That the admitted injustice involved in private ownership of land cannot be removed without giving rise to greater evils. These are: enormous addition to the power of governments, and exhaustive culture of the soil 426-451



## CHAPTER VIII

## CONFIRMATION BY SOCIALISTS

Extracts from the final chapter of Karl Marx's *Capital*, *Fabian Essays*—  
 Sidney Webb, in *Socialism in England*—August Bebel, in *Woman*—  
 Sidney and Beatrice Webb, in *Problems of Modern Industry*—  
 Edward Bellamy, in *Equality* . . . . . Pages 452-463

## APPENDICES

1. The annual rental-value of land in the United Kingdom . . . . .	467
2. Revenue derived from taxation in the United Kingdom . . . . .	468
3. Annual rental-value of land and revenue derived from taxation in the United States . . . . .	468
4. Annual rental-value of land and revenue derived from taxation in the Colony of Victoria . . . . .	469
5. Estimated contribution of capitalists to taxation in the United Kingdom . . . . .	469
6. Estimated contribution of working population to taxation in the United Kingdom . . . . .	470
7. "The Rage for and Trend of Trusts," reprinted from <i>The Public</i> , Chicago . . . . .	470