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Author(s): Alfred Marshall

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# THREE LECTURES ON PROGRESS AND POVERTY\*

## BY ALFRED MARSHALL<sup>1</sup>

### LECTURE 1. WEALTH AND WANT: DO THEY INCREASE TOGETHER?

“Progress and Poverty,” the title of the course of three lectures that I am about to deliver, is taken from a book by Mr. George, which is the last outcome of the feeling that we ought not to be content with our progress as long as there is so much suffering in the world. Laments that the progress of invention has not lightened labour, nor improved the lot of the labourer, are as old as machinery itself. One of the first machines was the flour-mill

\* This course of three lectures was presented in St. Philip's Vestry Hall, Bristol, on the evenings of Feb. 19, Feb. 26 and Mar. 5, 1883. The text of these lectures is taken from the Daily Bristol Times and Mirror and the Western Daily Press for Feb. 20, Feb. 27 and Mar. 6, 1883. Apart from the third lecture, in which a number of sections were omitted from the report in the Western Daily Press, the differences between the texts of the lectures as reported in these two newspapers were small. They consisted of obvious misprints, of words and phrases omitted and the choice of what version to adopt seemed in all cases clear. The existence of these two versions makes it possible to have considerable confidence in the reliability of the text as now published. The lectures were followed by a discussion period in which Alfred Marshall answered questions. An account of this discussion will be found after the text of each lecture. The character and length of the reports of the discussion in these two newspapers varied a good deal. For the discussion of the first lecture, the report in the Western Daily Press has been used as that in the Daily Bristol Times and Mirror said little more than that there was a discussion. For the second lecture, the report in the Western Daily Press has been used as it covered the same points more completely than the Daily Bristol Times and Mirror. However, in reporting the discussion of the last question, the roles of the two newspapers were reversed and it was the report in the Daily Bristol Times and Mirror that was more complete and has been used. For the third lecture, the report of the discussion in the Western Daily Press was again used. However, some points mentioned in the Daily Bristol Times and Mirror but omitted from or reported differently in the Western Daily Press have been noted. The punctuation varied somewhat in the two newspapers and that which seemed most suitable has been adopted. The punctuation of the translation of the poem of Antiparos quoted in the first lecture is that found in Marshall's *Industry and Trade* 790 n. 1 (2d ed. 1919 & 3d ed. 1920). The reports also included the introductory remarks of the Chairman but these have been omitted.

<sup>1</sup> Marshall's aim in these lectures was indicated in a postcard to H. S. Foxwell post-marked February 9, 1883: “I intend to avoid talking very much about George but to discuss his subject.”

Marshall had in mind that he might publish these lectures, which no doubt explains their finished form. On February 17, 1883 (before the lectures were delivered), he wrote to Foxwell: “I am not absolutely certain that I shall not publish my lectures.” He was urged to publish by both Sidgwick and Foxwell. Marshall gave as reasons for not publishing his dislike of controversy and that he could not spare the time. A comprehensive account of his attitude is contained in a letter he wrote to Foxwell in July 1883: “As a general proposition I maintain that it is more important to establish truth than to

driven by water. Karl Marx, the great German Socialistic writer,<sup>2</sup> quotes a Greek poet, Antiparos, who says:

Spare now your weary limbs, ye women that work at the hand-mill;  
 Spare them, and sleep while the cock crows to awake you in vain.  
 For the good water-nymphs have undertaken your labour,  
 And they hop lightly along over the spokes of the wheel:  
 So that the great thing turns on its axle, ceaselessly groaning,  
 Making the vast mill-stones grind out the nourishing corn.  
 Let us then live the light lives of our fathers, and resting from labour,  
 Gladly enjoy the rich gifts granted by bounteous Gods.

The Greeks, with their genial climate, thought that the first use of machinery was to lessen toil. But, in the North of Europe so many things are necessary which are not wanted in the South; food, clothing, firing and houseroom must be on so much costlier a scale, that the Northerner's chief hope is to increase his income: to diminish his toil is a secondary question with him. And as invention after invention has been made, hope after hope has been formed that poverty and extreme hard work would pass away, but hope after hope has been [in some measure] disappointed.

The yarn which in old times it would have taken a man ten years to spin is now spun in a day by the machines which one man can manage, and yet there are people who have no clothing but rags. Each pound of coal

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confute error; and that controversy should be left to people with sound digestions. It seems to me infinitely more important that I should solve difficulties which still perplex me than that I should tilt at a successful rhetorician. The one thing that he says which is important, I think, is that economists are—to outward appearances at least—at loggerheads with one another. I would rather put in one brick just where it should be in the slowly rising economic edifice than plant a hundred brickbats with the utmost dexterity exactly between the eyes of Mr. George." An additional reason for delay was provided by Toynbee's death: "I did not want to say anything in any way opposed to Toynbee," and after Marshall's appointment to Toynbee's post at Oxford, there was the time required for preparation of his lectures.

Nonetheless, Marshall wavered. In August 1883 he wrote to Foxwell: "Sidgwick has written urging me to publish Progress and Poverty lectures. It is hard lines for one who hates controversy more than he does George to be forced into controversy: but I suppose I must do something at the beginning of next year." But next year came and the lectures remained unpublished. However, Marshall apparently did begin the work of preparing these lectures for publication. There are, in the Marshall Library at Cambridge, cuttings of the newspaper accounts on which Marshall indicates some changes which he wished to make. There are not many such revisions, most are quite trivial but a few, which have some interest, are given in square brackets [ ] in the reprinted lectures which follow or are referred to in footnotes. It cannot, of course, be assumed that these changes are ones which, on further reflection, Marshall would necessarily have wished to make. Furthermore, the interpretation of these markings is to some extent a matter of conjecture. We are indebted to Mr. Piero Sraffa, Librarian of the Marshall Library, for allowing access to the material cited in this footnote.

<sup>2</sup> Marshall proposed to omit the phrase "the great German Socialistic writer" in the published version.

that goes into the furnace of a steam engine does as much work as the weary muscles of a man in a day; and yet there are [still some] workers [even in England and other western countries] whose physical toil is so hard that they have no strength left for the higher life of a man. This state of things must appal every person who thinks: and from time immemorial loud protests have been raised against the state of society in which such things can be. There are, indeed, two great questions started by the Socialists which we cannot think about too much. The first is— Is it necessary that while there is so much wealth there should be so much want? The second is— Is there not a great fund of conscientiousness and unselfishness latent in the breasts of men, both rich and poor, which could be called out if the problems of life were set before them in the right way, and which would cause misery and poverty very<sup>3</sup> rapidly to diminish? Well, as I have said, Mr. George's book is the latest outcome of this yearning after a better state of things. Some Socialistic writers have been men of great scientific capacity, who have understood the economic doctrines which they have attacked. Mr. George is not one of these. He is by nature a poet, not a scientific thinker.<sup>4</sup> The real value of his work does not lie in his treatment of questions that require hard study and clear thought, but in the freshness and earnestness of his views of life. The full title of his book states that it includes an enquiry into "the increase of want with the increase of wealth." But are we sure that with the increase of wealth want has actually increased? Surely it is sorrow enough that want has not very much diminished. There have always been men ready to praise the past, and to cry that the world used to be much more full of happiness than it is. An historian would perhaps not willingly admit that it was his duty to give a one-sided account of the past. But the very fineness and generosity of his nature [often] give him a bias towards doing so. A painter who should fill his canvas with diseased subjects would be rightly condemned; he is most pleasant and does most good when he paints what is beautiful and noble. But it is wrong to indulge the bias when we are bringing an indictment against the present age, and in some measure charging the men of the present age with harshness. In such a case, to do more than justice to the dead is to do less than justice to the living and to prevent our getting a true diagnosis of the disease we have to deal with. Let us then enquire what the facts are of the case. For the present we must confine ourselves to England. Firstly, as to agricultural wages. From the earliest recorded times till within the last thirty years they have much oftener been below than above a peck of wheat a day; now they are at least 1-1/3rd pecks in the South of England and two pecks in the

<sup>3</sup> Marshall proposed to omit "very" in the published version.

<sup>4</sup> Marshall proposed to omit this sentence in the published version.

North. In early times the labourers had common rights. These were perhaps not so valuable as they are sometimes represented; their chief use was to increase his supply of meat. As compared with the modern labourer, animal food was the only point in which he was better off. Meat is always plentiful in sparsely-peopled regions, in some places even beggars ride; and the price of meat is not, as some historians have thought, a good measure of the purchasing power of money at different times. But it must not be supposed that labourers have always had meat. They had it always in the neighbourhood of London, but not nearly always in remote districts. Of groceries, which taken together are nearly as important as animal food, they had practically none. Their bread was generally made of rye or barley, often of beans, tares, etc., while sometimes they had a sort of brown bread that was made almost exclusively of bran. They had no clean under-garments, their persons were generally very dirty. Their houses were miserable: till quite recent years, they had no windows and no chimneys; their beds were of straw, they had, as Erasmus tells us, a block of wood for a pillow, the flooring of their huts was bare ground covered with rushes, and vile with long-accumulated refuse. Artificial light was so dear that they could make but little use of their long winter evenings. To be abroad at dark was dangerous; the law was cruel, but it did not repress crime. In early times whipping, branding, cutting off the ear, and at last death, were the punishments inflicted on those who would not work at the wages that were ordained for them. Miners in particular were treated cruelly; less than a hundred years ago the miners in Scotland were bought and sold with the mines; if they escaped they were punished severely and brought back again. But the rise in artisans' wages has been much greater. The ordinary masons, carpenters and others did not get very much higher wages than agricultural labourers. Even in 1730 their wages in London were only half-a-crown a day, which would purchase little over two pecks of wheat. Now their daily wages would purchase about five pecks. But the whole improvement in the condition of the working classes can be seen only by reference to the increase in the number of skilled labourers relatively to unskilled. So great has this been, that it would have raised the average wages of manual labour very much, even if the wages in each particular trade had remained stationary. The whole income of the working classes in England and Wales, excluding domestic servants, was, in 1688, 11 million pounds, out of a total for all classes of 43 millions. In 1803 the numbers were 65 and 222 millions respectively, and now they are about 350 and 925 millions respectively. The working class population at each of these periods was about three millions, five millions and 19 millions respectively; so that we get as their average income per head, including men, women and children, £3.8s. in 1688, £11.16s. in 1803, and £18 now. In 1680 the price of wheat was not much lower than

it is now, but the price of animal food was much lower. But in 1803 the average price of raw commodities was nearly double what it is now, and the prices of manufactured commodities were higher still.<sup>5</sup> Meat was not very dear, but on the whole a shilling now will purchase nearly as much of the labourers' necessities, comforts, and luxuries of life as two shillings would then. Meanwhile, he has a share in all the benefits conferred on us by railways, the press, the telegraph, by the gaslight of our towns, by good medical advice, and other agencies that make life bright in ways that cannot well be gauged by money. If we recollect that nearly one-half of the whole income of England goes to the working classes, we see that a very large part of all the benefit that comes from the progress of invention must fall to their share. Again, if we compare different countries, we find that wages are highest where wealth is greatest.<sup>6</sup> This rule is universal as to old countries; we will consider new countries presently. Mr. George says that progress drives a wedge into the middle of society, raising those that are above it but lowering those that are below it. If this is true at all, I think it is clear that the great body of the working classes are above the wedge, and that progress is pushing them upwards, though unfortunately at a very slow rate. If there are any whom the wedge of progress is pushing down, it is the lowest stratum of all. The existence of a large pauper class is a disgrace to the age; but there is no use in making even this evil appear greater than it is. Pauperism is the product of freedom. No sensible man gives insufficient food to his horses, and slaves are managed on exactly the same principles as horses. After slavery rolled away people were in a great measure under the control of village custom; and this custom almost always exerted a strong pressure against a man's marrying till he had a definite position in the village which would enable him to bring up a family. In some parts of Europe, especially in the mountains and where peasant properties prevail, this custom has prevailed to the present time. In some places the custom is so severe that one son out of each family may marry; if any other son marries he must leave the place. If in travelling about the Continent you come across any place in which the working classes are exceptionally well off, you find that some such custom as this prevails. I believe that, except where it does prevail, the working classes are in no part of the world, except new countries, nearly as well off as they are in England. This custom sustains wages and it prevents pauperism from growing up. For those who are physically or morally infirm are not allowed to marry, and children brought into the world find places ready made for them. Thus when civilisation is settled and simple

<sup>5</sup> Marshall indicated that he thought the passage starting "So great has this been" and ending "were higher still" needed rewriting.

<sup>6</sup> Marshall proposed to omit the last two sentences in the published version.

in form, custom quietly does the work that is done by cruel struggle for existence among wild animals and among savage nations. It prevents a rapid growth of numbers, and it causes those who are able to bring up their children well to marry at least as early as those who are not so able to do it. Population in England seldom increased by more than three per thousand annually until about 1760.<sup>7</sup> Then set in the new era of machinery, of rapid changes and migrations; and the old prudent customs which had long been growing weak almost disappeared. But no artificial stimulus was given to population, and on the whole there was not any very rapid increase till this century. But in the first thirty years of this century it averaged over 15 per thousand. The cause of the change was the Act of 1795, which granted outdoor relief professedly without any discriminations, but really so as to discriminate against the industrious and in favour of the dissolute. Farmers sometimes had to turn away hard-working men who had saved a little money and make them live on that, in order to make room for drones forced on them by the parish. The industrious were so much worse provided for than those who went to the parish, that in time independent labourers almost ceased to exist. Wages were lowered all round and eked out by parish aid. He got on best who was the best adept at the arts of imposition. In the South, where the system was carried to the greatest lengths, the labourer has never recovered from the injury thus done to his character and his wages. A hundred years ago wages were higher in the South than in the North of England; now they are half as much again in the North as in the South.<sup>8</sup> In these and other ways the Poor Laws did evil. Mischief was done, not by the amount of relief given, but by its being given in the wrong way and to the wrong persons, so as to cause the survival of the worst in place of the best; and probably half of all the lives of extreme misery and want in the country are due to this cause. But it was aided by other causes. Harvests at the beginning of the century were very bad, and bread was fearfully dear. The great war cost more than a thousand millions, and taxes, which are now only 1s.6d. in the pound of our total income, were at one time 4s. in the pound. The resources of the employers were straitened, and there was the keenest of competition for employment on the part of workmen. The employers, many of them but recently working men, were often harsh and ignorant, and by about 1830 a great part of the manufacturing population had been crushed down to such hard, unwholesome work, that their lives were full of disease and misery. Since then the Factory Acts have stopped some of the worst evils, other have been removed by the repeal of the Corn Laws, and others by that beneficent though very imper-

<sup>7</sup> Against this sentence Marshall wrote, "verify or omit."

<sup>8</sup> Marshall proposed to substitute "higher" for "half as much again."



fect measure, the new Poor Law. But even more has been done for working men by themselves. Their courage and self-reliance were beaten down by their accumulated calamities in the first half of the century, but now they have recovered themselves, and are moving onward and upward with quiet British moderation and strength of purpose. The pauper population is not now one-half as great, in proportion to the whole, as it was in the dark times, while the purchasing power of wages is, on the average, taking all classes of labourers together, about three times what it was early in the century.<sup>9</sup> Thus the evils which were caused partly by a strange combination of natural misfortunes, partly by trying to manage new problems by old methods, are passing away. The new growth of competition had caused the breaking up of village life, and of the customary duties of paternal kindness on the one hand and of respectful service on the other; and produced much good and much harm. The good has already begun to prevail over the evil, but at that time the working classes had reaped scarcely any of the good, they had reaped only the evil. Competition was for a time a mere tyrant to them; but they are beginning to know how to manage the strange monster, and the worst evils of 50 years ago are gone, never to return. I believe that the good will increase and the evil diminish, that the working classes will now set themselves to abolish systematic want and pauperism, and that they will do it before very many years are over. But of this more later on. I must be content tonight with asking your assent on two statements. One, that the increase of wealth has not brought with it the increase of want; and the other, that it is most urgently needful to inquire why, with the rapid increase of wealth, the diminution of want is so slow.<sup>10</sup>

### *Discussion*

Mr. S. Peters asked if the working classes had pro rata shared in the increase in wealth. The lecturer had said that no socialistic revolution had done any good—was the first French revolution not a socialistic revolution, and was not its result a good one?

Professor Marshall replied that he had said the diminution of poverty had not been as fast as it ought to have been. With regard to the other question, he did not regard Rousseau as, properly speaking, a socialistic writer. The state of France was so bad, and the tyranny of the nobility and clergy such that it was almost impossible for anything to be worse than the existing state of things. The revolution was, on the whole, perhaps a good thing for France, but he thought, next to the poor law, it was the greatest calamity

<sup>9</sup> Marshall seems to have wished to substitute "more than three times" for "about three times."

<sup>10</sup> Marshall seems to have considered omitting the last section from "I believe that the good will increase" to the end.



that had ever happened to England. They were (in England) going on steadily in true English fashion, remedying grievance after grievance, getting freer and freer, the intelligence of people was honestly more and more on the side of freedom, and then came this great calamity, the French revolution. The virtue and the intelligence of the country, with few exceptions, went over to the other side, and he did not believe England in 1830 was further advanced than it would have been in 1810 if it had not been for the reaction against the terrible mistakes of the French revolution.

Another questioner asked if they were to take the statement that the condition of the working classes had improved without qualification. Was the purchasing power of money more than it was? For instance, a coat might be cheaper, but it would not wear as long as it did when, under a different process of manufacture, it cost more.

Professor Marshall said there had been no rise in the price of raw commodities in that century as a whole. There was a rise from 1850 to 1857, again, after an interval, in 1866, and again in 1872, but prices were now as low as in 1850 or lower, and in the year 1850 they were much lower than they were at the beginning of the century. The only important exceptions were flesh and animal food, butter, and milk. There was no question as regards these facts.

In reply to another question, the Professor said in 1875 the number of indoor paupers was 154,000 and the amount spent in poor relief £7,500,000; and in 1880, 189,000 paupers and the amount spent £8,000,000. He had never said that there was not such a thing as passing industrial depression; of course, there were more people out of employment now than in 1875. In answer to a further remark from the same questioner, Professor Marshall said his figures were from the statistical abstract. Figures quoted from the Reform Almanac might be correct as regards poor rates, which included other items than poor relief.

Another of those present asked if the socialistic movement as founded by the Apostles or by any one else was likely in modern times to prove successful. Professor Marshall said if they had the virtues of the early Christians they would have no pauperism, no misery, no property, and no trouble (Laughter). Men, as they were, were found to get lazy if their laziness did not cause them much trouble. If they could get men of whom this was not true, he for one would hold up his hand for socialism. (Applause and laughter).

## LECTURE 2. CAUSES OF POVERTY: WHAT ARE THE LIMITS OF WORK AND WAGES?

In my last lecture I spoke of the complaints which Socialistic writers have

from time immemorial urged against the arrangements of society in general and the institution of property in particular. The burden of the plaint has always been that in the midst of wealth there is so much want. Mr. George says that with the increase of wealth want actually increases; but we have seen that the history of England gives no support to this doctrine. We have now to enquire what are the causes of low wages of a large part of the English people and of the actual pauperism of no inconsiderable number? What I have to say about this is, in the main outlines, not at all new; if it were new it could not be true. Mr. George's criticisms of the established doctrine of wages all turn upon phrases which were used by the last generation of economists, but which the rising generation almost to a man have abandoned, not as false, but as liable to misrepresentation and as misleading. Such phrases are that "wages are paid out of capital," that "industry is limited by capital," and a development of this doctrine called "the wages fund theory." His criticisms are not only full of error, but they fall to the ground if the economic doctrine of wages is stated in modern language. I will state it as simply as I can: it seems rather hard at first; but, when once understood it will, I think, appear obvious enough.<sup>11</sup> To begin with, it is clear that everything that is produced is the result of labour, aided by capital, and working on the resources of nature; or, as we may say for shortness, working on the land. The real income of the country consists of all the things that are thus produced after deducting, of course, what is required to replace seed, worn out machinery, and other kinds of capital. This is divided up into the three shares of land, labour, and capital; while the State of course, takes a bit of the share of each in the form of taxes. Happily there is now no controversy as to the share which goes to the land as rent. In Mr. George's words, "the rent of land is determined by the excess of its produce over that which the same application can secure from the least productive land in use."<sup>12</sup> After deducting rent from the total produce of industry, there remain the shares of capital and labour; which we may call the earnings-and-interest fund. Of course, the profits of the employer include interest on his capital and the earnings of his own labour. Now, just to fix the ideas, I will give an estimate of what these different sums are for the United Kingdom. It is a little doubtful what part of the income from land is due to improvements. But Mr. George seems to think that rent proper—that is the rent of the inherent properties of the soil, including ground rent of buildings, etc.—is larger than it is. So it will be best to put as high an estimate on it as we can, say 75 millions. The yearly earnings-and-interest fund will then be a little over 1,000 millions. We do

<sup>11</sup> Marshall proposed to omit this sentence.

<sup>12</sup> Marshall seems to have considered condensing what he said up to this point.

not want to count in here the profits on foreign investments; they would amount to a good 50 millions more. This fund is divided up something as follows:—Nearly 250 millions are interest on capital, and nearly 800 millions are earnings of labour. This last sum we may again regard as divided up into about 500 millions for the wages of the working classes (including now domestic servants, and reckoning for the whole of the United Kingdom), and nearly 300 millions for the earnings of all other classes, including employers. And, of course, we might go further, dividing up each of these two parts into the shares of many different grades or classes of labour. Each of these classes of labour has its work in production, we may call it a factor in production. Well, then, the great law of distribution is that the more useful one factor of production is, and the scarcer it is, the higher will be the rate at which its services are paid. For instance, if two skilled labourers, after allowing for the expense of the machinery they use, can do as much work as five unskilled, they will get as much wages as the five unskilled can get, if they stay in the trade. Suppose an employer can devise such economic arrangements of machinery, etc. as to make the labour of 500 labourers reach as far as any ordinary employer would the labour of 600, then his earnings will exceed theirs by the wages of a hundred labourers. But he can go on doing this only so long as there are not many such employers. If there are, they will compete with one another, lower the price of their goods, and distribute the benefit of their skill among the community at large. These illustrations explain the general principle which we may now state a little more carefully. The total earnings-and-interest fund depends on the resources of nature and the efficiency of capital and labour acting on it. The larger this is, the more there will be to be divided up, and the larger, other things being equal, will the share of each be. Thus, in a new and rich country interest can be high, and the earnings of all classes of labour, from the employer down to the lowest unskilled labourer, can be high. But other things being equal, if any one factor of production increases relatively to the others, it will become in less and less request. If, for instance, capital increases much faster than labour, without there being many inventions to open up new fields for its employment, capital will go a-begging and the rate of interest will fall. If the number of people who want to do clerks' work increases out of proportion to the population, their wages will fall. If the number of unskilled labourers increases relatively to others they will find difficulty in getting employment; interest will rise at their expense, the earnings of employers and of all other classes of labour will rise at their expense. On the other hand—and this sentence is the kernel of all that I have to say about poverty—if the numbers of unskilled labourers were to diminish sufficiently, then those who did unskilled work would have to be paid good wages. If the total production was not increased, these extra

wages would have to be paid out of the shares of capital and of the higher kinds of labour; but, even so, the great aim would have been attained of making the increase of wealth hurry up the diminution of want a little faster. But if the diminution of unskilled labour is brought about by increasing the efficiency of labour, it will increase production, and then will be a larger fund to be divided up. But we must now enquire as to the part played by Nature in production as capital and labour increase. The law of the productiveness of land is a law of diminishing returns. This statement has often been challenged, but only when it has been misunderstood. From the time when Abraham and Lot agreed that the growing numbers of the people with them required larger fields for their support, it has been obvious that when land is once well occupied a further increase in the capital and labour applied to it, other things being equal, produces a less than proportionate return, estimated in raw produce. Of course, the closeness of population increases the facilities for many kinds of production, including almost all forms of manufacture, or, in other words, the law of production of manufactured commodities is generally that of increasing return. And there are many social luxuries and conveniences which are impossible with a sparse population; while, on the other hand, the chief of all the comforts and luxuries of life—namely sunlight and fresh air—are very scarce in crowded places. Reckoning together the total real return to capital and labour, counting in raw and manufactured products, and social conveniences, it is not clear whether, if the arts of production are stationary, the law of production is on the whole that of increasing or of diminishing return. An improvement in the arts of production, of course, raises the return. The total return is highest in new countries, where land is rich and plentiful and manufactures can be easily imported: it is next highest in England where manufactures flourish and raw produce can be easily imported. It was low in England before the repeal of the Corn Laws. And it is perhaps lowest of all in such places as Central Asia, where there is abundant land and no rent, but there are no manufactures to be got at. The rate at which the produce is divided out between capital and labour depends on their relative scarcity. Generally speaking, capitalists do not care to go where population is very sparse. In new countries where a rich find, whether of gold mines or of exceptionally rich land, has just been opened up, capital and labour are both scarce, interest and earnings are all high. In older parts of new countries, population and capital are both more plentiful, and interest and earnings are somewhat lower; while in England population and capital are more plentiful still, and interest and earnings are lower still.<sup>13</sup> On these facts Mr. George has based the general law that interest and wages are always high together

<sup>13</sup> Marshall indicated that he wished to rewrite this sentence.

and low together, and has invented a new theory to account for it. His facts are as wrong as his theory, for whenever population is plentiful and capital scarce, interest is high and wages low. In Eastern Europe wages are lower and interest is higher than in Western Europe; and in Asia wages are lower and interest higher than in Eastern Europe. Next let us trace the gradual peopling up of a new country. It is generally thought that colonists are always well off. That was not true even so late as last century. With few exceptions they lived a life of hardship and great poverty. But during the last 50 years things have changed. Steam has enabled the colonist to sell his raw produce to old countries at a high price measured in manufactures. But even now the first pioneers have a very hard life. They are mostly men of exceptional energy and strength; those who are not, find the life of a pioneer intolerable, and return at once to more peopled regions. Gradually population and capital stream in. The produce per head is larger, but it is got by the aid of capital, and capital must have its share of the produce. Any nuggets of gold that may have been lying about loose have been picked up; and if there is any spot of ground that has exceptional advantages, it has become private property, though there is abundance of good ground free. But the average worker is not so picked a man as before. So money wages fall; but labour gets more of the luxuries of civilisation. It is a matter of individual taste which life is preferred. Now let me diverge a while to consider not what does happen next, but what might. The people might agree to the following rules and principles of action. First, no stranger, or at least none who was weak morally, mentally, or physically, to be allowed to enter the district. No person to be allowed to marry till he was earning enough to bring up a family properly. A first-rate education, general and technical, to be given to every child. Severe treatment to be given to laziness and drunkenness, the most abundant tenderness and charity to misfortune. There would then be no pauperism, and even no poverty. As the land was taken up the fortunate owners could claim a larger and larger share as rent. The raw produce returned to labour at the margin of cultivation would shrink a little. But in other ways the productiveness of labour would increase, so that the net return to the last dose of capital and labour need not be small. Those with exceptional talents would still get higher earnings than the others, enough to stimulate them to the greatest exertions. But the enormous discrepancy in earnings would not exist. Almost all families would be able to save some capital, and many of them would own a little land. The population might become quite as thick as it is in England, even without any imported food, and yet there might be no shadow of want in the place. This is what might have happened, now let us look at what has happened. In the older parts of America immigrants weak physically or mentally or morally, or sometimes all at once, have crowded in. The older inhabitants have in-

deed benefited, they have risen on the surface. It is said that there is scarcely anyone among the working classes whose grandfather was born in America, and scarcely anyone earning low wages whose father was born in America. But the new population has not the same earning power as the old, and therefore does not earn as much. Of course, a great deal of land has been taken up, and anyone who wants that land must pay a fair price for it. But the advance of population has brought other advantages to counterbalance this. There are still in Texas, California, and elsewhere, millions of acres of the richest land to be had on as easy terms as ever. And if it were true that when land is plentiful wages are sure to be high, then the poverty-stricken inhabitants of East and Central America would move a little further and get high earnings. Wages in the older settled places are then lower than in the far West, not so much because there is some rent to be paid there, as because the pick of the population will not stay there, except to do highly skilled work. And pauperism shows itself in the large cities, not so much because rents are higher there, as because those who from physical or mental infirmity are unable to do a good day's work find it impossible to live at all where population is scarce, and so gravitate to the towns. I do not say that the working classes would not be better off if those who had become owners of land would distribute its rent among the rest. What I say is that this would not make much difference. The diminishing productiveness of the free soil has a greater influence in lowering wages than the payment of rent fees. But even this has not a very important influence. So long as the population is not excessively thick, it is counterbalanced by the advantages for manufacturing and other purposes arising from the closeness of population. It need not make wages fall if the efficiency of the population can be kept up. The cause of poverty in America is, then, poverty in Europe. And what are the causes of that? In Southern Europe an enervating climate and bad Government have made the greater part of the people idle, ignorant, and very poor. In Germany they were oppressed during many centuries by endless war and rapine, and many of them were serfs up to the beginning of this century; even now their military discipline is a heavy weight. France had many centuries of bad government and war; she is now suffering from the effects of war and heavy taxes. It will be a very long time before labour that is poorly paid, in consequence of having a low earning power, will disappear from the Continent of Europe. England is ahead of the Continent now, and she has more hopes of speedy improvement. Our present evils date from the reaction against the grim sternness of Puritan rule. Then followed a century and a half of glaring flagrant vice. The rich were worst of all, but the poor were bad enough. Then came the new birth of wealth a hundred years ago; but it was shortly followed by war and famine and the bad Poor-law. The middle classes during this time became frugal and self-con-



trolled, and in spite of their want in education, they grew in moral strength. But the working classes missed this great opportunity of rising. The new wealth was spent, not in keeping children at school, but in bribing them into factories at too early an age; not in enabling the industrious and upright to bring up their families to a higher and better life than their own, but in pampering the most worthless. The working classes were thought of too much as so many hands, or, so to speak, producing machines. To get as much out of people and put as little as you can into their bodies and into their minds may be penny wise from the point of view of the individual, but it is pound foolish for the nation at large. A well fed and well educated population is in the long run the best investment for a nation's capital. But many of the English working classes have not been properly fed, and scarcely any of them have been properly educated. The result is that we English are not nearly as fine a set of people as we might have been; and we have still poverty and pauperism among us. If all our people were equal in character to the ablest and best of our artisans, we should be rich enough to pay good wages for all necessary work; and we should have to do it. Scotland has suffered from all these evils less than England has. A century ago Scotchmen were a long way behind us in wage-earning power: now they are ahead of us; though Scotland has had a bad enemy in whisky. Ireland's misfortunes are peculiar to herself, and I must not enter on them now. But looking at England, let us ask who is to blame for her not being further forward? Is it the rich or the poor? It is both; England is not two nations, but one. Our forefathers made mistakes, but the forefathers of most of our rich men were poor, and the forefathers of many of our poorest were rich. The rich are constantly falling and the poor are constantly rising. So rich and poor together must agree to share whatever blame there is for the mistakes of our ancestors, whether rich or poor. Let us then together consider not who is to blame, but how the shame may be removed. Let us remember that we have made vast steps as it is. A century ago we took off the last shackles from that fierce monster—competition. That was necessary for our own freedom. Without it there have been free aristocracies, but there has never been, and cannot ever be, a free nation. The unshackled monster was terrible to deal with; but we are learning fast how to manage him. The education of working men's children in schools, and the education of working men in managing their own affairs, is progressing at an enormous rate. Scarcely ever, if ever, has the moral and mental strength of the great mass of a nation risen so fast as has that of England and Scotland during the last thirty years; and it is, I believe, rising today faster than ever. Let us then take courage. It may be too late to get rid of poverty in our generation; let us resolve that our children, or at all events our children's children, shall be free from it.



*Discussion*

Questions were invited, and one questioner asked if the question was not—not so much whether the product of capital and labour to be divided was greater than elsewhere, but whether the division was made on just principles—(hear, hear)—and how far this was affected by an influx of immigration or by competition?

Professor Marshall, in his reply, said free competition was absolutely essential for progress, and now they were getting to know how to manage it, the evils that first attended it were diminishing. He was not prepared to admit there was no just distribution of proceeds between capital and labour, because he did not know what that meant. Capital now received four per cent. at the outside. The earnings of the employer might make it up a great deal higher, but these were the earnings of labour, and must be considered separately. He did not see any abstract principles to decide that £4 or £3 or £2 was to be the rate for money, though, for his own part, he should like to see money cheap, so that labour might be able to obtain the advantage of it upon easy terms. Of course, he must take account of the earnings of the employer, which rose above the average earnings of the skilled labourer by just the same kind of competition that made the earnings of the skilled labourer rise above the earnings of the unskilled labourer. Any person who had the ability for carrying on business could before long start business himself, and, as tens of thousands of working men had done, could in time become employers. There was a notion that those who had large capitals obtained a great amount from society in proportion to what they gave it. This was, however, entirely a mistake. It was the large capitalists that had to work for the smallest proportionate return. Take the case of Sir Thomas Brassey, who, on contracts amounting to £78,000,000, made a total profit of £2,500,000, or 1/2d, in the shilling. What small shopkeeper would do his business at that return? If they were to have a large supply of really able business men, they must get them from the working men—(applause)—because experience showed that business ability scarcely ever lasted three generations, and many fortunes were dissipated by the successors of those who made them. The remedy for the too large fortunes of employers was for working men to insist on their children having a proper education, so that they might have every advantage to climb up to become employers, to compete with employers and force down employers' earnings, and distribute a large share of an increased total production amongst the working classes.

Mr. Samuel Peters maintained that wages were gauged by the wage-earners themselves by organisation. Without organisation, the profits of the employer were large and of the workmen small. (Hear, hear.) Political economists of the present generation differed with those of the past genera-

tion, and the future would disagree with the present. The lecturer said an employer who got out of 500 men the productive power of 600 profited to the extent of the 100, and that would be so unless he paid his 500 men more money, which few employers would do unless compelled. It was a wrong theory that if every man was able to do skilled work, all would get the price of skilled workmen, for skilled workmen were now sometimes glad to get paid for their labour the price of unskilled work. The Factory Act was a direct violation of the principles of political economy, as it interfered with free competition, but it was a violation in the interests of humanity.

Professor Marshall agreed with the last statement that the Factory Acts helped them to exercise some control over competition, and he agreed also that as generations went on, political economists, with other men, grew wiser. He would be a very good employer who voluntarily divided the profit he secured by getting 500 men to produce as much as 600 ordinarily would; but the right way to deal with that was by the competition of others who would also attempt to obtain the increased production; this would cause a competition for the labour of the working classes. Organisation did affect wages, and he did not think it was possible for a labourer with no competition and with a powerful and unscrupulous master to manage properly without organisation. When they had a fair employer, the trade union rules had better be said as little of as possible. He had said nothing against organisation, but organisation did not increase the amount of bread and butter in the world; all it did was to take away from other factors of production and other classes of society, and in the present condition of the world organisation could not do very much.

Another member of the audience asked if competition did not lead to dishonesty and adulteration.

Professor Marshall said it undoubtedly did, and it was regrettable that the State did not do more to repress such evils. He thought much good might be done by employers combining and making a rule that on all goods an exact description should be given and ejecting any employer who broke the rule. (Applause.)

The next questioner said the lecturer had termed Mr. George a poet. He then called attention to the fact that Mr. George advocated nationalisation of the land as a remedy for poverty, and asked how it was that Mr. A. Wallace, an able man, came to the same conclusion.

Professor Marshall said Mr. Wallace's proposal was much more reasonable than that of Mr. George. He did not call Mr. George a poet because he said erroneous things. He was a poet because he was poetic, and he was not a man of science because he said erroneous things.

Another speaker spoke favourably of the condition of the agricultural classes of France.

Professor Marshall said those who had of late years enquired into the subject, found the peasants lived most severe lives, and worked something like 30 per cent. more hours in the year than the English labourer. His whole life was a struggle to keep his head up; marriage was checked in a way no other country in the world checked it; three children were regarded amongst these peasant proprietors as absolutely impossible. Their position was steadily deteriorating. Their produce was small and implements rude.

Mr. Marshall (a working man) spoke of the unequal distribution of wealth and labour, and wished to know the effect on the community of the lazy aristocracy, landlords, capitalists, and those who lived on out-door relief, the members of the army and navy, the police, Excise officers, and others. These were non-producers, and must affect the producing community.

Professor Marshall did not look upon the wage earners as the only producers. The man who steered a ship worked as much as the stoker; the general as much as the soldier. He did not admit that there was any unproductive class except those who lived on the income derived from property without putting forth efforts of their own. He wanted them to be owners of property, and that for the loan of property a percentage should be paid. Then there must be the capitalists and capital, and he thought that without the latter, they would become savages, when he was sure they would not long exist. (Laughter).<sup>14</sup>

### LECTURE 3. REMEDIES FOR POVERTY: IS NATIONALISATION OF THE LAND A REMEDY?

One of the favourite panaceas for poverty has always been a rearrangement of rights to the land; and, therefore, even if Mr. George had not insisted on nationalisation of the land as the only remedy for poverty, we should have had to consider it now. But there is scarcely any subject on which it is more important that economic reasonings, which have the authority and precision of science, should be kept entirely distinct from those discussions of historical fact and of moral obligation, which are the subject of heated political controversy. On these questions the economist has seldom any special authority; but he can do service by stripping away any false reasonings by which the discussion of them may be encumbered, and so laying bare the ultimate questions which must be decided by the common sense and the moral judgment of the community at large. Prominent among such questioning is that which relates to the moral validity of the title of landlords to their property. It is asserted by the most violent of those who attack the present system that land, or rather the inherent qualities of land,

<sup>14</sup> This report of the question of Mr. Marshall (the working man) and the answer of Professor Marshall is taken from the Daily Bristol Times and Mirror, Feb. 27, 1883.

not being made by man, belonged originally to the people as a whole, and that the landlords being accepted as legislators to act in the interest of the whole people, they used their power to enable them under legal forms to appropriate the property of the people. One of the best services that historians can render is to clear away the controversy that still rages as to the amount of truth there is in this statement. But even if it be accepted in its extremest form, there will remain the following questions to be submitted to your judgment. Firstly—Was the distinction between public office and private right as clear in past times as now? If not, ought the action of the landlords to be judged by modern standards? Secondly—Is it possible to undo a wrong done in distant ages, so that the punishment will fall on the right persons? If the original landholders had no good right to their title-deeds, are not an immense number of the present landholders the descendants of working men and others who have bought the title-deeds with the sweat of their brow? Is it possible to find out the representatives of the original wrongdoers, and if not, is it just to leave them in many cases undisturbed in the possession of other property which they have bought with the price of their land; while the unfortunate purchasers who had no part in the original wrong are made to suffer grievously? And lastly—If the land is to be restored to the nation, then to which nation? If the Normans took England by force from the Saxons, who had taken it by force from the Britons—and if we are to undo all original wrongs, ought we not to instate in possession the descendants of the Ancient Britons—at all events till historians are able to tell us who it was from whom the Ancient Britons stole the land? Next we have to inquire into the effects of the present system of land tenure in England on national prosperity. There are three principal charges brought against it. The first accuses the landlord of tyranny. It alleges that he has great power in religious, political, social and domestic matters; and that he sometimes uses that power so as to blight the lives of those who, to use the current phrase, live under his shadow. The second alleges that the system prevents the land from being properly cultivated. It alleges that the farmer is often prevented by imperfect security from improving freely; while the landlord is hindered by want of knowledge or apathy, or by being burdened with heavy settlements and mortgages. The third relates to the labourer. It alleges that his position is inferior to that of the peasant proprietor in foreign countries, that he is not so well off, that he has less freedom and independence, that he has less inducements to save and less opportunities for saving, and that he is more likely to be pauperised, and finally that he can not easily become a peasant proprietor. There are some defenders of the system who will allow scarcely any value to these objections. But I prefer to state the case of the more moderate defenders of the system. As to the first objection, they admit that in past times landlords had an almost abso-

lute power; and that they abused it. But they urge that there is no instance in history in which so little abuse has been made of so great power; and that this speaks well not only for the English character, but for the adaptations of the system to it. They insist that abuses are fast dying away. The Ballot Act, the extension of the suffrage, and the growth of an active newspaper press eager to publish the faults of political opponents are, they say, forcing the landowner to avoid tyranny of all kinds; and that even now the English labourer is often far better housed than the peasant proprietor. They call attention to the increase of what is called the sentimental value of land. A man who buys land gets a much smaller net income from it than he could get in other ways; he pays this extra price chiefly for the social position that it gives. If he makes himself unpopular he deprives himself of that very thing for which he has paid so high a price. He has every inducement to befriend his poorer neighbours. Allowing for some exceptional cases, it is, they urge, indisputable that he exerts himself more to do good to others than the rich man in any other country of the world does. And, further, they argue that if the rich man is prevented from investing his money in land, he might take to buying up railways and newspapers wholesale, as he does in America; and would thus exercise a power which, if less conspicuous, might be far more injurious to the public interest than that of English landlords can possibly be. Next, as to the objection that under a divided ownership the soil cannot be properly cultivated. The answer given by moderate defenders of the system runs thus:—The chief evils of the system are not inherent in it, and are being removed. The poverty of some landlords, which prevents them from improving, will be cured by the alteration of the law of entail and settlement, while security for improvements will be given to tenants by a proper law of compensation. On the other hand, its advantages are lasting. The landlord can afford to supply capital for improvements that will give a lower return, not only than the profits which the farmer expects, but even than the interest at which he can borrow. This makes it possible for anyone who has farming ability and a little capital to work a good sized farm; whereas if a man has to buy his land, or even the permanent improvements on it, he cannot take much unless he is very rich. It requires as much capital to buy twenty acres as it does to farm a hundred. So that the English system, they argue, is the only one in which whatever farming skill there is in the country can be turned to the best account. It is chiefly owing to this cause, they say, that England has been the pioneer of agricultural progress for the world. Almost every grand improvement in modes of cultivation, in agricultural machinery, and in breeding of cattle has been made in England, until at last our colonists have entered into the race. Admitting that in a few exceptional districts peasant proprietors raise a large gross produce, they ask, where can we find

an area equal to Great Britain which produces nearly as much? No doubt a peasant proprietor may turn a barren soil into a garden; but is that an advantage? A labourer working equally hard on better soil would earn more for himself, and produce very much more for the community. And as to peasant proprietorship here, what is there in our system to hinder it? The legal expenses involved in the transfer of small pieces of land are due to that "long calamitous joke" the law of real property: they have nothing to do with our system of agriculture. But this touches the third objection. The belief that the English labourer is not so well off as many peasant proprietors in foreign countries is to a great extent due to the writings of Mill, Cliffe Leslie, and one or two others. But it is answered that the evidence on which they went was slight: that they drew sweeping inferences from exceptional cases: that when Mill wrote, the English labourer was suffering from bad Poor Laws, Corn Laws, and other misfortunes; that since then the position of the peasant proprietors has in many cases deteriorated, while that of the English labourer has immensely improved. They insist that butchers' shops are spreading over the agricultural districts of England, while the food even of the better class of peasant proprietors is very poor, though their work is fearfully hard; and in consequence their physique is much inferior to that of the English labourer. Even the better class lead a hard life, and are very hard masters to the labourers among them. The number of peasant proprietors abroad has been much exaggerated. Belgium is one of the strongest instances relied on; but it is now said to have only 30,000 owners of small properties above ten acres who are cultivating their own land. As to the smallness of the number of peasant proprietors in England (not counting in market gardeners), experience shows that a peasant proprietor if he is but an ordinary man, cannot keep his head above water when bad seasons come; and if he has more than ordinary ability he soon becomes a considerable farmer. There is, they urge, no agricultural class in Western Europe which has suffered as little from the present agricultural depression as the English labourer, and this in spite of the fact that migration to towns and emigration have taken away much of the pick of the agricultural youth. The peasant proprietors, they say, think of money all day long; they live for money, and they marry, when they do marry, for money. Those who do this, and manage their property well for several generations, may indeed become fairly well off. But an equally exceptional English family who had lived as prudently and sparely would, they say, by this time be wealthy farmers, or still wealthier manufacturers or traders. There remains but one part of the objection still unanswered. The peasant has certainly greater inducements to thrift. But even here the English labourer may improve when the effects of the old Poor Law have died away, and the new Poor Law has been so altered that it seems to encourage thrift. These are the arguments on either side that



I have to submit to your judgment. My own opinion is that, though the English system pure and simple may not be adapted to people whose habits are different from ours, it suits us on the whole fairly well. I think that a generation ago the English labourer was in a worse condition than the foreign peasant, but that now he is better off as far as material enjoyments go, though not quite so well off in some other ways. But the economies of large farms are increasing, and if all the changes of the last fifty years continue in the same direction, I think that in another fifty years the English labourer will be better off in almost every respect than the peasant proprietor. But I think that the purchase of a small plot of land, not as a commercial investment, but as one of affection, like the purchase of a dog, often has a healthy influence on character; and I think that the people of England ought to compel their lawyers to make this more easy than it is. I do not ask your assent to these opinions of mine; but I do ask your assent to this proposition, that the case against our present land system is not of overwhelming strength and certainty, and that therefore any plan for so violent a change as that of nationalising the land by force must be called on to prove that it has some very great advantages in addition to that of enabling us to change our land system. Let us now consider some of the chief schemes for nationalising the land arranged in order of the compensation which they propose to give to its present holders. The first proposes that the State should buy the land at its full market price. This would be a bad bargain financially; for the price of land contains three elements—first, the capitalised value of its present rental; second, the capitalised value of the probable future rise in its price; and, third, the market value of the social position which its ownership gives. The last item is very often a large part of the whole; the State in buying would have to pay for it, but would not get any income from it. It is argued that the State would be rich now if it had retained the ownership of land. No doubt; but that does not prove that it would have made a good bargain by going into debt to buy the land. If 400 years ago the State sacrificed £1 in expectation of a rise in the value of some property which begins to take effect now, then the bargain was a bad one, unless the rise in value now is £136,420 if interest is calculated at 3 per cent, or £6,506,100 if interest is calculated at 4 per cent, or nearly £300,000,000 at 5 per cent. Now it is doubtful whether, if the State were to buy land at the market value, it would get much more than 2 per cent net on the purchase money. For it would have heavy expenses of management, large outlays for repairs, frequent remissions to distressed tenants, and losses from bankrupt tenants; and it would lose all the special taxes it now levies on land. It certainly could not borrow large sums at less than 3 per cent. Taking agricultural land only, we may put its rent at 70 millions; so that the State would at starting lose not much



less than 35 millions annually by the bargain.<sup>15</sup> It would take a very great rise in the distant future to make up for this. In the last two hundred years, the rent of agricultural land in England has been multiplied about four-fold. But as half its present amount is supposed to be due to improvements, the natural rise has been about 50 per cent in a century. But then there is no certainty that the price of land will continue to rise. No doubt its value, measured in terms of commodities (corn, iron, cloth, etc.) will rise; though it may not rise very much if the working classes should take to marrying as late in life as the middle classes do now, and so population should become nearly stationary. But if the world generally uses gold as its standard, the purchasing power of gold may rise more quickly than the value of land, even with a rapid growth of population. The value of gold has been kept down partly by rich discoveries in Australia and California, and partly by the growth of banking facilities and of artificial substitutes for coin. But most of the world has now been explored, and in some countries banking facilities have nearly reached their limit. This plan would then be a bad bargain for the State; it would undoubtedly give the State great power, but it could not use much of this power without causing the most frightful political corruption. To save its own morality it would have to let the land by auction on long leases, or do something of the kind. Next it may be proposed that the State should buy the inherent values of the soil, leaving buildings and all other improvements in the hands of private persons. On this plan the State would run a much less risk of loss, both financially and in public morality; but it would acquire hardly any control over the way in which the land is used. The next plan is to arrange that all land shall become the property of the State after a certain time—say 100 years hence. For new countries no compensation would be required; the State would simply sell only the usufruct of the land for 100 years. At the end of that time the State might take it for public purposes, or might again sell the usufruct with any new conditions on its use that might then be desirable in the public interest. M. Laveye and others have long advocated this plan for new countries, and on the whole I wish they would adopt it, for it would probably enable them to dispense with the tax-gatherer. There is much to be said, though not so much, for the adoption of the plan in an old country. The question of compensation should, I think, be met in this way. It should first be settled on general grounds whether the land pays as large a share of the total taxation as it ought to; if not, its share of taxes should be increased. But that being once done, nothing further should be taken from the landlords without compensation. Let us take three per cent on the value of land

<sup>15</sup> Professor George J. Stigler explains this result as follows: If the state received only 2% (or £70 millions), the purchase price of the land would be £3500 millions. Since the state borrowed at 3%, it would lose 1% or £35 millions.

as its gross rental; then supposing the value of land to double in a hundred years, the reversion of its title deeds at the end of that time would be compensated by the immediate remission of taxes amounting to 1s.8d. in the pound on rental, taking interest at three per cent; but only 10d. in the pound if we take interest at four per cent. If we suppose that the price of land a hundred years hence will be the same as now, the compensation would be 1s. in the pound taking interest at three per cent, but 6d. in the pound taking it at four per cent. The State might offer to remit say 1s. in the pound on the rent of all land of which the title deeds due 100 years hence were transferred to the State. I think we ought not to have granted concessions for railways except on condition that the title deeds lapse to the State after 100 years: this has been done in France.

We next come to Mr. Wallace's plan. It proposed that the inherent value of the soil should become the property of the State, but that the buildings and other improvements on it should remain private property. He would give to the landowner an annuity equal to that part of the rent which corresponds to its present inherent value, for his life and the life of any descendants born in his lifetime, or in failure of such, for the life of anyone nominated by the landlord. He calls this full compensation, but of course it is only partial compensation; the State would confiscate, independently of any rise in its inherent value, the reversion of this inherent value some years hence. If we put the probable duration of the lives at forty years, this is equal to an immediate confiscation of 30 per cent of the inherent value, if we take interest at 3 per cent, or a confiscation of 20 per cent if we take interest at 4 per cent. The question whether this is just or not must be looked straight in the face. Otherwise this part of his plan would do little harm and little good. But his plan contains two other proposals potent for good and evil. The first is that all the buildings and other improvements must be bought by the tenant; and the second is that anyone may, subject to some slight conditions, select five acres for his own occupation out of anybody else's farm. I think this second proposal would lead to blackmailing and other kinds of oppression, and I shall not consider it further. The first part of the proposal would cause every occupier of land to be in the position of a farmer to whom the State had advanced sufficient to buy the inherent properties of the soil, but who was compelled himself to find capital not only for working the farm, but also for buying the farm buildings and in short everything that makes land into a farm. The plan would enable the rich farmer to get many of the advantages of landownership easily. This is its strong point. But if the State were to lend at a low rate of interest the price of the inherent properties of land to anyone who wished to buy it, the same result would be obtained without violence and without compelling farmers, whether they liked it or not, to buy the improvements and build-

ings on their land. To compel them is, I think, very cruel. For though people will lend freely on the security of the inherent properties of the land which no carelessness can destroy, it is very dangerous to lend on the security of improvements which the tenant may allow to deteriorate unless he is well looked after. Mr. Wallace suggests that municipalities might lend the money; but they would certainly be cheated more than private lenders would be. The ratepayers would have to charge a very high interest on their loans as insurance against the risk of their rates being squandered by plausible persons in search of an easy life, and ready to play at farming. The *bona fide* farmer would find the private lenders the best, and he would have to pay them nearly twice as much interest on the price of his tenant-right as he now pays the landlord as rent for the same improvements. Also he would have to pay higher for what capital he borrowed to stock his farm. Thus a heavy tax would be imposed on well-to-do farmers; and some of the poorer farmers would have to become hired labourers, giving place to others who had no knowledge of farming, but had more capital. It may be a good thing for the Bristol shopkeeper occasionally to purchase his shop and dwelling-house. But what would be thought of a law which, while making the State responsible for the ground-rent, forbade anyone to open shop till he could find capital to buy his shop as well as his stock-in-trade, and making him buy it before he was satisfied that he had the right shop in the right place for him. But this is the kernel of Mr. Wallace's plan. I respect it as an earnest attempt to do good. But not to speak of its violence, I think it would increase the disadvantages of the poor man; impoverish all the farming class, hinder the intelligent labourer from becoming a small farmer, and the small farmer from becoming a large one. It would cause wealth and accident rather than ability to determine the importance of the post which a man held in the farming world; it might throw England out of her place as the pioneer of agricultural improvement; while the hired labourer would probably find that the farmer pinched for capital became nearly as hard a master as the peasant proprietor himself. Mr. George's plan is the simpler, and if I may say so, the ruder one, of raising taxes on land so far that the State appropriated the net value of the inherent properties of the soil. From what he says when attacking the present use of land, one is led to suppose that he would wish the State to exert some sort of control over it in other ways than by taxation; but he does not, I think, explain how. As it stands, the plan would not alter the margin of cultivation; and therefore its only effect on wages, even on his own theory, would be by relieving capital and labour from the greater part of the taxes imposed on them. Let us see what this comes to. The net value of the inherent properties of the soil of the United Kingdom, including ground-rents, does not exceed £75,000,000. Imperial and local taxes, after deducting for the expenses of the post-office and revenue

officers, amount to over £110,000,000. There would remain £35,000,000 of taxes to be collected from capital and labour. So that though the working classes might gain something indirectly from the taking of taxes off other classes, yet on the whole they would not gain more than if their own taxes were entirely remitted. It is doubtful whether taking taxes off spirits would be an unmixed benefit, but even supposing it would, they could not gain more than £40,000,000 at the outside; that is, less than a penny in the shilling on their income. For the sake of this, Mr. George is willing to pour contempt on all the plans by which working men have striven to benefit themselves; he is willing arbitrarily to bring to ruin numberless poor widows and others who have invested their little all in land; he is willing to convulse society and run the dangers of civil war; and he is willing to run the risk of driving away capital and business ability so that their aid in production cannot be got by labour except on most onerous terms. If this happened, the English working man, instead of being the best paid and the heartiest in Europe, might become almost the worst paid and the weakest. Truly the power of poetry and eloquence is great. Without it Mr. George could not have got so many people to listen to so unreasonable a plan. I think, then, it is clear that, whether or not there is any form of land nationalisation which, on the whole, would be a benefit, there is none that contains a magic and sudden remedy for poverty. We must be contented to look for a less sensational cure. And I think we were on the right track in the last lecture. Competition is a monster now grown of overwhelming strength. If we were perfectly virtuous, he would feel himself out of place and shrink away. As it is, if we resist him by violence, his convulsions will reduce society to anarchy. But if he can be guided so as to work on our side, then even the removal of poverty will not be too great a task. We have seen, first, that earnings of all kinds and interest are raised, other things being equal, by whatever increases the total produce of capital and labour, because there is more to be divided out. Secondly the earnings of any kind of labour are increased by an increase either in its usefulness or in its scarcity, for this increases the demand for its aid on the part of the other factors of production. If the change does not increase the total efficiency, others must indeed lose what this class gains. But if this class is too poorly paid, the redistribution increases the sum total of human happiness without violence and therefore without reaction. But in fact, the change would increase the total production. The poorly paid labourer is not really cheap; if he is better paid, he and his children and his children's children will be more efficient in consequence. And if the lower labour is made scarce by people being pushed up to higher class work, that will mean a large increase of production. So that while the poor gain, no one else need lose. Whenever it is said that poorly paid labour can be abolished, the answer comes—But there must al-

ways be some rough unskilled work to do, and anyone who does it, whether he is fit for higher labour or not, can only expect low wages. That is exactly what I deny. I admit that so long as unskilled labour can be had cheap, no one will pay highly for unskilled work. Why should he? But if we could abolish all the lower class labourers, then people would not be able to get low class work done except by paying well for it. They would be compelled to pay well, and they could afford it, because the total wealth would be so great. No doubt they would find out that much of the unskilled labour, and nearly all the degrading work that is now done, could be done by machinery or else be dispensed with: if so, so much the better. But they would have to pay higher wages for what had to be done by hand, and there would be no reason to pity them. My remedy for poverty, therefore, is to increase the competition of capital and of the upper classes of industry for the aid of the lower classes. What steps are to be taken to this end?

First, it would be a great gain if the working classes did not marry so much earlier than the middle classes do, and saved a little money before they married. This would prevent the numbers of the working classes from being so disproportionately large: that in itself would be a great gain; also their children could be better brought up, and so more easily pushed into the highest ranks of industry, and every one that so passes over makes the higher classes more numerous and the lower less numerous, and thus twice over increases the competition for the aid of the lower classes and raises their wages. Emigration helps in the same direction. Next I would have the working man dispense with the wages of his children to as late an age as possible. In return for this sacrifice on his part the State should give, at a nominal price, a good general and technical education to all, and a first-rate education to even the poorest child who shows a special fitness for it. Next, I would have the working classes take an active part in putting down the imposture of lazy and vicious paupers. It cannot be done without their aid. And then public and private charity might be given to the upright, industrious, and thrifty working-man without fear of doing more harm than good. As things are, I would have the Government increase the vigour of its factory and sanitary inspection; but I hope before long the working classes will be able to manage their own affairs with very little of such aid. Next we come to the education that the working classes are giving themselves, both in the workshop and out of it. They are learning as members of co-operative societies and trade societies and boards of conciliation. They are learning very fast, but they have much to learn; something, perhaps, to learn from the economist, who teaches that to curtail production in one trade is to injure all other trades, and is therefore selfish and wrong, unless it is absolutely necessary. Perhaps there are some employers who want to learn this, and we are thus led to the last conditions for an effective remedy.

They are that we should all get a higher sense of duty. This would save money and time spent in excessive drinking and crime. It would cause us all to be gentler and more helpful to our neighbours; it would strengthen the family bond, which is the basis of progress; and lastly it would make us spend our money more wisely. We should avoid silly show, and we should aim at beauty in dress, but not at rapid following of the fashions. And thus at last I am getting to the end of all. Man is the perfection of nature, but woman is one step further still. Progress in general and the abolition of poverty depend above all things on the strength and gentleness and purity and earnestness of the women of England. It is they that form character when it is most plastic. If the mothers of a nation are ignoble that nation must fall; if they are noble it must rise. If the men and women of England set themselves with holy purpose to make the next generation stronger in body and mind and spirit than this is, and if our children do the same by their children, the pauper will disappear, and those working men whose pay is so poor and whose work is so hard that they are cut off from the higher possibilities of life, they too will vanish away.

### *Discussion*

In reply to questions, Professor Marshall said he doubted if the proportion of the entailed land in England was known. The effect of so much land being tied up had not, he thought, a very great effect on the price of the land in the market.

The questioner differed from this view, and said he thought the withdrawal of two-thirds of the acreage of the country from the market caused the remaining third to be priced at double its value. If the lectures were intended to satisfy the cravings of the working men to arrive at a satisfactory conclusion on this matter he was afraid they had failed, though they had been no doubt a rich intellectual treat. How was it Lord Derby thought the country did not produce more than half it might produce? Had the lecturer calculated the effect of withdrawal of so much land from the market on the price of building land?

Professor Marshall said so far as the value of land was due to the corn and wheat grown on it he could not see that it suffered from being entailed. The sentimental value of the land—the value from a desire to possess land—might be affected by this scarcity. There was a great deal of truth in Lord Derby's statement, though it was somewhat exaggerated, he thought.<sup>16</sup> While

<sup>16</sup> According to the Daily Bristol Times and Mirror, Mar. 6, 1883, in reply to Mr. Roger's questions, Marshall said "great distress existed in many districts of France. The land of France was richer naturally than that of the United Kingdom. If as much per acre were raised in France as was raised in England, there would be no reason for her to import agricultural produce, which she did now. One of the greatest advantages of



wishing that their farmers better understood scientific agriculture, there was no country that produced acre for acre so much as England. No country produced per thousand workers employed on it anything like so much as England. He regarded entails and settlements as sheer folly. (Applause.) The present general distress had fallen very severely on peasant proprietors, as it had fallen on English farmers and landowners, and the peasant proprietors were being sold up under mortgage in all directions. This was temporary, but in the same time the English agricultural labourer had suffered very little, for if wages had gone down prices of commodities had decreased also.

Mr. Henry Rogers quoted from Mr. Gladstone's speeches, to the effect that the French peasant proprietorship system had increased the earnings 40 per cent in 14 years, while the English system had only increased it 20 per cent in 30 years. Either Mr. Gladstone or the lecturer was wrong. The English agricultural labourers were decreasing in numbers so fast that they might become blotted out altogether. As agricultural labourers were thrown out of their work, they were thrown on the towns, and the competition there became more severe. The competitive system reduced wages to a minimum.

Professor Marshall said Mr. Gladstone's figures might have reference to special years and he could not answer them offhand. He maintained the condition of the French peasant proprietors was not so favourable as was supposed. In England, while agricultural labourers were diminishing, the agricultural produce was increasing. As for importing corn, surely it was better for agricultural labourers to emigrate to America, where corn could be grown so cheaply that high wages could be paid there, and the corn brought to England to be sold for less money than that produced at home, than for them to stay at home and drudge away at unprofitable land, vainly trying to produce the same result.<sup>17</sup>

Another questioner drew attention to the fact that there were hundreds of agricultural labourers earning only 14s. per week, and hundreds of thousands trying to support large families on less than £1 per week. The Professor gave them political economy for the rich and middle classes and not for the poor.

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the English system, as held forth by its advocates, was that it enabled a small number of men to produce a great deal by using economical methods that cost a great deal in the first outlay, but which was very economical in the long run; and the fact that the number of agricultural labourers was diminishing was an argument in its favour. Whilst they were decreasing, agricultural produce was increasing enormously. The production of meat in England per acre was twice as large as elsewhere. He did not say that the English system was a perfect one—far from it."

<sup>17</sup> According to Daily Bristol Times and Mirror, Marshall after the reference to Lord Derby said: "If they could double the produce of the land, they could certainly multiply the productiveness of the land in France three times. No country the size of England produced nearly as much as England, although he did not admit that they could not go further."



Professor Marshall agreed that great evils existed, but did not see how, except as he had indicated, they could be remedied.<sup>18</sup>

CORRESPONDENCE BETWEEN ALFRED R. WALLACE AND ALFRED MARSHALL  
Wallace's First Letter<sup>19</sup>

I note a fallacy in Professor Marshall's lectures on "Progress and Poverty." He endeavours to show that the condition of the labourer has greatly improved in the last century, by comparing wages at the two periods, estimated in wheat. Now this is quite as fallacious as to estimate it in money, and is, in fact, no test at all. In the last century, the bulk of the labourers lived in the country, and had cottages and some land in permanent tenure, with the use of commons and woodlands. They obtained a considerable portion of their income from the produce of their gardens, from pigs and poultry which they could keep. They had milk often free from the farmers; they had wood and turf free from commons and woodlands; and they used, to a considerable extent, rye or oats or barley bread instead of wheat. Their cottages, too, were often copyhold, or at mere nominal rents. Now the bulk of the labourers are town-dwellers, with no land or common rights. Rents are high, and every scrap of food and fuel has to be bought, while cheaper bread than the finest wheat is not to be had, and thus beggars and paupers eat it, though it is dearer, less wholesome, and often less palatable than the old brown bread! Consequently, the value of four pecks of wheat now, in wages, may leave a man worse off than the value of two pecks in the last century. Such a fallacy ought to have been exposed at once, but I cannot see that it was noticed. The political economists always ignore the difference of condition of labourers formerly as regards "use of land," when comparing wages, yet it is the essential thing. Another supposed error of George's was attacked by equal fallacies. Interest was said to be high and wages low in Asia—ignoring the fact that interest there includes enormous risk owing to plundering and bribable government, while wages are only low estimated in money, food and all that land produces being cheap, and fuel and house rent being usually nothing.

<sup>18</sup> According to the *Daily Bristol Times and Mirror*, Mar. 6, 1883, Marshall's reply to this question was that he "thought to define political economy was a rather risky thing. He did not materially differ from the questioner. He thought the present state of things was unsatisfactory, and he believed if the rich were a little less rich and the poor a little less poor, things would be a good deal better; but he did not see that any fundamental change was possible without overthrowing Society and injuring the working man."

<sup>19</sup> *Western Daily Press*, Mar. 17, 1883, at 3. This letter was read by the chairman at a meeting of the Land Nationalisation Society in Bristol and published as part of an account of the proceedings. The meeting was held to hear a lecture on The Nationalisation of the Land by Professor Newman.

Marshall's First Letter<sup>20</sup>

Your publish today a letter from Mr. Wallace, in which he brings two charges against my recent public lectures. The first is that I overlooked many advantages which the agricultural labourer enjoyed a hundred years ago. Now it happens that we have more detailed and trustworthy accounts of the diet, dress, and mode of living of the labourer at that time than of any other, with the exception of the last 30 years. I had re-read some of these accounts just before my lectures, and had carefully considered all the points to which Mr. Wallace refers. A hundred years ago the labourers' common rights had already been much curtailed; philanthropists regretted that he could not afford to rent land on which to keep a cow; they did not propose that he should keep one on common land. His house rent averaged 7d. a week in 1770, and 1s. a week a little later on. Considering the vile accommodation that he had, this can hardly be called a nominal rent. Mr. Wallace thinks he often had milk free from the farmers. No doubt skimmed milk was given away in some places when it was plentiful; but so it is now. There are good reasons for thinking that the amount of milk produced per head of the population was not much greater then than now; while the amount per head that was consumed without passing through the churn or the cheese vat was probably less than now. The farmer kept on an average three pigs on the produce of ten cows and this fact confirms the direct evidence of Eden and Arthur Young that the labourer did not get very much, even of skimmed milk. Still, as I said in my lecture, milk was one of the very few things with regard to which he was in some cases better off than now. I agree with Mr. Wallace that it is a pity that brown bread is not generally eaten now. But he is, I think, mistaken in supposing that it was largely eaten a hundred years ago. At that time only white wheaten bread was commonly eaten in the South of England; though in the North brown bread was sometimes eaten, and porridge generally. Mr. Wallace says that the labourer got his fuel very easily. But the fact is that wood had become so scarce that the labourer who was not near coal mines was often terribly pinched for fuel, the cost of inland carriage of coal being very high. The average of a vast mass of statistics collected by Arthur Young gives £1.3s. 11d. as the sum expended on firing by the labourer in 1770. But the supply he got for this price was so small that in order to save fuel he went, in the South of England, almost entirely without warm food of any kind, except tea.

Mr. Wallace's second attack related to the rate of interest and wages in Asia. Mr. George had said that it is a necessary and universal law that where wages are low, interest is low. I asserted that wherever capital is

<sup>20</sup> Western Daily Press, Mar. 19, 1883, at 6.

scarce and population abundant, interest will be high, though wages are low; and I said that this was the case in Asia. Of course, bad government has been one of the causes of the small supply of capital in Asia; and in some parts of Asia, though not in all, want of perfect security now makes it necessary to deduct a good deal of the insurance from the nominal rate of interest before finding the real rate. But that interest is really higher in Asia than in Europe is proved by the fact that when a railway has to build there it is cheaper to borrow the capital in Europe than on the spot. Again, when I said that wages were low in Asia, I mean, of course, not only money wages, but real wages, *i.e.*, the food, clothing, and houseroom which the labourer obtains. Mr. Wallace denies this; but I do not expect your readers will expect me to prove it. Had I been wrong on all the points on which he attacks me, my main argument that the adoption of his scheme would injure the farmer and the labourer as well as the landlord would have remained practically intact.

Perhaps you will allow me to take this opportunity of explaining a quotation from Mr. Gladstone's Midlothian speeches, that Mr. Henry Rogers made after my last lecture.<sup>21</sup> It was the only objection raised in the lecture-room that I did not attempt to answer at the time. According to Mr. Rogers, Mr. Gladstone said that French peasant proprietorship had increased the earnings 40 per cent in 14 years, while the English system had only increased it 20 per cent in 30 years. I felt sure that Mr. Gladstone's meaning had been misunderstood, but could not at the time say how. I now find that he is reported to have said at West Calder that "in 1842 the agricultural income of England was £42,000,000, and that in 1876 it was £52,000,000." But this sum includes no earnings, it is simply the rent of land. The agricultural income proper is the sum of the net incomes of all agricultural net produce. Mr. Caird tells us that for the United Kingdom this amounts to about £260,000,000. The complaint of the land-nationalisers is that wages are kept down by the rapid rise in rents in England. Mr. Gladstone's figures have so far the opposite tendency to that which Mr. Rogers ascribes to them. But Mr. Gladstone further said that the agricultural income of France (by which I suppose he meant the assessed rental value) rose from £76,000,000 in 1851 to £106,000,000 in 1864. I should like to offer an explanation of this. We have Lavergne's very careful statistics as to 1847. At that time rents were 25s an acre in England, and 10s an acre in France; that is, for lands of equal natural fertility they were probably in France about a third of what they were in England. The great gold discoveries were made about 1850, and from that time to 1864 there was a vast rise in prices. Meanwhile, the Imperial Government had restored the security which was shaken

<sup>21</sup> See p. 211 *supra*.

in 1848-52; and this, of course, specially enhanced the value of land. But it was a very expensive Government, and according to general report it took every opportunity of screwing up assessments. Lastly, the free trade measures of 1860 had immensely increased the export of wine and the value of French vineyards. Under these circumstances the land system must indeed have been bad if it had prevented the assessed rental value from rising rapidly. Probably the value of the land in France will go on rising more rapidly than here; for it is still far behind and has therefore more room for improvement, and America is a market for and not a rival to French vineyards. No one doubts that the French peasant works hard and is thrifty, but I believe that with less work the English labourer is generally better fed, clothed, and housed, and that with equal thrift he would soon become richer. I do not contend that the English system is well adapted to the French character. The fact that their wheat crops are less than half as much per acre as ours is chiefly due to the fact that wheat is a large farm crop, and that French large farms are often badly managed.

#### Wallace's Second Letter<sup>22</sup>

My objection to Professor Marshall's estimate of the comparative condition of the agricultural labourer now and in the last century was that he founded it wholly on wages estimated in wheat, and made no allowance for the labourer's different relation to the land then and now. In his letter in your columns on the 20th last, he says that I overestimated the advantages the labourer formerly possessed, but he admits that these advantages did exist to some extent, and it follows that to that extent his estimate was misleading. I have not the extensive knowledge of the subject which Professor Marshall no doubt possesses, but I would ask permission to point out that other good authorities do not hold his opinion on this question. In the report of the Women's and Children's Employment Commission (1868), paragraph 251, it is stated that:—"Previous to 1775 the agricultural labourer was in a most prosperous condition. His wages gave him a great command over the necessaries of life; his rent was lower, his wearing apparel cheaper, his shoes cheaper, his living cheaper, than formerly; and he had on the commons and wastes liberty of cutting furze for fuel, with the chance of getting a little land, and, in time, a small farm." Mr. Brodrick, too, in his "English Land and English Landlords," speaking of those few benevolent landlords who let their labourers have plots of land of from two and a-half to three and a-half acres, with their cottages, at an ordinary farm rent, the results of which are eminently beneficial, adds: "This practice, after all, is but the revival of a custom once almost universal among the peasantry of

<sup>22</sup> Western Daily Press, Mar. 23, 1883, at 3.

England, and it is found to be fraught with manifold advantages. The most obvious of these is an abundant supply of milk for the farm labourer's children, who in many districts grow up without tasting the natural diet of childhood." Mr. Brodrick also agrees with me in my main contention, for in reference to this very question of wages as estimated by Malthus and Arthur Young in the last century he remarks: "But the value of a labourer's wages is not to be measured by the price of bread alone." I think, therefore, that my objections to Professor Marshall's estimate of the comparative condition of the labourer at different periods by wheat-wages alone are fully justified.

As to the second point, I will remark that, in the part of Asia I am personally acquainted with, at all events, wages, though low in money are really, in relation to purchasing power and habits of life, very much higher than in Europe, since they furnish the labourer with all the necessaries and many of the luxuries of existence in return for a very easy day's work; and from what I have read of other parts of Asia, I believe this statement will very generally apply. Interest, therefore, may be higher without being higher in proportion to wages.

#### Marshall's Second Letter<sup>23</sup>

Mr. Wallace does not understand my position with regard to wages a hundred years ago. In my lecture I admitted that a peck of wheat would purchase more animal food and more of a few other things a hundred years ago than now; and I admitted that he still retained some fragments of privileges which he has lost. But I contended that a peck of wheat will now buy many things of great importance for the physical, mental and moral well-being of the labourer and his family, which it would have cost him very many pecks of wheat to purchase a hundred years ago. I concluded that his real income has risen in at least as great a ratio as his wages measured in wheat have. Mr. Wallace has looked at only one side of the shield, and even in this he has pointed out nothing that I had not taken account of. The quotations he gives do not appear to traverse my statements. It is not necessary for me to enquire into how narrow a sense the term peasantry is to be interpreted in Mr. Brodrick's statement that it was once an almost universal custom among the peasantry to rent two or three acres of ground. The custom had disappeared a hundred years ago as completely as it has now.

There is no reason, in our present land system, to prevent its being revived now. Mr. Wallace cannot desire its revival more heartily than I do.

Again, he mistakes my point with regard to wages in Asia. It is true that while the English labourer has not enough clothes, the South Sea Islander has as many as he wants, because he wants scarcely any. No doubt those

<sup>23</sup> *Western Daily Press*, Mar. 24, 1883, at 5.

who desire a mere animal existence can have it for very little labour in a tropical climate where labour is sparse. But the economists whom Mr. George assails use the term real wages to mean the amount of food, clothing, house-room, and other necessaries, comforts and luxuries of life which the money wages will purchase. Using it in this sense, I am not contradicted by Mr. Wallace when I assert that wages in India and China are lower than in England, while interest, allowing for risk, is higher.

## APPENDIX

## MR. HENRY GEORGE AT OXFORD, DISORDERLY MEETING\*

Mr. Henry George lectured on Friday evening at the Clarendon Hotel, on "Progress and Poverty." F. York Powell, Esq., Christ Church, presided, and there was a very large attendance, the building being crowded sometime before the hour at which the lecture was announced to commence. The audience consisted chiefly of members of the University. . . . The lecture was fairly listened to, but subsequently, when questions were put, the meeting assumed a very disorderly character, and was brought to rather an abrupt conclusion about a quarter to eleven o'clock.

MR. HENRY GEORGE, who was received with applause and a little hissing, said he was sorry that the hall was so small—(a Voice in a crowded part of the room, "So am I")—nevertheless, he was glad to appear before such a bright looking and intelligent audience. (Hear, hear.) The men he saw present were the very men he would like to talk to; they were to be the men of power in the future, and they were the men who, taking all things together, seemed to have about the best places in England. If any audience in England had reason to be satisfied with things as they were, it was such an audience as he saw that evening. (A Voice, "So we are.") He was glad they were. (Hear, hear.) He wanted to talk to them that evening about those who were not. (Hear, hear.) Of all the cities he had ever seen, this city of theirs seemed to him to be the flower and crown of their civilization. (Hear, hear.) They had there everything to make men satisfied with things as they were; a beautiful country, libraries, institutions that could be offered for the physical or intellectual man; but let them look over this England of theirs, and how many people were there who could occupy such a position. ("Oh, oh," and uproar.) When they got quiet he would talk. (Hear, hear.) If people with human nature were utterly selfish, he would feel that he was wasting his time in talking to them, but that he did not believe. He believed there was in every man something greater than mere regard for his own comfort, than the mere selfish wish to enjoy himself; it was to the strongest as it was to the highest motive that he would like to appeal. He was told that it took an average of about £250 a year to main-

\* Reprinted from Jackson's Oxford Journal, Saturday, March 15, 1884. The Chairman's introductory remarks are omitted.



tain one of them at the University. (Cries of "Oh" and "No.") How many men were there in England who, by hard straining work, can make that much in a year? The great mass of the people of this country were condemned to a life of hard straining toil for a bare living. What the majority of those present might enjoy the mass of the people could never hope to gain. It was for them he would ask them to do something, not for themselves. (Hear, hear.) All over this country of theirs—the richest country in the civilized world—there were families crowded into a single room, there were that evening women prowling the streets like beasts in order to get bread to take home to their children; there were little children growing up not merely without moral or intellectual conditions that would give them a full and healthy development, but without anything to eat, stunted, and deteriorated, even in body. He was in one of their great libraries the previous day, and he saw there an illuminated manuscript, the picture being the massacre of the children by Herod; very quietly and without any expression at all on his face a man was cutting the throat of a little child, and people stood by and looked on with the utmost complacency. Did they know that there were that night in England very many children whom it would be a kindness to put out of the world in that way? Children who were growing up under conditions in which nothing but a miracle could keep them pure, children that were growing up under conditions which doomed them inevitably to the penitentiary or the brothel. But it was said that things were getting better, and Mr. Giffen, an eminent statistician, wrote a pamphlet in which he marshalled figures to prove that the condition of the working classes was improving. (Hear, hear.) Mr. Gladstone—(loud cheers and slight hissing)—wrote a letter in which he stated that was the best answer that could be made to Mr. George. (Hear, hear, and a Voice, "By George.") Well if that was the best answer he did not know what the worst could be. It was a very easy thing to prove anything whatever upon statistics. ("No, no.") Yes it was; let them give him the figures, and he would prove almost anything. Let them look at the facts which they read in their daily papers; hardly a day passed without they read some tale of destitution, some tale of degradation that would appeal to a savage. All over this country human beings were living as among no tribe of savages, in any normal time, had human beings lived. The condition of the masses improving! What could they have been before when without this improvement men and women actually died of starvation. Professor Wallace had made an answer to that statement, in which he showed that as a matter of fact and by figures, pauperism was actually increasing in this country. ("No, no.") Yes, yes. ("No, no.") They might go anywhere almost through this country and see with their own eyes human beings who had gained nothing whatever by the advance of civilization. Go up into the north and see the cotters; there they would see people were working as their fathers thousands of years ago worked, cultivating the ground with the same rude instruments, digging with a wooden spade, threshing with a flail; there they were living on poorer and poorer than their fathers had been, crowded down and driven off good land on to poor land. Their crops had been diminishing, and they could not keep their cattle; the women were used as beasts of burden to do work that horses ought to do. If they went into their great cities they would see



men and women living in dens in which no decent man would keep a dog. Then look at the mode of advertising; they made a man turn himself into a placard; the cheapest thing that there was to-day in this rich England of theirs was human labour. Talk to him about improvement; improvement that they had to look at with a microscope in order to see. And if they took his country (America), they could see clearly and plainly all the advances they had been making in this century were only partial in their benefits; that while they elevated one class and gave them more, there was another class they crowded down. In their newer cities as material progress went on there came the tramp and the pauper. In the early conditions there were none rich and none very poor; but as material progress went on, as their cities moved forward in the ways of progress, then came the almshouse and the penitentiary. Say what they might about improvement, here was the fact that there was to-day all over the civilized world suffering and degradation that called on every man with a heart in him to do his best to remedy it. (Applause.) He neither did his duty to himself, or to his God, or his neighbour, who simply shrugged his shoulder and let this thing go on without some attempt at least to improve it. (Hear, hear.) What could be worse than the doctrine virtually preached in their Churches that these things existed by virtue of the dispensation of God. ("Oh, oh.") Was God a botch? (A Voice: "Dry up.") If any man had a world to make, would he make one in which three-fourths of the people were condemned to a hard struggle to merely live, in which one-fourth were crowded down to the verge of starvation, and in which the few could develop their faculties and enjoy the pleasures of life? He thought virtually that they had some responsibility for this. He thought there were but few men who, looking round them and seeing the misery and vice and degradation that existed, could rest content without doing something; their charitable societies, with the enormous sums that were spent in efforts to alleviate the condition of the poor proved that. (Hear, hear.) But what was accomplished? A man might have the wealth of a Rothschild, and go through this country and spend it all, and leave hardly a trace behind him; something more was needed than charity, and that something was justice—(applause)—and that was the highest call that could be made to any man. Why, if they were passing through a desert, and saw a starving woman, they would stop and share with her; if one of the great Atlantic steamers flying across the ocean were to pass a vessel on which there were some shipwrecked mariners struggling for life, it would be counted shame, disgrace, and a crime if they did not stop and hazard property and life in the attempt to make a rescue. (Applause.) Yet in these cities of ours, in the very heart and centre of civilization, they passed day by day men and women and little children who were struggling for life just as truly as they would be under these conditions. And they passed them by doing nothing save here and there to dole alms. Something more was the duty of every one of them; it was the first and the highest duty that they should address themselves to this question, that they should ask what was the cause, and having found the cause should allow nothing to stand in their way in order to secure a cure. (Applause.) Now what was the cause of this? If they were to find a great piece of machinery working ill in all its parts, the first thing they would do would be to go right down to the first wheel

that gave motion to all the rest, and so let them go at once to this, what is the primary relation of man to the soil? Man is a land animal. His very existence depended on land; all that he called wealth came from land; his very body was drawn from the soil. Now given these facts, and having the soil on which and from which men must live monopolised by a few of their number, what could they have else than poverty among the rest? (Hear, hear.) Whichever way they examined they would come to that conclusion. Prove deduction by induction? Commence at the other end, and ask why it is that wages are so low? Trace it up, and they would come to the fact that men could not employ themselves upon the natural source and opportunity of employment without having to pay a large portion of the produce of their labour for permission. He should only take a little while out of their time by the lecture, because he understood that some questions were to be asked him; and there was one satisfaction in talking to an audience of that kind, he did not have to talk at length, but simply to drop a hint here and there. Now, if this was the cause—and he believed the more they examined the more clearly they would see it was the cause—how could it be relieved? They could not relieve it by half-way measures; they must go to the root. As it was by land and from land all men must live, therefore, to give a firm and true base to the social edifice, they must give to every man that which was rightfully his, the produce of his labour; they must secure the equal rights of land. Now, how could that be done? It could be done by cutting the land in equal pieces and giving every man his share; that would be an utter impossibility—(hear, hear)—and if equality could for a moment be secured in that way, it would not continue. People would sell or give away shares of their land; the change of population would change the value of land, and they could only make such a division to have inequality come again. But if they could not divide land they could divide the revenue that came from land, and that was all that was necessary to secure equality. How this should be done was a matter of detail. (Hear, hear, and laughter.) He believed the easy way—at least the easy way to begin with—was to go back to the old plan, and impose the weight of taxation on the value of land. (Hear, hear.) In the United States, although their system of taxation was, in some respects, worse than ours, in others it was better, so that system would enable him to explain what he meant. Their local taxes were by the assessment on the value of all property; once every year all property was assessed, or supposed to be assessed. The value of land was assessed separately, then the value of the buildings and other things. What he proposed was simply that they should levy their taxes on the value of land, and exempt all buildings and improvements. The tax on the value of land—as they all knew, who knew anything at all about political economy—was certainly the best of taxes, inasmuch as it was a tax which could be collected with less expense, with less danger of corruption; it was a tax which bore less upon production, which, in fact, did not bear on production at all—(oh, oh)—which, in fact, was a tax that stimulated production, for one of the reasons that kept production back was the holding of land by people who did not want to use it, those who prevented others from using it until they could get a very high price for it. This was what he advocated, this was what he believed in, and he made his remarks short, as he understood questions were to be asked him, and he would reply to them. (Applause.)

MR. MARSHALL (Balliol College) said, as members of the University, they prided themselves on not shutting their ears to any doctrine. They were most delighted to hear a man like Mr. George, and were prepared to give him a hearty reception. (Hear, hear.) At the same time what they gave to him they claimed themselves—liberty to speak straight. What was it that separated Mr. George in his desire to promote the wellbeing of the poor from Lord Shaftesbury, Miss Octavia Hill, John Stuart Mill, and Mr. Toynbee? (A Voice, "Lord Salisbury.") Mr. George said, "If you want to get rich, take land," and he was far from saying if they wanted to get well off they should work well and be thrifty; that was hardly noticed in his book. Mr. George had not attempted to prove his proofs. (Hear, hear.) He has stated that the only way to remedy poverty was to divide up land, and he had not given a shred or fraction of a proof of it. (Hear, hear.) He would tell Mr. George what had gone on lately. It happened to be his (Mr. Marshall's) duty to lecture on political economy, and he had challenged repeatedly, over and over again, any person to show him one single economic doctrine in Mr. George's book which was new and true. But no one had come forward. (Hear, hear.) He might say he thought Mr. George in his books had not in any single case really understood the author whom he had undertaken to criticise. But he did not find fault with him for getting wrong on economic subjects without the special training that was required for understanding them. In doing that he was in very good company indeed—(laughter)—a great many others had done it, and with them the world, as a rule, had no quarrel. It was because Mr. George proposed, as a person who wished to do so much good to the working classes, and had given them just that advice which, if acted upon, would prevent them from rising from their low condition—(hear, hear)—that they could not accept him as cordially as they should had he confined himself to addressing them—the well-to-do class. He thought some fancied that the opposition to Mr. George arose partly from the belief that he was inspiring the well-to-do class. He did not share that feeling one atom; the more the case was investigated the clearer it became that land and other kinds of property were intimately bound up together. What they blamed Mr. George for was this, that he had used the magnificent talents he had, that singular and almost unexampled power of catching the ear of the people, and he had used this power to instill poison into their minds. (Hear, hear, "no, no," and uproar.) He had not gathered from any of Mr. George's speeches that he had the smallest notion of the responsibility that he undertook when he said many of the things that he did. (Applause.)

MR. GEORGE said he was perfectly willing to answer any questions, but he submitted that Mr. Marshall was piling them a little too thick. Mr. Marshall said he had already refuted his (Mr. George's) doctrines. (Hear, hear, and "no, no.") Well, he was a good deal like their English General, he did not know when he was beaten, and he thought there were a great many other people in the same position. (Laughter and applause.) He was willing to answer the questions one at a time; his head was small and his mind was tired, and he could not remember so many questions when they were put together.

MR. MARSHALL said he should like to ask Mr. George why in his book "Progress and Poverty" there was only one chapter on thrift, and in that chapter he showed

only working men how they could not benefit their position by thrift and industry. (Hear, hear.)

MR. GEORGE said he submitted that he was not there that evening to answer questions on "Progress and Poverty." ("Oh, oh.") It was a good while since he had the pleasure of reading that book—(laughter)—and his memory might be a little rusty about it. As to why he only gave one chapter or a part of one to thrift, and a number of chapters to something else, he did not think it was worth while answering. But he would tell the gentleman if he wanted to know why thrift would not improve the condition of the working classes. Let one man save and he would get ahead of his fellows, but let the whole class save, let them reduce the expenses of living, and by an inevitable law so long as land is private property wages must fall proportionately. (Hear, hear.) If the working classes of England were to-day to agree to live on rice like a Chinaman, how long would it be before wages would come down to a rice-eating level? They stood merely on the verge of starvation, and the only thing that kept wages above a certain point was that below that point men, with the habits of Englishmen, could not live. The reason was simply this, when the man who owned the land could command all that came out of the land, he saved enough to introduce labour to produce that wealth. Take it that they, all of them there that evening, were on an island and he owned the land, and the men were fools enough to acknowledge his right. (A Voice: "There's no chance of that.") They would only live on his wishes. ("No, no.") Yes he would be as truly their master as if he had bought their bodies or their souls. They would have to come and beg for the opportunity of work, and he could give it only on his terms, and the only limit of his terms would be just what the men could live on. Then suppose they voluntarily reduced their scale of living he could simply increase the price of his rent. ("Oh, oh.") And supposing that improvements were made, that labour saving machinery or labour saving discovery went to a point that he could do without their labour, he would simply have no use at all for them, and if he was charitable he might keep some of them in an almshouse or emigrate them. Man was by nature an expensive animal. ("Oh, oh.") He was an animal that could make a microscope and reveal living things in the water; that could make a telescope and bring far off stars near; who could weigh and measure the sun, and yet he was just to keep himself above starvation. The thing was not to consume less, but what they had to do was to make more. (Applause.) How few there were that had profited by all the advance of civilization; instead of human labour being the cheapest thing in the world it ought to be the dearest, because on human labour guided by a human intellect all the powers of nature wait. (Applause.)

MR. MARSHALL said he did not mean to contrast thrift with mere energetic work; he meant both. (Applause.)

MR. GEORGE—I did not hear anything about energetic work. (Applause and uproar.)

THE CHAIRMAN said they were wasting time by making so much noise. Let the gentlemen on each side have a fair hearing.

MR. GEORGE said let them keep quiet. Mr. Marshall had now coupled energetic work with thrift. The human muscle was one of the tiniest of forces; it was by his brain that man produced. What was the consequence of the present state of affairs? They turned men with brains and intellects into mere machines. Give every man an

equal chance to develop his mental as well as his bodily powers, and they would have more than enough for all—nature was no niggard—they might then have not merely all the necessities of life, but all the luxuries, and all that they wanted to secure that was justice. (Applause.)

MR. MARSHALL said admitting that if the island was owned by one person he would have everybody in his power, but he wanted to take them to an island owned by thousands, not acting in combination. They had a rent of which Mr. George spoke, but it did not amount to much more than a shilling in the pound; he believed that landlords had not been able to take away more than that.

MR. GEORGE said the gentleman raised too many issues in the same breath. ("Oh, oh.") He should like to talk about the shilling in the pound by-and-bye. Mr. Marshall admitted what he said would be right if the island belonged to one man, but he denied that it would be the case if it was the property of many. He contended that it would be very nearly the same. (A Voice: "Prove it.") He would prove it. Let one man own the soil on which and from which another man lived and he was that man's master. Let him own the soil on which the people must live, and he was their god on earth. ("Oh, oh," and uproar.) Let a class own it, and that class ruled the people who ruled the men of England. Who were the men to whom they applied the same title that they applied to the Deity, your Lord? (Great uproar, and cries of "Shame.") It was not the title that gave the power; it was the ownership of land that gave the title. There were on this island to-day men who trembled in the presence of their landlords almost as slaves. (Cries of "Question.") As Adam Smith said a hundred years ago—(A Voice: "Oh, the question.")—he was answering the question. ("No, no.") Fair play was a jewel. (Hear, hear, and "Go on.") He had sat there and listened to their exponent, and he simply wanted to be heard on the other side. (Hear, hear, and "No, no.") If the majority of them want to howl he would bow to their will and sit down while they howled. As Adam Smith said a hundred years ago they were almost under a tacit combination, and so they were. ("No, no.") If they wanted a correct instance he would give it them in this island. ("A Voice: "Let us have it.") He said he did not want to say anything personal, but if they wanted it they could have it. ("Hear, hear.") In Scotland, then, he knew when a farmer offended a landlord he could not get another farm, and a man was turned out of his farm for voting for Mr. Gladstone. (Cries of "Shame" and "Name.") The gentleman's name was Hope, and the landlord's name was the Duke of Buccleuch. (Great uproar.)

An Undergraduate rose in the body of the room and said he wished to call attention to the fact that ladies were present, which many there seemed completely to have forgotten. (Hear, hear.)

THE CHAIRMAN said he had appealed once for order, and he hoped he should not have to do so again. There were many people there who wanted to hear both sides, and he hoped they would be more silent.

MR. GEORGE said the landlords could hold out for the highest price for the land and they could wait; the man who must eat could not wait, and the man who could not wait must give way in the bargain to the man who could. (Applause.)

MR. MARSHALL said he had only to ask the question over again. He wanted Mr. George to prove in an island owned by many, who were not acting in combination

but in competition, it would be possible for the landlord to screw the people down to the verge of subsistence.

MR. GEORGE said he had only to appeal to facts. It was the competition for the land in Ireland which forced up the rent. The English farmer was intermediary; his true place was that of capitalist. The man who cultivated the soil was the labourer, and how much did he get above the mere living? It was utterly impossible for him, by a life of the hardest toil, to save enough to keep him in his declining days. (A Voice: "Quite true.") On this island to-day there were men who were paying for the privilege of living on the land, paying more than by any human possibility they could get out of it.

MR. MARSHALL said there was a great doubt as to the wages of the agricultural labourer. There was, no doubt, a rise in 1870. Could Mr. George show them the proof that the people of England were in the power of the landlords. The landlords could only get as much as competition allowed them, and he maintained that was 1s. in the pound.

MR. GEORGE said he did not say that one landlord was the same as many. He admitted there was a difference. He understood the point was whether wages could be forced down to starvation point if there were many landlords instead of few. That was a different thing, and he told them that wages were so to-day. There was no use going to a theoretical island, here was the island. ("No, no.") What was the use of men talking like that; they could go out into the cities and country, and hire men for almost anything.

MR. MARSHALL said he submitted that Mr. George had not answered his question.

MR. GEORGE said Mr. Marshall ended as he began, in mere assertion.

MR. MARSHALL said he would leave it to the audience.

An Undergraduate said Mr. George had stated that the agricultural labourer only received wages on which he could just live. He had had 25 years experience in agricultural districts, and he could give that statement the lie. He knew in Staffordshire in time of harvest, and through most of the year, a thoroughly competent labourer got as much as 20s. a week or more. There was no comparison between the cost of living in town and in the country. He knew the case of a man who, on 13s. and 14s. a week, brought up a wife and twelve children respectably, and lived to a green old age—(loud laughter)—and he died with £200 in the bank; that was thrift. (Cries of "Question," "Name," and "Order.")

MR. GEORGE said the man referred to ought to be placed in a glass case. A man had brought up twelve children on 14s. a week! He should like to ask the gentleman how much it costs to keep an average pauper in the workhouse?

THE REV. A. H. JOHNSTONE said he should be very obliged to Mr. George if, instead of continuing to insist on the fact that there was great destitution in this country—which all of them knew and deeply deplored, he would address himself to the question as to whether really the cause of it was the monopoly of the land by a few. He wanted a simple answer to this problem without any sentiment whatever. If the land was nationalised, and there was an overwhelming population, would not the competition for wages ensue, and wages be reduced to starvation point?



MR. GEORGE said in a natural state of things they would never have an overwhelming population. It is not that kind of world.

MR. JOHNSTONE said he wished to state as Mr. Marshall had done, that Mr. George had not answered his question. He asked him not for sentiment, but to address himself to a theoretical problem, and he would not do it. (Uproar.)

MR. GEORGE—Will the gentleman please state his theoretical problem; and in case his memory should fail him, will he put it on paper? (Great uproar.)

MR. JOHNSTONE—I will do what the Chairman suggests. (A Voice, "Sit down.") My problem is given in the land nationalised, and an overwhelming population, would not a competition for wages at once commence, and would not wages fall nearly to starvation point?

MR. GEORGE—Get a pint pot and pour into it a gallon, and what would happen? If ifs and ands were pots and pans. That is an insult to the intelligence of this audience. (Uproar.)

MR. ROBINSON (New College) said he understood that Mr. George proposed to sweep away the whole of the taxation of this country and to have a magnificent surplus by which all sorts of good objects might be promoted. The taxation of the country at the present time, including Imperial and local, amounted to about one hundred millions per annum. Further, the economic and ground rent of this country, which Mr. George proposed to apply, according to the very best estimate they could get was but sixty millions per annum. He wanted Mr. George to tell them how these two figures were to be squared?

MR. GEORGE said let them suppose he had been too sanguine; the principle was the same. They would also gain economy of administration. They would not have to keep a cordon of custom officers round their shores, and very many other expenses might be saved.

MR. HUGH HALL said he did not know whether Mr. George was a believer in the Ten Commandments or not. ("Oh, oh.") He wanted to know how it could possibly be fair or reasonable to take away property from a man who had acquired it by the sweat of his brow, and invested it in land, and give it to the nation. Take the case of a father of a family who by his labour had saved a few hundreds or thousands, and he bought one son a farm and another a shop. He understood that Mr. George would take away the property from one son and leave the other in possession. He maintained that was a breach of the Commandment.

MR. GEORGE said he believed in the eighth Commandment, "Thou shalt not steal"; it was attested by every fact of nature, and the indictment that he brought against the present state of things was that it ignored that Commandment. To-day all over the civilized world the men who laboured were robbed. If there was to be any compensation it ought to be to the people who had been disinherited. (Uproar.) Did the fact that robbery had gone on with impunity in the past give a man the right to continue it in the future; not a bit of it. (Hear, hear, and uproar.)

From this point the meeting was of the most disorderly character.

MR. CONYBEARE (University) described this nostrum to confiscate the land as scandalously immoral. (Hear, hear, and "No, no.")

MR. GEORGE—Are you a member of the University? (Uproar.)

MR. CONYBEARE—Yes.

MR. GEORGE—Then I take back all I have said of them after such insulting terms. (Great uproar.)

MR. CONYBEARE—I said this proposal was, as I believed, scandalously immoral.

MR. GEORGE—You stigmatized it as a nostrum.

MR. CONYBEARE—I should like to ask Mr. George if he likes people to be sincere with him?

MR. GEORGE—I do, but I like people to be gentlemen with me if they can. (Uproar.)

MR. CONYBEARE—I consider, Sir, I have been so with you. (Great uproar, which lasted several minutes.)

An Undergraduate said he thought Mr. George should withdraw his imputations on Mr. Conybeare.

THE CHAIRMAN—I do not think Mr. George wished to make any imputation on Mr. Conybeare.

MR. GEORGE—No, I will not withdraw anything. Mr. Conybeare says it was gentlemanly. All I have to say is that he was raised in one school and I in another.

MR. LODGE proposed that the meeting decline any longer to listen to Mr. George. (Hear, hear, and “No, no.”)

THE CHAIRMAN said he thought it would be extremely regrettable if a meeting like this broke up on a question of mere personal conflict. He was sorry it had arisen, but he thought it was over.

MR. CONYBEARE said he was the best of friends with Mr. George. He did not mean any harm in what he said, and he thought he was justified in using the word “immoral” with regard to the scheme. He did not mean to signify that Mr. George was an immoral character. He was simply frank in what he said.

MR. GEORGE—One can be frank and not rude.

MR. CONYBEARE said he was not criticising any men but ideas. He wished to know if Mr. George wished to take the land without compensation?

MR. GEORGE said he proposed to take it away without a bit of compensation. He did not propose to take away from the landlords anything that belonged to them, but he proposed to give them their equal share.

Several other questions were put amidst great noise.

MR. GEORGE said this was a University town, and it was the most disorderly meeting he had ever addressed. He would not answer any more questions.

MR. MARSHALL proposed a vote of thanks to Mr. George.

The proposal was received with cheers for Mr. Marshall.

MR. GEORGE said he undertook to thank them for the cheers which had been given for Mr. Marshall, and he moved a vote of thanks to the Chairman, who had presided with great dignity over a most disorderly meeting.

MR. FAULKNER seconded the proposal.

MR. ABBEY protested against the behaviour of the Undergraduates to Mr. George.

The meeting then broke up with groans for “Land Nationalisation” and “Land Robbery.”