

PART I.
THE DISTRIBUTION OF PROPERTY.

CHAPTER I.

ENGLISH RETROSPECT.—THE TENDENCY TOWARD
CONCENTRATION.

THERE has been a strong tendency toward the concentration of wealth. This tendency, however, has had nothing of the nature of natural law. There is no more evidence of an “iron law of wages,” keeping the laborers down to an “existence minimum,” than there is of a pampering providence reducing the wages of capital and increasing the wages of labor, no matter what the endeavor of capitalists or the listlessness of laborers. The distribution of wealth is under the direct control of laws for which the national conscience is responsible; and the distribution of wealth has become better or worse precisely as the national conscience has been directed to, or directed from, the laws controlling it.¹

National
Conscience
not Natural
Law in
Control.

¹ Mill is hardly overstating the case when he declares (Bk. II., chap. i., sec. 1) that the distribution of wealth is “a matter of human institution solely.”

In every age conflicting forces are at work. That those making for a greater inequality of fortunes have, on the whole, been dominant is accepted by the general public because it conforms with the common observation respecting the present, and the common sense that the inequalities were less "when Adam delved and Eve span." Nevertheless, this generalization has been vehemently assailed ever since the question of the distribution of wealth began to weigh upon the public conscience. Conservative statesmen, and even statisticians, have stoutly maintained that the tendency of modern times has been toward greater industrial equality as well as greater political equality. The briefest possible examination of this question, though it lies beyond the field of the present investigation, forms the natural introduction to it.

The course of history respecting the distribution of wealth has been marked by its unevenness. In the country whose history is really our own, the development of the later Middle Ages was distinctly toward equality of property. The dominant aristocracy of birth — to its own injury as well as that of this nation — did not accumulate capital; and even its overlordship of the soil, down to the very end of the Middle Ages, was productive of astonishingly small rents. Competitive rents were not introduced

Conflicting
Forces
Always at
Work.

The Later
Middle Ages.

until the seventeenth century.¹ During the sixteenth, when the inflow of the precious metals more than trebled the price of wheat, raising it to the modern level, rents remained relatively stationary, to the great enrichment of the middle classes, and the comparative embarrassment of the nobility.²

Even the law of primogeniture, which during modern times has worked so powerfully for the concentration of wealth, was during the Middle Ages comparatively ineffective. Primogeni-
ture. The striking feature of mediæval economy was the comparatively small value of real estate. As Garnier observes, "The intrinsic value of the flocks and herds exceeded that of the pastures which contained them almost as much as the value of banker's bullion exceeds that of the strong room which holds it."³ As the custom of primogeniture seldom extended to personalty, it did not seriously stand in the way of the wider distribution of wealth. Even as regards realty,

¹ Thorold Rogers's *History of Rent in England*, *Contemporary Review*, April, 1880.

² It is worthy of note, however, that landless laborers also were injured at this period; partly because the widespread conversion of farms into sheep pastures threw laborers out of employment, but chiefly because the Acts of Parliament repressing wages, especially the statute of Elizabeth allowing justices to fix the rates, kept wages from rising as rapidly as prices. See Scrutton's "Commons and Common Fields," pp. 97-100, and Prothero's "Pioneers and Progress of English Farming," p. 26.

³ "History of the English Landed Interest," p. 154.

it did not effectually bar the way to a wider distribution of ownership; for the oldest son could still alienate the fee-simple to creditors, or sell it to purchasers. The number of landowners seems to have increased until the middle of the seventeenth century. Not until after the Restoration was the land of England effectually placed under the dead hand of family settlements.¹

In a similar way, taxation in England during the latter part of the Middle Ages was rarely oppressive. Not only was it light, but it was direct; and direct taxation always conforms in some measure to the public sense of justice, since the whole public sees how each class is taxed. England successfully resisted the excises by which public revenues were raised upon the Continent, until the Parliament of the Restoration, relieving the landlords of their ancient dues to the crown, transferred the burden to the shoulders of the relatively poor.

**Medieval
Taxation.**

For the distinctively modern era on which we now enter we possess at the very beginning a reliable estimate of the amount and the distribution of English wealth. Gregory King's table of the comparative incomes of the various classes in 1688²

**England
in 1688.**

¹ Brodrick's "English Land and English Landlords," pp. 42 and 43.

² See Appendix I.

proves indisputably that England at the close of the Middle Ages was pre-eminently a nation of small proprietors. As Prothero remarks¹ concerning it, "whatever allowance is made for errors, the contrast is startling enough" between the England in which "three-fifths of the agriculturists enjoyed proprietary interests in the soil," and the England of to-day, in which four-fifths of the agriculturists are hired laborers. This contrast is heightened when King's table is compared with the returns in the New Domesday Book of 1875.² King placed the total rent of agricultural land at £10,000,000, yet estimated the aggregate income of fifteen hundred lords, baronets, and knights at less than one-fifth of that sum. In our day Arthur Arnold estimates that four-fifths of the United Kingdom belongs to a smaller proportion of the population.³

These startling changes in the distribution of the ownership of agricultural land in England have been chiefly the work of the eighteenth century, or, more exactly, of the reign of George III. This reign (1760–1820) covers the one period in English history of which it is strictly true that the poor grew poorer and the rich grew richer. During

The Reign
of
George III.

¹ "The Pioneers and Progress of English Farming," p. 158.

² See Appendix II.

³ Arthur Arnold, "Free Land," p. 7.

the earlier part of the eighteenth century the condition of the working-classes seems to have improved.¹ It was a time of peace, and the interest on capital fell as low as three per cent.² Taxation was still light, the public debt was practically nil, and the passage of acts enclosing commons was hardly well under way. With the outbreak of the Seven Years' War in 1756, however, taxation and the public debt became simultaneously a source of impoverishment to the rank and file of the people, and a source of enrichment to the large landowners and the capitalists.

At the same time Parliament began the wholesale enactment of bills for the enclosure of commons. Had this legislation been framed in the spirit of humanity, it would have enriched all classes, for the land brought under private ownership yielded far more produce than ever before. The total amount enclosed from 1710 to 1843 was over 7,000,000 acres, or nearly one-third the present cultivated area of England and Wales.³ The increase in national wealth would have been enormous had the increase been made national. There were, indeed, a few parishes in which the poor were allotted sufficient land to pasture their

¹ Lecky, "England in the Eighteenth Century," vol. i., p. 610.
² Leroy-Beaulieu, "Essai sur la Répartition des Richesses," p. 248.

³ Brodrick, p. 55.

cows; but in general only the interests of the freeholders and copyholders who could prove their legal rights received any consideration. The great mass of agricultural laborers lost their proprietary interests in the soil, and were reduced to mere wage-earners.

The further reduction of a considerable portion of the wage-earners to the rank of paupers was largely the work of the Napoleonic wars. At the middle of the eighteenth ^{War Taxes.} century the annual cost of poor relief had been £690,000. At the close of the wars it had risen to ten times that sum. This appalling tax, paid by the occupiers of houses and lands, was nearly equal to two months' rent.¹ Upon the independent working-classes it was a well-nigh intolerable burden. It was, however, light compared with the burden of national taxation. The extent to which indirect taxes, resting chiefly upon the poorer classes, were developed seems almost incredible. During the civil wars of the preceding century, public sentiment had refused to tolerate a salt tax of fourpence a bushel. During the Napoleonic wars Pitt raised the salt tax to fifteen shillings a bushel,² but the public made no outcry against it. Taxes like this on salt, which took the

¹ Blunden's "Local Taxation and Finance," Appendix I.

² Three thousand per cent ad valorem on the natural price of salt. (Dowell, "History of Taxation and Taxes in England," vol. iv., p. 4.)

same amount from the poorest families as from the richest, were by no means the most oppressive now levied. The protective taxes on corn, which plundered the rank and file of the people, enriched the landlords. This class desired the war to continue as a matter of personal profit.¹ When it ended they made the tax system worse by repealing the income tax, whose burden fell on themselves, and by exacting new tariffs to keep the price of wheat at war figures. When we realize that the class best able to bear taxation was enriched by the war, we are in a position to understand what its burdens were to the middle and working classes. In 1815 national taxation reached £68,000,000 for Great Britain alone.² Excluding the income tax and the succession tax, which rested almost exclusively on the rich, there remained £51,000,000, or an average burden of \$100 a year for every family at a time when the total yearly earnings of the great majority of English families were less than \$300.³ Arnold Toynbee did not greatly exaggerate when he wrote that during this period, and

¹ George Eliot's country squire in "Silas Marner" expressed a popular sentiment among the landed gentry when he ridiculed the demands for peace, and declared that if peace came "the country would not have a leg to stand on."

² Dowell, "History of Taxation and Taxes in England," vol. ii., p. 249.

³ Leone Levi "On Taxation," p. 24. For lower estimates of earnings during the war, see Thorold Rogers's "Work and Wages," pp. 487 and 488.

even down to 1834, "one-half of the laborers' wages went in taxes."¹

These crushing burdens upon the working-classes were, of course, comparatively little felt by the farmers and small freeholders. During the war these classes were prosperous. War Debts.

The issue of paper money by England and France enormously reduced the demand for gold and silver. The value of both fell nearly one-half;² in other words, prices measured in gold nearly doubled. Agricultural products whose supply could not be materially increased rose much more rapidly than commodities in general. Farmers were intoxicated by their sudden prosperity, which was almost as marked as during the rise of prices in the Elizabethan era. When leases fell in, renting farmers consented to double rents, and continued to prosper even then. Freeholders changed their scale of living. Many of them mortgaged their estates to buy more land, to improve their property, to make extravagant provision for their children. All this continued until the process of resuming specie payments was inaugurated. When this was completed the value of specie had risen, and prices had fallen to their old level. In the case of agricultural products the attempt was made

¹ Arnold Toynbee, "The Industrial Revolution," p. 125.

² See Jevons's Essay in the *Journal Statistical Society of London*, 1865. The exact fall in the value of gold from 1789 to 1809 was 46 per cent.

to prevent the fall by means of exorbitant tariffs. But the supply of such products could not be materially reduced by the stoppage of production. Despite the tariffs, therefore, their prices fell almost as rapidly as they had risen. Farmers, unable to meet their doubled rents, were thrown into insolvency; and freeholders who had mortgaged their estates were forced to give them up. The landlord and lending classes alone did not suffer. "Everywhere," says Prothero, "large landed properties were built upon the ruin of small freeholders."¹

But private debtors were not the principal losers, nor private creditors the principal gainers, by the fall of prices which came with the return of specie payments. During the war the national debt was increased more than three thousand million dollars. This new debt — contracted during the period of inflation — was not even then paid for pound for pound. The war, like all wars, had created not a demand for labor, but a demand for capital. The government's demands for money nearly doubled the current rate of interest. Pitt, at the advice of the loan contractors, instead of issuing bonds bearing the current rate of interest, to be refunded at lower rates when the war was over and capital again seeking investment, continued to issue three per cents, selling them at an

¹ "English Farming," p. 84.

average discount of one-third. The result was that the nation from the beginning paid nearly five per cent interest on what it borrowed, and in the end paid an additional fifty per cent on the principal. The public debt, increased in this way to £860,000,000, represented an average burden of one thousand dollars for every family. Here was an estate created equal in value to the land of Great Britain.¹ To its possessors it was worth as much, but to the nation at large it was worth nil, and to the working-classes it was a mortgage upon future wages.

This ends the record of disastrous measures by which the wealth of England, so widely distributed in the days of Elizabeth and the Commonwealth, became concentrated

The Era
of
Reforms.

in the hands of the new aristocracy. With the passage of the Reform Bill in 1832 a democratic spirit began to influence English legislation; and if old laws working for the concentration of wealth have not been greatly altered, at least no new law has been enacted working seriously for evil. Since that date the great body of the people have again shared in the increasing wealth of the nation. The reform of the Poor Laws in 1834 put an end to the growth of

¹ Beeke's estimates for Great Britain, 1800, — £720,000,000; Lowe's estimate for Great Britain and Ireland in 1822, — £1,200,000,000. (Giffen's "Growth of Capital," pp. 95-105.)

pauperism;¹ the repeal of the corn laws, beginning in 1842, put an end to the taxation of the working-classes for the enrichment of the landowners. The restoration of the income tax in the same year made the richer classes again feel something of the burden of imperial taxation; while factory Acts have added to the physical strength of the working-classes, and educational Acts have increased their intellectual capacity to better their condition. So great is the change in the spirit of legislation, and so considerable have been the advances of the working-classes, that conservative statisticians have seriously questioned whether the last fifty years have not witnessed in England a greater increase in the property and incomes of the poor than in the property and incomes of the rich. On this point common observation is not entirely to be trusted, for the public conscience to-day is shocked by inequalities to which it was indifferent half a century ago. We must therefore examine the conservative argument, not to determine whether other reforms are needed, but to ascertain whether the resultant of present laws, good and bad, is already toward lessened inequalities of wealth.

¹ The number of paupers at this period cannot be stated; but the expenditure for poor relief in England and Wales for 1833 was almost exactly the same as in 1891, when the population had doubled. (Expenditure, 1833, — £8,600,000; 1891, — £8,643,000; population, 1833, — 14,500,000; 1891, — 29,000,000. Edward Porritt, "The Englishman at Home," p. 37.)

Upon this question Mr. Giffen, in his inaugural address as president of the Statistical Society in 1883, has made incomparably the strongest statement of the conservative position.¹ Only that part of his argument which deals with the distribution of property can be discussed in this chapter. It deals only, it must first be observed, with the distribution of personal property. The comprehensive evidence submitted is a comparison between the distribution of estates admitted to probate in 1838, as described in Porter's "Progress of the Nation," and the distribution of such estates to-day. Mr. Giffen contends that during the era of savings-banks the number of estates less than one thousand pounds has increased more than the number of larger estates. This, however, is a point that was never questioned. Quite apart from the beneficent influence of the savings-banks in extending the ownership of registered property among the working-classes, the period has been one in which small property owners

Argument
that Inequal-
ties are
Lessening.

¹ The evidence submitted by Mr. Giffen will be found in Appendix III. Mr. Goschen's inaugural address before the same society in 1887 follows similar lines, and is made less strong, I think, by the argument that the remarkable increase in the rentals paid by the middle and working classes indicates a relative bettering of their condition. Mr. Giffen more sensibly confines himself to urging that the increased rents paid by the working-classes do not indicate new hardships in their position.

have largely transferred their savings from the unregistered stock of farms and shops to the registered stock of corporations. Respecting the estates larger than one thousand pounds, no one has ever contended that the number of medium holdings had greatly increased. The question at issue has always been the relative holdings of the rich, and no one is anywhere considered rich who cannot live comfortably without labor. Respecting this question, Mr. Giffen's classification merely conceals the truth.

The facts which Mr. Giffen at first could not, and at last did not, state, are the facts that tell the situation. Printed at some length, the comparative tables for 1838 and the present time run as follows:—

ESTATES IN 1838. ¹		
	NUMBER.	AMOUNT.
Between £20 and £100	3,945	£ 214,660
Between £100 and £1,000	14,391	5,330,000
Between £1,000 and £10,000	6,006	18,284,000
Between £10,000 and £100,000	984	23,253,000
Above £100,000	39	7,912,000
	<u>25,365</u>	<u>£54,993,660</u>

ESTATES IN 1891 ¹		
	NUMBER.	AMOUNT.
Below £100, and not taxed	18,063	£ 1,060,000
Between £100 and £1,000	34,213	11,579,000
Between £1,000 and £10,000	12,203	39,957,000
Between £10,000 and £100,000	2,598	70,471,000
Above £100,000	170	43,328,000
	<u>67,247</u>	<u>£166,395,000</u>

¹ Porter's "Progress of the Nation," pp. 609, *et seq.*

In other words, the exceptionally great increase in the number of estates under £1,000 was entirely in the savings-bank depositor class, and the increase here was in part due to the fact that in 1838 estates under £20 were not recorded. In 1838 the eighteen thousand estates less than £1,000 held 10 per cent of the personal property admitted to probate, while in 1891 the fifty-two thousand estates of this character held less than 8 per cent. On the other hand, the smallest increase in the number of estates above £1,000 was in the class of medium holdings. In 1838 the estates with more than £10,000 held 57 per cent of the wealth, while in 1891 the estates of this character held 67 per cent. If we consider the comparative gains of the very rich, the contrast is still more striking. In 1838 the personal estates worth over £100,000 aggregated but one and a half times as much wealth as the estates less than £1,000; in 1891 they aggregated three and a half times as much. Common observation has not exaggerated the relative gains of the richer classes.

These figures, it must be recalled, relate only to personal property, where the law and customs of primogeniture do not seriously impede the division of estates. They therefore reveal only the brighter part of the history. The number of owners of real estate has been artificially kept

from increasing with the increase of the population. New buildings have been erected by new owners, but the ownership of the land remains in as few hands as it did half a century ago. Indeed, the ablest authority upon this subject maintains that the number of landowners is still diminishing.¹

No one, I think, has attempted to indicate that the ownership of real estate in England is becoming more widely distributed, but others beside Mr. Giffen have made this claim respecting the ownership of personalty. Mr. Goschen, when Chancellor of the Exchequer, made it in his inaugural address as president of the Statistical Society in 1887; and Mr. Porter, the author of the "Progress of the Nation," made it before the same society as far back as 1851. Mr. Goschen prudently gave no statistics except for the number of estates large and small; but Mr. Porter discussed aggregate values, and seemed at the time to have made a conclusive argument. He showed that in 1848 the aggregate value of the great estates, — those over £30,000, — was relatively less than in 1833. At the present time, however, his evidence has become an incontrovertible argument against his contention. In 1833 the estates over £30,000 aggregated but 28 per cent of those taxed, while

¹ Hon. George C. Brodrick, "English Land and English Landlords," chapter iii. (Published by the Cobden Club.)

half a century later (1883) estates over £50,000 aggregated 38 per cent.

Having thus stated in its broader outlines the course of English history respecting the distribution of property, there remains to be added a summary of the present situation. It is with some diffidence that the writer constructs a table presenting this, for he has learned to distrust the statistical work of those not personally familiar with the conditions discussed. Nevertheless, it is only as regards real estate that complete official data are wanting; and England, unlike most countries,¹ possesses much less reality than personalty.²

The Present
Distribution
of Personal
Property in
England.

The distribution of personal estates admitted to probate in 1891 has already been presented. (See page 16.) The only question is, What multiple shall we take to find the total number of families having estates of each description? Upon this point American official statistics are more instructive than any published in England. The investigation of farm and home ownership in this country, so ably conducted by Mr. George K. Holmes, has brought out the fact that the annual

¹ See A. de Foville's essay on *The Wealth of France and other Countries*, *Journal Statistical Society*, December, 1893.

² English investments abroad are worth nearly half as much as the real estate of the United Kingdom. Mr. Giffen in 1886 estimated England's income from foreign investments at \$425,000,000. Giffen, "Growth of Capital," Appendix I.

death rate among the owners of real estate is approximately 1 in 36.¹ The French official inquiry into the same subject showed the same death rate. In order to find the number of personal property owners in Great Britain and Ireland, we may therefore multiply by 36 the number of estates admitted to probate in 1891. The following table results: —

Personal Property Owners.	
(United Kingdom, 1891.)	
	PERSONS OWNING.
Below £1,000	1,882,296
£1,000 to £10,000	439,308
£10,000 and over	<u>99,648</u>
	2,421,252

But, as Mr. Giffen has pointed out, after reaching a conclusion even less optimistic respecting the number of persons holding personal estates, these records exclude the owners of realty. Regarding the latter the English official statistics are extremely inadequate. The only table of scientific value that can be constructed from them relates to areas and not values. In a condensed form it runs as follows: —

	NO. OWNERS.	ACRES OWNED.
100 Acres and over	42,515	28,840,000
100 Acres to 10 Acres	98,497	3,542,000
Below 10 Acres	825,272	630,000

¹ See Mr. Holmes's article in the *Quarterly* of the American Statistical Society, and Extra Census Bulletin No. 98. In Massachusetts, where homes greatly outnumber farms, the death rate is somewhat greater, inasmuch as homes are peculiarly the property of elderly people.

The fact, however, that about forty thousand owners hold over five-sixths of the area does not prove that they hold over five-sixths of the value. Their holdings are chiefly agricultural, and the rentals returned simply prove that these owners hold about five-sixths of the agricultural property and one-sixth of the urban. The most valuable urban estates are nearly always less than one hundred acres, and often less than ten acres, or even one acre. The assumption of certain anti-reform writers, that these smaller estates are the estates of the relatively poor, is indescribably bad. It is probable that the forty thousand richest landowners in England own as large a proportion of the value of English realty as the forty thousand greatest landowners own of its area. This, however, cannot be demonstrated. Had we only English statistics to judge from, it would be difficult to construct a table presenting the aggregate holdings of both realty and personalty in the hands of the different classes of society. Fortunately, however, we know from the probate court records for New York City (as well as from common observation), that the number of estates containing realty, but not personalty, is much less than one-tenth the number of personal estates. An addition of one-tenth to the number of personal property owners to find the total number

The
Distribution
of all
Property in
England.

of property owners, is, therefore, a maximum addition.¹ We also know that the average value of estates between £1,000 and £10,000 cannot exceed £4,000, and that the average value of estates between £1,000 and nothing cannot exceed £400.² The table, therefore, for the property owners of the United Kingdom would divide the aggregate private wealth³ approximately as follows:—

Distribution of Private Property.

(United Kingdom, 1891.)

	PERSONS OWNING.	AMOUNT OWNED.
Below £1,000	2,000,000	£ 800,000,000
£1,000 to £10,000	500,000	2,000,000,000
£10,000 and over	125,000	7,900,000,000
	<u>2,625,000</u>	<u>£10,700,000,000</u>

The number of property-owning families would be about one-third less than the number of property owners.⁴ There remain, therefore, nearly six

¹ Very frequently, however, a person owning less than £10,000 in personalty alone, owns more than £10,000 in personalty and realty combined. The number of the richest class is thus disproportionately increased.

² See New York records, p. 56, and Maryland and Massachusetts records in Appendices IX. and X.

³ The aggregate amount of private property in the United Kingdom, whether ascertained by Mr. Giffen's method from the income tax returns, or by M. de Foville's method from the probate records, is approximately £10,700,000,000. See Giffen's "Growth of Capital," p. 11, and A. de Foville's essay on "The Wealth of France and Other Countries," *Journal Royal Statistical Society*, 1893, p. 602.

⁴ In New York and Massachusetts more than one-third of the estates probated belong to women. In relatively few cases do they belong to families in which the other members are propertyless.

million families, or more than three-fourths of the people of Great Britain and Ireland, without any registered property whatever. They have, indeed, their household goods, but the total value of these can hardly exceed £100,000,000. If we sum up, therefore, the results of our inquiry, we find that less than two per cent of the families of the United Kingdom hold about three times as much private property as all the remainder, and that ninety-three per cent of the people hold less than eight per cent of the accumulated wealth.