

THE SINGLE TAX REVIEW

A Record of the Progress of Single Tax and Tax Reform
Throughout the World.

FRENCH CAPITAL AND ITS PROPER FUNCTION.

By **ERNEST MANSUY**, (Bookkeeper).

“Our fundamental error consists in treating land as private property.”—Henry George.

Translated for the SINGLE TAX REVIEW by F. W. Garrison.

This very unique and novel method of presenting the Single Tax will furnish a genuine relief to the perhaps somewhat jaded reader of the ordinary conventional economic argument. Our readers will recall how Bastiat treated the question of Protection or Free Trade. In a somewhat similar fashion this brilliant Frenchman treats our issue. M. Mansuy is to be congratulated.—Editor SINGLE TAX REVIEW.

FRENCH CAPITAL AND ITS PROPER FUNCTION.

There is a fundamental principle of sociology which is well known to bookkeepers although politicians are profoundly ignorant of it. This principle, which it is absolutely necessary to take into account in the formation and organization of all normal associations, may be thus stated:

An association or company of whatever sort cannot exist without capital; that is to say, without a common fund producing an income sufficient not only to defray all expenses of the company, but to yield in addition a profit to the shareholders.

In other words: Capital is the essential element in every sort of company, and its function is to yield a profit.

The nation, regarded as a company, makes no exception to this rule, (which admits of no exception), and if we examine the nation of which we form a part, we shall see that France possesses a large capital and that, thanks to this capital, she constantly realizes important profits. It follows that, if this company were administered normally, instead of the French people paying to the State all sorts of unjust and vexatious taxes, they would receive dividends periodically from the State.

Unfortunately, owing to a fundamental error, it appears that on the one hand the profits realized by the nation are monopolized by a very small number of shareholders, instead of being distributed equally among all the French people; and on the other hand that the managers, instead of de-

fraying the social expenses from the social fund, extort in a thousand strange ways from the personal wealth of the shareholders the sums needed for the administration of the community.

This abnormal and immoral state of affairs results from the fact that our nation, in common with all others, was founded by robber chiefs who looked upon the land as a spoil to be divided among them, and regarded the men living upon it as beasts to be exploited. Consequently they organized the public administration as a huge enterprise of extortion and robbery without any concern for right and justice. This brigandage, which was frankly brutal and sanguinary in the time of the Merovingians, was gradually modified as time went on, but the veneer of civilization with which it has been covered has not changed its nature; brutality has been replaced by hypocrisy, violent and unrestrained pillage has given way to organized and recorded theft, but whatever the differences of form, it remains essentially theft and pillage.

M. Thiers, an authority on this subject, says in his treatise on property:

"The indirect tax appeared soon afterwards in the form of tolls. Merchants with their goods had to use a certain gate, bridge or pass: they were made to pay a duty, which is in origin a sort of ransom exacted by brigandage. They came to sell their merchandise at certain frequented markets and the lord of the place made them pay a fee of admission. After a while these taxes were in some degree civilized; they grew milder in form and in substance became less onerous and more widely diffused."

Whatever M. Thiers may say, the relaxation and distribution change but the form of brigandage which, in essence, remains organized theft. Moreover, I contend that the organized, refined and protected theft of modern politicians is more dangerous and demoralizing than the openly brutal robbery of Frankish warriors and barons of the middle ages.

From another point of view the robbery established by the present system of taxes is profoundly demoralizing because, in a general way, it is operated by respectable people, while smugglers and frauds are not as a rule the elect of society. Now, it is always bad for public morals when the respectable people are wrong and the rascals even partially in the right. When an old soldier, who has served his country with honor and devotion, becomes a customs officer or policeman it is sad and disconcerting for this good fellow, for whom we have the greatest sympathy, to have to represent at times violence and plunder before malefactors who, in these instances, represent undoubted right and august liberty.

What can produce such an immoral anomaly? This anomaly, this unconscious immorality, or, to apply an expression now widely used, this unmoral condition arises because the politicians, as I have already observed, are ignorant of the first principle of sociology. Not knowing that France possesses capital which produces an income more than sufficient to meet all the expenses of society, they believe themselves justified in ransoming the people and robbing travelers in order to procure the necessary resources.

If you speak to them of the capital of France they will no doubt admit its existence, but their ideas on this subject will be vague and incoherent. Some will tell you that the capital of France is merely that which is called also the public domain and is composed simply of roads of communication, forests, rivers, lakes, ponds, monuments and works of all kinds which the French people enjoy in common or which are devoted to the public service; others will tell you that the capital of France comprises the whole nation, including what belongs to the individual as well as what belongs to the State. Neither one is right, and moreover, if they admit vaguely the existence of a national capital, which they are incapable of defining, neither has the least idea of the importance of this notion or knows the consequences that ought to flow from it.

Moreover, when those who govern, that is to say when the managers of the nation-wide company render their accounts, these accounts do not at all resemble those which are periodically presented to all regular companies; they are incoherent masses of doubtful figures presented without method and from which it is impossible to discover the assets and liabilities of the company, the sum of the profits realized and the manner in which these profits ought to be employed or distributed.

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In every normal company the accounts which the managers furnish periodically are composed of two synoptic tables, the balance-sheet and the summary of profit and loss. Everybody knows the significance of these words Profit and Loss; for that matter, the budget which the managers of our national company present to us, showing on one side the receipts and on the other the estimated expenditures for the ensuing year, pretends to determine the profit and loss that should be realized. We may admit that the managers of the French nation present annually in advance, and well enough, one of the tables mentioned, the summary of national profit and loss.

But we have never been shown the *balance-sheet* of France. Now the balance-sheet is of fundamental importance to every company because it reveals the *raison d'être* of the company, that is to say, what it has received from the shareholders and what has become of these shares. The company has received their capital from the shareholders, and the managers who represent the company should render an account of this capital and its products, products which take, according to circumstances, the name of income, interest, profit, etc.

The capital is the most important element of the balance-sheet, or, more exactly, the balance-sheet is in fact simply a statement of the manner in which the capital is formed.

The balance-sheet is composed of two parts which are usually shown in relation to each other. On the left, under the name of assets, are enumerated first all the values in the possession of the company, and thereafter all that it expects to receive. On the right, under the name of liabilities, are given first the *capital* which the association owes to the shareholders, and thereafter

the different amounts it may owe to other persons. The total assets are naturally equal to the total liabilities. So that in the end the balance-sheet of a company can always be condensed into four parts, two for the assets and two for the liabilities, as follows:

BALANCE SHEET OF SUCH A DATE.

ASSETS.		LIABILITIES.	
Actual values	\$1,200,000	Capital	\$1,000,000
Bills receivable	400,000	Bills payable	600,000
	\$1,600,000		\$1,600,000

The *raison d'être* of the imaginary company whose balance-sheet I have given above, is the capital of a million owed to the shareholders by the company, (represented by a manager). The company did not exist until the capital was furnished by the shareholders, and as soon as the capital disappears the company will cease to exist because (it cannot be repeated too often), the capital is the *raison d'être* of the company.

No company can be formed without capital, and without the capital account at the head of all other accounts no true bookkeeping is possible. Let us suppose, for example, that owing to inefficient administration or unfortunate circumstances, the assets remaining the same, the debts of the company in question increased beyond the figure 1,600,000 francs of assets; an administrator would immediately be appointed, who would no longer be a manager representing the shareholders, but a receiver representing the creditors, who thenceforward would have the sole right to act. The company formed by the leaders of the enterprise would no longer exist; it would be replaced by an involuntary company composed solely of creditors.

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The function of the nation's capital is thus a fundamental question of social science, and ought to be decided first; but not only is this question left unsolved, it is not even asked. Not only are the governors of France ignorant of the function of the capital of France, but apparently they do not even realize its existence since it never figures in their accounts.

And if we study the political world, if we examine the actions and theories of the men in power, and the aspirants to power, we at once realize that the question of right and justice which we are considering cannot find solution in that unwholesome atmosphere. Our governors show much alertness and spirit in increasing their appointments and expanding their powers indefinitely, but they scarcely trouble themselves with the rights of citizens who could restrict both of these activities.

We must go outside the world of politics into the world of civil, commercial and financial business to find not only just ideas on the nature of companies, but the logical application of these ideas as well, and the solution of the principles which govern them.

It is true that the national company is different from a civil or industrial company, but the differences concern only the application of principles and not the principles themselves, which are necessarily the same. By examining an ordinary company we shall see that the rules which govern its establishment and actions apply also to the national company, as they do to any other group of interests.

The nation is admittedly much more complicated than other companies, but analysis permits us to examine the different parts separately. We can thus establish first of all that the national domain presents two aspects; on the one hand is the material and economic domain epitomised in the word *land*, and composed of the national territory, and on the other hand is the moral and intellectual domain epitomised also in a single word, *language*, and composed of the knowledge accumulated in the national mind.

There would be much to say regarding the administration of the moral and intellectual domain of our country, but as it does not concern the present discussion we shall ignore this part of the question and elucidate only the material and economic problem, which from its nature first meets our observation. With this aim in view we shall consider how companies are formed and organized in the business world where ideas are not obscured by political Machiavelianism and the prejudices and superstitions rooted in our minds and habits by centuries of oppression. We may then apply to the nation the sound principles we shall have established.

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Companies may be divided into two principal kinds, voluntary and involuntary companies. Voluntary companies are those whose existence and organization are determined by the will of the shareholders. Involuntary companies are those which spring into being through special circumstances and independently of the will of those who take part in them. Whatever the nature of the companies capital is their fundamental element, but in voluntary companies this capital is subscribed by the shareholders, while in involuntary companies it is, on the contrary, the capital which pre-exists and forms the company.

Let us suppose the formation of a voluntary company under conditions of ideal simplicity: four persons wish to join in founding a simple industrial or financial enterprise. For the sake of clearness let us suppose that it concerns the purchase of an apartment house valued at a million francs, the income to be shared. The first thing that these four persons have to do is to subscribe the capital of their company. Supposing always the simplest conditions, let us say that the shares shall be equal and that each of the shareholders shall contribute the same amount. These four shares of 250,000 francs each will form the capital of one million francs necessary for the purchase of the property, and immediately after the formation of the money capital it will be transformed into real estate capital by the purchase of the house in question.

Now let us inquire into the function of this capital, of this real estate

worth a million, in the company we are examining. This function evidently consists in furnishing an income to the shareholders. They will have, I suppose, a manager, perhaps the managing director, who will receive the rents, pay the costs of maintenance, repairs, etc., and distribute the remainder to the shareholders periodically in equal parts, since their interests are equal; and if the company is in regular operation, as long as it lasts they will receive the income on their capital and at its expiration, after liquidation, the capital itself.

The striking feature of this situation is that once the capital is contributed, in other words, as soon as the company is formed, the shareholders have nothing more to furnish, they have only to receive, and common sense indicates that it would be the same in all companies. The natural rule is for the shareholders to supply the needed capital and in return the company distributes among them the earnings of the capital under the name of interest, rent, profits, dividends, etc.,. A company whose capital fails to produce a return for the shareholders is an anomaly which cannot last; a company in which the shareholders supply the income after having contributed the capital, is an absurdity. The national company presents this absurdity in its most glaring form.

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Now let us examine an involuntary company composed of the same elements as the voluntary company we have just described:

A proprietor dies, leaving an apartment house worth a million francs. There are four equal heirs, say his four sons; according to the legal maxim: "*Le mort saisit le vif.*" (The heir at law succeeds). At the moment of their father's death the four sons become the joint owners of his house, and they thus find themselves associated without any volition on their own part.

We thus have an involuntary company composed of the same elements as the voluntary company which we first examined. I need not explain that these elements are purposely simplified to an extent not likely to occur in practice; thus, for instance, I do not mention the personal property which a millionaire would possess and I pass over such accessories as the costs of succession, but it is evident that if I wished to take account of these details I should greatly complicate the reasoning without modifying the conclusions.

The two companies which we are examining are thus alike in many respects; they are both composed of four members owning in common equal shares of a capital of a million francs in the form of an apartment house which we may assume to be managed in the same way and producing the same revenue.

But these two companies differ in this respect: in the voluntary company the capital has been subscribed by the shareholders, while in the involuntary company, on the contrary, it is the capital which pre-existed and founded the company. In the voluntary company the shareholders have brought together the capital, while in the involuntary company the capital has brought together the shareholders.

An important consequence hinges upon this difference. In the involuntary company the function of the capital is determined by the nature of things much more strictly than in the voluntary company, where its function is dependent upon the will of the shareholders.

In the voluntary company the shareholders can agree that a certain percentage of the income shall not be distributed, but shall be held in reserve for the acquisition of other real estate, or given to charity, or disposed of in any other way; they can decide that a unanimous vote is not necessary for changes in the mutual agreement, a simple majority ruling in certain cases.

In the involuntary company these sentimental or voluntary deviations are not admissible. The duties of the company in respect to the shareholders are strictly determined by the nature of things, and beyond this not even a majority of the shareholders can make any change. The representative of the involuntary company, by whatever name he is called, in different circumstances, manager, receiver, executor, etc., has duties which are clearly defined and cannot be modified. These duties consist in administering the capital in the best interest of those concerned and distributing to the shareholders the whole of the income, or the principal itself, in proportion to their shares, nor can any moral, philosophic, esthetic or sentimental consideration free him from this duty or change its nature.

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Coming now to the national company, we can declare at once that it is in all respects like the company of heirs described above.

The nation is obviously an involuntary company, since we form a part of it without our consent having been asked. Moreover, it comes by inheritance; the present generation received this patrimony from the preceding one which, in turn, received it from its predecessors. We all know what constitutes this heritage, this capital, the basis of association, the bond which holds us all together and in defence of which we shed our blood at need. The *raison d'être* of the nation is the national soil.

This soil has been occupied for centuries by our forefathers. They have given it its value, directly by draining it and adapting it to agriculture, and indirectly by making it the support for their habitations and cities and the theatre of their activities.

The land belongs to the French people and constitutes their capital, that is to say the fund which they own in common, and whose managing directors or governors, are trustees and ought to render an accounting. This fund ought to furnish the necessary resources for all social expenses and in addition provide a profit to be shared by the French people.

We are far from realizing this state of affairs. By an aberration peculiar to the national company the managers and shareholders seem to agree that those who furnish the capital ought also to pay the interest on it, that the managers of the common domain do not owe its proprietors the revenues that are drawn from it. On the contrary, they assume that the proprietors owe the managers subsidies, the amount and assessment of which are, moreover,

determined in accordance with a thousand complicated, unjust, wasteful and imbecile methods by the managers themselves, whose control over the private property and even the persons of the citizens thus grows without limit.

In order to realize the absurdity of this situation we must turn again to the example of the normal company regarding which our ideas will not be obscured by time-honored prejudices. We will agree, then, that the company of heirs of which we have spoken, being indefinitely prolonged, either from the impossibility of securing a buyer, or for any other reason, finds itself in a normal situation, that is to say in a position to earn the dividends that should flow from invested capital.

Now let us suppose that the manager of this company calls together the four shareholders, owners of this inheritance, of this apartment house, and demands from them subsidies to pay the costs of administration and maintenance, the wages of the janitor, the floor polisher, etc. Is it not clear that the owners would exclaim and make it understood that before demanding money from them the manager should render them an account of the rents he ought to have received, that the total of these rents ought to be well in excess of the costs, and that, consequently, he ought to divide the profits among them instead of asking them for funds?

But in what state of exasperation might we expect to find the shareholders if the manager of their house, not content with failing to collect their rents, had the audacity, while demanding subsidies from them, arbitrarily to determine the contribution of each in accordance with his private fortune, or rather in accordance with the idea which the manager would have the impertinence to form regarding this fortune which he does not know and which does not concern him?

This is precisely the extravagant situation in which we find ourselves in regard to the managers of the national company. These managers, instead of collecting in our name from those who owe it the interest on the capital which we have confided to them, and using it first to pay the expenses of the company and then distributing among us the surplus which represents the profit due to us; these managers, I say, do not suspect the existence of this our capital, and are blind to the fact that it produces interest which belongs to us by the same title as the principal and is pocketed by people to whom it does not belong. And strong in this ignorance and carelessness which is the dominant note in the political temperament, abusing the power which we place in their hands, they turn and tax us arbitrarily, making us pay with our private wealth the expenses which rest on the community.

It should be understood, moreover, that to have an appearance of logic this tax ought to be equal for all, since we all have equal rights and duties in the company. But this equality cannot be inquired into without revealing the stupidity of the principle, seeing that there is no necessary relation between our common domain, over which we all have equal rights, and our personal fortunes which differ for all of us.

Putting aside all logic and justice, our managers believe themselves

obliged to tax us according to what they suppose to be the amount of our individual fortune, and as their suppositions have no serious foundation, they do not hesitate to adopt the most diverse and incoherent systems; sometimes they imagine more or less dubious signs of wealth which they take at random for the basis of their exactions, sometimes they resort to the methods of highwaymen and exact ransom from travellers and merchants by national and local tariffs which they have the audacity to offer as destined to rectify the natural conditions of commerce and industry. At other times they invent senseless monopolies, and at still others they pretend, by means of taxes on alcohol, tobacco, etc., to restrain our temptations; some of them at this very moment are busy over taxes to induce bachelors to marry and married men to have children! Finally these managers, instead of performing their duty and administering the common estate of the company, presume in a thousand different ways to make chaos of our personal affairs with a coolness and impertinence that ought to revolt us, but that we find quite natural because, in the midst of the inextricable tangle created by all these stupid complications, it is impossible for us to return to the simplest principles of morality and law, and find a rule of natural equity to guide us. On all governmental questions the use of common sense seems to be abrogated as completely in the mind of the governed as in that of the governors.

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I am ready to admit that beyond the innumerable artificial complications created by politics there are in the national company natural complications which do not exist in the example that I have chosen for comparison. But these complications are more apparent than real, and we have only to introduce them into the example, (a simple matter), whereupon the comparison becomes altogether conclusive and leads to the same results that we have drawn from the first simplified example, chosen in order to follow the precept which bids us proceed from the simple to the complex in any demonstration it is desired to make clear.

Thus it might be said: There are in the national company many things which do not exist in the company with which you have compared it and which forbid comparison. The four heirs are simply owners and, therefore, their rights are as simple as they are evident, while the French people are not only owners of the French soil, but are also dwellers upon it, and all of us, whoever we are, have some sort of habitation for our special use occupying a part of the national land. (Vagabonds without house or home form but a slight and negligible exception). We shall, therefore, all have at the same time to pay and to receive, a situation less simple than appeared in the illustration. Moreover, the State not only supplies us with the land, it gives us many other things for which we ought to be taxed if your principle is accepted of having citizens pay directly for the advantages which they receive directly from the community. According to your system only those who use land would pay, but is it not just to make those pay also who use that part of the public territory which remains common ground, such as roads, bridges and

highways? Ought these not be built and repaired at the cost of those whom they serve? And what connection is there between the necessary cost of maintaining a magistracy, an army, etc., and the rent of land? Is it not just that those who have the largest fortunes to protect against marauders should pay more towards the cost of this protection? Society promises Frenchmen protection against theft, murder, etc.; is it not just that if insurance against personal violence requires an equal premium from all persons, insurance against theft should require different premiums calculated in accordance with individual fortunes?

All these distinctions, however plausible they may seem, are deceptive and impracticable. The nation is not and cannot be an insurance company. All social expenses are connected directly or indirectly with the land used individually by citizens, and ought to be paid by the rent arising solely from this land. In a well managed nation the fortunes of its citizens ought to be protected from inquisition for two principal reasons: in the first place because this inquisition cannot be disassociated from methods that are burdensome, vexatious and demoralizing, and in the second place because it cannot fail to result in grave errors which produce revolting injustice. On the other hand, traffic ought to be absolutely free because its good effects can be secured only in this way, and because no means exist of determining who are the citizens who profit by each road and in what proportion they profit. For example, if, as formerly, each person who crossed a bridge were made to pay a sou it might happen that the erection of the bridge would make the fortune of a neighboring innkeeper who never has to pay a sou, while a ferryman who had been obliged to change his occupation, would often have to pay towards the construction which had ruined him. But, for that matter, questions of this kind arise in ordinary companies and are always decided in the way I describe. To prove it I need simply refer to the example given, adding to it special complications analogous to those we have found in the national company.

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The real estate that we shall use for an example will be much more important, its administration more complex, the shareholders will be more numerous and will be at the same time owners and tenants. It is not a common type of company, none such exists, but it is not impossible and that is all that is necessary as a basis from which to reason without being influenced by preconceived ideas.

We will suppose then, the existence of a large piece of real estate comprising a whole block of houses and containing a thousand apartments, lodgings and rooms, all rented. The proprietor dies after having bequeathed this property in equal parts to the thousand tenants. The real estate is estimated at ten millions, it yields 600,000 francs and costs 100,000 francs in annual expenses, taxes, administration, etc. Liquidation being impossible for some reason, the incumbent owners hold the property intact and decide to continue operating it under existing conditions. The admin-

istration and staff are composed of a manager, an architect, a board of supervisors of three or four shareholders, two or three watchmen, and fifteen janitors. The real estate is composed of fifteen blocks of buildings separated and connected by passages, alleys, courts and yards; in each building are stairways, and lifts leading to every floor.

Although at first sight the allotment to shareholders seems a trifle complicated, examination of its elements soon shows that it is very simple, and that the most elementary common sense will suffice to determine it.

All the shareholders are at once owners and tenants, but this double quality does not present any difficulty. As tenants they ought to pay annually to the company different sums proportioned to the importance of their respective lodgings, sums which, however, are determined in advance; while as joint owners of equal shares they ought all to receive the same income. The total income being 500,000 francs clear, to divide among a thousand shareholders, each one will receive 500 francs a year, and those who occupy the large apartments will pay several thousand francs, while others, who have only a room under the eaves, will pay not more than a hundred francs.

Another complication will be found in our example, as in the national company. Our real estate contains a greater or less extent of roadways which are used in common, but as we are not here influenced by political prejudices, no difficulty arises, the question does not even exist; it is decided in advance by universal custom. No owner has ever sought to make a special charge for the use of the court-yards, entries, stairways, etc., of his property. When you ask the agent who shows you a lodging what the rent is he never adds, after stating the price: "In addition there is so much to pay for the use of the stairs, entries, *porte cochere*, etc." It is always understood that the means of access are so closely bound to possession of the lodging as to be inseparable. And not only are they at the disposition of the tenants, but equally so to strangers who come to visit them, without it ever having entered the head of the landlord to charge one sou for passing through an entry, two sous for having the door opened, or any like contribution.

For the same reasons the State may forego revenue from those parts of the domain which are used in common. These parts, and especially the roadways, are mere accessories to that part which is appropriated by individuals to their personal needs and interests; they exist solely for the individual part which reaps a direct benefit from them and should pay for them in the rent. In principle the common estate ought to be open to all. Free movement therein should not be restricted, unless by rules aimed to facilitate and not to obstruct it.

After the question of free access to common ground comes that of the necessary cost of maintaining order. This expense, like all others, should be included in the total rent of the territory conceded to individuals, and there is no reason for making citizens contribute to it in proportion to their wealth. Moreover, the authorities can only guess at personal property, employing inquisitorial methods which are repugnant to all self-respecting persons.

To demonstrate this question we must, as in every case, free our minds of political prejudices, and, in order to do that, we must return to our example. Here we shall find an element like the one we are discussing and we can examine it without the interference of preconceived ideas.

In the property we have spoken of there are a certain number of janitors, care-takers and watchmen, say twenty persons all told, entrusted with maintaining order and watching over the safety of the buildings and the tenants. Now it would never occur to us to charge the tenant-owners directly for the appointment of these twenty persons, taxing each one in accordance with his personal fortune. Such an absurdity has never been suggested by a landlord and, as before, the question is settled by universal practice. The janitors or functionaries of any sort in charge of the buildings and the safety of the tenants are always paid by the landlord or the manager who represents him.

Of course the landlord is reimbursed for these expenses, but without mentioning them to the tenants; it is always understood that such items are included in the rent which is thereby increased no doubt, but in a proportion which has no relation to the fortunes of the tenants, the source of which is hidden, which the landlord has no means of knowing, and which, in fact, do not concern him.

And whatever the nature of the expense which the landlord is obliged to incur, whether it concerns heating, lighting, building or maintenance of roads, inspection and security of buildings, or the cost of general administration, there is no doubt that the landlord makes the tenants bear it, but always by including it in the price of the lease, and never otherwise.

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From what has been said it is clear that politics instils a powerful element of moral and intellectual confusion. The world of politics is enveloped in an atmosphere which corrupts the reasoning power, destroys the conscience and acts upon the mind in such a way that, under the influence of this demoralizing medium, intelligences which, under certain circumstances, might be brilliant and subtle, are morally weak and corrupt. The influence of these pernicious individuals is generally great in proportion to their destructiveness. He who has caused the greatest miseries is usually applauded the loudest by enthusiastic crowds; when, like Napoleon, he can count the lives he has sacrificed by the hundreds of thousands he is no longer a man, but a god.

We have seen how the principles of Sociology, which in the political world seem to be mysteries accessible only to the superior geniuses among statesmen, are in reality so simple that they are daily explained by common sense and custom in all private concerns. By making the counter proof we shall see what a wild tangle would be produced in an ordinary company whose shareholders permitted the practices adopted by politicians in the administration of nations.

Certainly no politician will ever reason regarding a private company as he does when the nation is concerned. On the contrary, we often see poli-

ticians, at the head of private financial or other companies, conducting them in accordance with natural principles and therefore absolutely at variance with those they apply to politics; but we can admit for a moment the existence of a governor who had only one method of reasoning.

If this statesman is put at the head of the company that we have just taken for an example, in order to live up to his principles he will have to forget that he is concerned with *administering* an estate; he will, on the contrary, be engaged in *governing* a lot of people. He can admit that this aggregation composed of a thousand persons or families owns a certain capital in common, but he will be incapable of saying what the capital consists of; and furthermore he will not attach the slightest importance to this detail. To admit that this capital ought to furnish an income which in turn ought to be collected by him and accounted for to the shareholders, would constitute a direct contradiction of his sociological principles. Nor could he admit it without realizing that it is not he who makes the law, that the right exists independently of him; in a word, that it is not he who governs. And what would happen to him if the shareholding tenants *did not feel themselves to be governed*? One dare not think. If he had only to administer the estate what would be the use of the subtle and complex faculties which distinguish the statesman, and make him a being so different from a sensible man? No, the estate does not interest him, it is the persons he has to govern who must *feel themselves governed*, and thereto the ruler, the representative of God on earth, meddles with their private affairs, their health, the number of their children, their occupations; he determines their hours of work and hours of rest, he must also make them contribute to the maintenance of the buildings and to all the contingent expenses; since they furnish the capital they must pay the interest on it. With that end in view he might invent taxes of different kinds, some based on the assumed fortune of each shareholder, others on things he uses, and the more wild and arbitrary these impositions, the more they will prove the financial genius of the statesman. Thus he might stop the tenants and their visitors at the doors of the establishment, examine the packages that they brought into the house, and levy a duty on certain articles, preferably articles of daily consumption, so that a profit should be realized more frequently; he might establish monopolies, obliging the tenants to buy cigars, salt, matches, playing cards, etc., exclusively from the janitors. The more absurd these taxes, the more varied and burdensome these tariffs, the more will the statesman, omniscient and providential creature, who will have assumed the "heavy burden" of power, give proof of genius, and the more the shareholders will *feel themselves governed*, which is the supreme aim.

(To be continued.)

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