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PERSONAL PROPERTY, DEBT, AND INTEREST.

WHY is it needful at all to discuss this subject? To that question a reader may justly desire a reply; which is not at all superfluous. It shall be given explicitly and as concisely as the case admits.

The received doctrine and existing law concerning private property and its rights, however ancient, however widely spread, however unanimously accepted by economists as axiomatic, yet fails to convince certain minds; fails to arrest the secret growth of theories fundamentally hostile to European commercial morals; theories which eat like a canker in many active intellects, and make the poorer believe that the rich are vampires who suck their blood. The notions, more dangerous because vague, which underlie every form of Socialism and Communism, are fostered less by the ignorance of the self-educated than by the enthusiastic dogmatism of a few consciously philanthropic minds—highly cultured and somewhat eccentric—who justly discern existing evils, and too readily believe that their own philosophy can bring the cure.

As no direct attack on individuals is intended, no one will be quoted; nor is it at all asserted that every objection here combated would be advanced by A or B as just. Yet it may be allowed to remark, that Communists in general, so far from being convinced by the writings of our political economists, seem to be only irritated and inflamed by them. The phenomenon is ascribed by the present writer to an insufficient development of first principles. Economists are so eager to press on towards practical inferences, that they too easily assume that their underlying axioms are accepted universally.

A second reason may be assigned why some minds scornfully rebel against the received foundations of personal property; namely, because the current morality of commercial men struggles hard to obliterate the legal distinctions between moveables and land, as property. The vehement

assertion of Proudhon, "Property is theft," has a terrible element of historical truth, while *property* is understood (as in French) to mean property in land. Hence, when our commercial reasoners pertinaciously assert that we *ought* to assimilate these two, essentially different, forms of property, eager opponents are apt to adopt their doctrine, and involve personal property in the same condemnation—"It is theft."

It will not take many lines, nor (it is hoped) be a severe trial to a reader's patience, if we retrace the bases of private property. Human life would be a scene of perpetual violence in the struggle for food and raiment, unless it were recognised by the moral sense of every community, that the necessaries of life which a man or a family earns by labour are the sacred right of that man and his family. Probably no sane man hesitates to allow private right *so far*. We may add, that if food or clothing has been gained by cultivating a definite piece of land, all the neighbours will regard the cultivator to have a prior right over it with a view to future cultivation: not indeed an absolute right, for there may be special reasons why the community need this piece; but, in that case, if the cultivator be ejected, he must in some way be compensated. The general result is an agreement of opinion, that the right of an individual to the fruit of his labour, and his prior or special right to the land which he cultivates, is sound in moral basis, and earlier than any conventional law: insomuch that law, as soon as it is established, *ought* to acknowledge this right as a pre-existing reality. Other rights law may create; they are then only conventional, however important and venerable through long time: but these primitive rights are no more a creation of law than the right to breathe, to be in health, and to be virtuous.

When food is gained by the capture of wild animals, or by the gathering of wild fruit, obviously the private right becomes doubtful, as soon as the community feels painfully the scarcity of such animals or such fruit. Therefore the complete idea of private right is not finally attained, until human effort visibly causes the food to exist, as in the tending of tame cattle or poultry, and the planting of crops. It suffices here to insist that, after excepting all that is any way exceptionable, every sane disputant will admit that there remains a personal right to *some* forms of property, which right is purely moral, independent of law, and not conventional, though it has, and ought to have, the sanction of law.

But the Communist (or whatever other title ought to be given to the adverse disputant) may now step in, and say, that he does not concede the right of private property *unlimited in mass*. If by diligence and skill in cultivation, or by the accident of soil, a single family have housed enough food to feed three families for the year, why should it be allowed to act the glutton, or to waste food which others may need? Ought not the community to insist that the superfluous food shall be saved for the use of the less skilful or less fortunate, who else might starve? The question certainly deserves a reply.

If, to take the simplest illustration, we imagine the case of Lapland or Greenland, where each family is expected to supply all its own wants, without depending on a market, the reply might be—that no one denies the moral duty of feeding the utterly destitute out of our abundance, and that this duty is always cordially recognized in every such primitive stage of existence. Nevertheless, the community would not be benefited—on the contrary, it would be demoralized—if the doctrine were established that the superfluous food was not to be accepted by the destitute as a kind gift, but might justly be seized by them as a right. Such doctrine would dispense with gratitude on the part of the receiver; but gratitude is an ennobling virtue, and a valuable cement of society. It would also lessen or destroy the blessed pleasure of giving, when gift was absorbed in seizure. The chief pleasure of wealth is not in personal indulgence, but much rather in its beneficent application; and the stimulus to labour beyond the absolute need of one's own family would be lessened, if no right of giving were reserved for him whose energies amass the stores requisite for relieving want. But when we pass into a more advanced phase of human society no question can arise that all the food which is raised must not, and will not, be consumed by the food-raisers, who are only a part of the community. If there were the slightest danger of it, some law would be framed to meet the case; but the perishable nature of food makes it certain that so much of it as can be spared will be quickly and gladly exchanged for other needful, desirable, or more durable articles; and whatever may be the ruling power (for in this stage every human community has some government), it is necessarily concerned to save its citizens from starvation, and to avert from itself their despair. Or we may put a test-case thus. Suppose a small island moderately peopled with none but industrious citizens, who live in close relations with a chief or prince; and that a fleet of canoes is cast on the shore, full of strange men who have exhausted their provisions. The island chief at once foresees the danger of destitution begetting violence; and if he have little pity for foreigners, yet he is urged by prudence to impart food and kindness to them; in which way the evil contingent on their unwelcome arrival is reduced to the least threatening shape. But here again, while the form of the relief given differs little from that of a Poor Law in a country free from chronic pauperism, it cannot be sound morality to deny that the food bestowed on these unfortunates is strictly a *gift*. Common sense and Nature command them to be thankful,—to be grateful,—for their hospitable reception. A moral system is spurious, which would say to them: “These islanders have more food than they need; but *you* need it: therefore you have a right to take it, and owe them no thanks for it.” The heart of mankind spurns such doctrine; and hereby admits that even superfluous food is the proper *right* of those whose energies have raised and stored it. No doubt, generosity is a duty and a noble virtue; but generosity cannot act, if we have not something

that is *our own* to give or to withhold. The doctrine that superfluous necessaries are not private property, annihilates—here as in the former illustration—generosity as well as gratitude, and depraves mankind. Much more therefore must it be admitted and maintained that stores of *other* materials which are not so directly necessary as food may justly become the private right of an individual.

The moment we admit any dispensable articles to be *private property*, we implicitly and logically admit that they may be exchanged for other articles which are the private property of another, unless such exchange entail harm or danger to some third person or party. The community might well object if one of the citizens bargained with a foreigner to import some beast or bird from which damage was feared—as weasels, foxes, kites,—which did not as yet exist in the land; or if he wished to import explosive substances, as gunpowder and dynamite, of which few had experience; or again, if he tried to introduce intoxicating herbs or liquors in many ways dangerous and deadly. But except when the article to be received in exchange threatens mischief to others, the right of private property carries with it the right of exchange and the right of refusal; that is to say, the two who barter are the arbiters as to the terms of exchange. This year a man may give five pounds of wheaten grain for one pound of iron; next year he may get two pounds of iron for the same quantity of wheat. So long as each side acts voluntarily, he *prefers what he accepts to what he gives*: and this fact justifies the bargain on both sides, even when it is far more profitable to the one than to the other; as, when a savage gives dyewood and spices in lavish quantity for a glass mirror and a necklace of beads. It might be more generous in the civilized trader to accept less or to give more; though it is hard to commend him for a freer bestowal of such trinkets, and equally hard to censure him for accepting, in any abundance what is freely offered and will not be missed. But our present question is not whether the exchange is *generous* on either side, but simply in what case it is *just*; and to satisfy justice, it suffices that the things exchanged should be rightful property, and the exchange be strictly voluntary. Of course, if the thing given be noxious, and the person accepting do not know it to be noxious, or indeed do know it, but is a slave to evil appetite—as in the buying of intoxicating drinks—a severe moral censure may then rest upon the seller, but the imputation on him is something else than commercial injustice; it comes rather under the criminal than the civil code of morality. Putting such exceptional cases aside, we obtain the general result, that the law of every community must recognise as legitimate such exchanges of property as are voluntary to the parties exchanging.

A result which might be called contingent, only that it is too uniform of occurrence, is great disparity of wealth in a community which has much mercantile activity. Until elaborate machines are devised—an event which can only happen in a later stage—the differ-

ence between man and man in producing food and useful articles, is not very great; though there must be variety of skill, strength, and industry, besides that some will be impoverished by illness, or vice, or accident. But *intelligence* in carrying goods to the most profitable market presently enriches some far beyond the scale of others, who are either deficient in enterprize, or miscalculate. Thus, except where chieftains become rich by seizing on the wealth of the industrious, the earliest great fortunes are ordinarily the fruit of commerce. Here again the Communist strikes in with his objections, which we desire frankly to meet. He says: *First*, I denounce as fraudulent and detestable the buying cheap to sell dear; and *next*, I condemn large private fortunes as a danger and mischief to the community, and should rejoice to see a limit set by law, not only on the area of land which one man may control, but also on the amount or value of moveables which may be the private property of an individual.

The latter objection does not seem to be absolutely, nor in principle, unsound, however overstrained. No man can claim a natural and absolute right to property unlimited in amount. The right, so called, is conventional; has rather crept into law by inobservance, than been deliberately sanctioned. In any small State, such as were the petty republics of ancient Greece, an over-rich man was often dangerous to the public institutions. Wealth might hire trained soldiers from across the border, who in the course of a single night might surprize the citadel, occupy the Town Hall, and proclaim a Revolution under the despotism of the rich adventurer. Out of such dangers arose the celebrated Law of Athens, called Ostracism; a law which was perverted from its original purpose, but not the less sagaciously designed. When a citizen was judged dangerous to the peaceful and safe existence of the Constitution, he was commanded to betake himself into exile, for no other offence than that he *was* dangerous. In fact, mere wealth did not constitute the sole danger; but it was sure to be joined with manifest ambition and political partizanship. Without large wealth, however, no citizen could be formidable to the State. The elder Cato at Rome is said to have augured the early fall of the Republic, when he heard how large a sum had been given for a fish in the market. He well knew how the Roman institutions would be perverted, when an ambitious man could buy one class of voters by bribes, and drive away another class by hired bullies and Jingoës. In City States, with poor voters, the danger was felt far more acutely than is possible in our vast political communities; yet it is most certain that great wealth often disturbs and depraves us moderns. For wealth has prodigious power to misdirect industry, to secure impunity in breaking the law, and to pervert the free action of voters: nor need we add, that the enormous social and political power which wide property in land confers, obviously vests in the State a right to limit the area which one man shall control. Whenever the legislature sees adequate reason to lay down a limit even for

personal property, there will certainly be no just ground for outcry against such legislation as Communistic. But in fact a modern Parliament so minded would be likely to decline drawing any hard and fast line, where Nature cannot suggest a scientific limit; but would aim to discourage huge fortunes by taxing them on a scale of rapidly-increasing severity, and especially by making the legacy-tax weigh heavily on large bequests. Great experience has made it an axiom in the moneyed world, that very large fortunes *not based upon land* are sure to be broken up in the third generation. If accumulation went on in a second and third generation as rapidly as in the first, it is probable that some prohibitory law would be enacted. Against the celebrated effort of Mr. Thelluson to secure a portentous fortune to a distant successor, by a long delay, during which the interest should go on accumulating, law did interfere, and that effectually.

But when our objector attacks as fraud the buying in a cheap market and selling where the article is dear, it is requisite to oppose him not only as erring fundamentally, but as teaching a spurious morality, which is not only false in fact, but also pernicious in tendency; for it inflames the envy of the poor into a fanaticism which is liable to explode in criminal and deadly violences.

I proceed to establish my assertion that the objector is here fundamentally in error. Excellent economists have so often dwelt on this topic, that it is hard to understand the gross ignorance of their arguments shown by some highly cultured men, except by supposing that these turn away from economists with so indiscriminating disgust, as never to have read what is advanced by them. For the truth is simple enough to reach the conviction of a child, that to buy where goods are cheap and sell where they are dear, *is precisely what the wishes of the philanthropist*, as much as the interest of the merchant, *must dictate*. Suppose Dutch merchants to know that wheat abounds in France but is sorely deficient in England; and that for that reason they purchase wheat in France and sell it in England: they at once do a service to both nations. With the French it is in excess, and they are glad to part with it for the price which they get. The English on the other hand are glad to give the higher price for it. To forbid such commerce *entirely* is intelligible enough, but is too arbitrary and absurd an idea for even a very great fool to blurt. But to pretend to approve of the commerce, and then claim that merchants shall not be remunerated for their expenses and their risk and advances of money and personal trouble, is merely an indirect and less honest way of total prohibition. To impute fraud to the practice of buying at a cheaper price than you sell, implies that an honest merchant ought to sell at the same price as he bought, in other words, that he is to have no remuneration for his labour. Is it possible that any man, of high or low education, can think himself philosophic in putting forth so contemptible a folly? If the reasoner disapprove of buying where things are cheap and selling where they are dear, he seems

to suggest that it would be virtuous to buy where they are dear and sell where they are cheap. The practical merchant takes goods from places where they are less valued and carries them to places where they are more valued ; thus doing to both places a benefit, or at least gratifying the wishes of both. Our would-be reformer knows that no commerce can exist except on these conditions : he is forced to approve of it in theory, yet he rails at the merchant whose instinct of gain discovers *where* his services are wanted, and acts upon that instinct.

If it be said (as it often is said) that "no one *intended to deny* that the cost of carriage must be added to the price of goods, but merely to insist that they should not be sold for whatever they will fetch, and that their proper price is that which will *fairly* remunerate the merchant for all his expenses and for his trouble ;" such a half retraction cannot be accepted as at all sufficient. *First* I claim that the disputant will utterly withdraw and disown the outcry against "selling in a dearer market than that in which you bought ;" for without this the merchant cannot possibly avoid loss : he cannot get the "proper" price thus graciously allowed him. This mischievous parrot-cry against buying cheap and selling dear ought to be retracted with humiliation ; instead of which it is brought up again and again, after the Communist has made this concession about a "proper" price which permits the merchant to sell dearer than he bought. But next, what is to be understood by a *proper* price, by a *fair* remuneration ? The phrases have no meaning, until some practical method is defined, which shall expound them. No one trader, however fair in mind, can make a price for his goods, nor could that be desired by the public. No process for it is suggested, nor is imaginable in practice, than that which exists in every market ; namely, by the competition of sellers on the one side, and by the desire and ability to purchase on the other side, a price is settled. It is naturally impossible for merchants to be equally remunerated in every market. Each has to decide from the average of his gains whether it is worth while to continue his work ; therefore to expect him to lower his prices in a particular market, because otherwise his gains there will be too large, has no shadow of equity. He will have plenty of opportunities of being generous, if generosity is your topic. There is no abstract reason why his income should be £200 a year rather than £2000, nor why his profit should be ten per cent. rather than fifty per cent. He has to take as *little* as the market gives him, and no one has a right to censure him for accepting as *much* as it will give him. In allowing him to get a *fair* profit, the disputant has virtually conceded that the outcry against "buying in a cheap and selling in a dear market" was an outburst of folly and a practical slander ; and that his whole objection is baseless.

But it is now right to recur to the other topic, which denounced the possession of large private wealth as pernicious to the State. I have conceded that in special cases this is possible ; but the concession very seldom avails to found an argument on ; for great wealth has also

great utilities. We take the mixed good and evil. Where the wealth is earned by the individual possessor, other wealthy men are sure to exist by his side, and below them men more numerous and less wealthy, without any great chasm between rich and poor: and this is precisely the desirable condition for a community. If the *summum bonum* were that all should be poor, that is easily attained: we have only to become barbarians:—for all to be moderately rich, is not so easy. Perhaps there are among us men who, like Rousseau, think the savage state to be the noblest and best. In Greenland, in Tartary, in Kamchatka, in many parts of the Americas, in the great Desert of Africa, in Zululand also, this Utopia may be found. But if our refined disputants value culture and leisure, universal poverty will not suit them: they desire for a nation at least so much of superfluity that all may have competency;—that is, wealth up to a certain point. A sound philanthropy is generally at the bottom of their *hearts*, which in this matter of property are far wiser than their *heads*. If all that they mean is, that a nobler state than ours is imaginable—a state in which the world shall not be divided into patricians and plebeians, into idle and industrious, nor into headworkers and handworkers, and that there should be no chronic pauperism nor extreme destitution, nor, indeed, any such exuberance of wealth that the possessor, if earnest to use it well, becomes a slave to it;—on all such matters they will meet no opposition of sentiment from the present writer. But not one of the miseries under which a cruelly large fraction of our nation suffers can be lessened by any vague and baseless talk against marketing and market prices, nor against wealth earned by the intelligence which guides vast concerns. So long as any pauperizing vice domineers, pauperism will reign triumphant; and thousands who have recklessly wasted their means will be liable to worse and worse demoralization if they drink in the invectives of refined Communists against mercantile and manufacturing wealth. Many other reforms are needed, and will soon be earnestly undertaken, when the national craving for intoxicating drink is subdued: but while this vice continues, nothing can hinder it, in the future as in the past, from perpetuating orphanhood and pauperism, insanity, prostitution, and crime. The Communistic theory is a false light leading us astray from the only hopeful remedies for the national disease.

The same reasoners whose errors have been my topic hitherto, almost uniformly attack Interest on Money, as a fraud to the borrower. Mr. Ruskin's crusade against the interest of money is no novel fact: his demand that the Bishop of Manchester will define Usury is reasonable enough. Of course he seeks to heap upon *Interest* all the odium accumulated against *Usury* in past ages and historical nations. It is every way to be desired, that this question, so vital to all modern industrial transactions, should be faithfully examined to the bottom. But before the question of Interest can be fundamentally dealt with here, many things need to be said on the prior question of Debt.

It is a received doctrine that every Government ought to defend the *persons* and *property* of its citizens. Some Liberals, who must be named with respect, as the late Joseph Hume, have been fond of saying that these are the *only* duties of Government: into that controversy we must not here enter. But evidently the State which has to protect must define what is property. In an American native tribe, the Chief accounts a deer killed by an individual to be the property of the killer; but our King William the Bastard on the contrary was likely to hang the killer, and counted the slain deer to be his own. To this day our law regards hares and rabbits in no case to become the property of any man by his trapping or shooting them. Evidently it belongs to conventional law to define property in wild animals. The same remark holds of landed estates, wild or tilled and planted. In different nations widely different laws exist concerning landed tenure; and while we all see that one arrangement commends itself as more equitable and sagacious than another, each State has an equal right to define, according to its own light, the rights of individuals over land. Nevertheless, in each country the natives are apt to accept, as a law of morals and almost of nature, the special system of landed tenure which is there inherited. Just so with regard to another form of property, that which consists of debts: we are so accustomed to regard it as our obvious right to call upon the State to aid us in recovering our debts, as to forget that we ought not to assume as an axiom that this is in every case a duty of the State. One who sternly denounces usury, and includes herein all interest of money, has a right, if he chooses, to take a step farther in favour of the debtor. If his generosity carry him into invectives against the heartlessness of the man, who, having lent 20*s.* to a distressed peasant, sternly requires repayment of 21*s.* three months later, the same generosity may make him severe on one who exacted the 20*s.* without interest. To "take one's brother by the throat, and say: Pay me that thou owest," is certainly an ugly picture, and was drawn without any mention of interest. Thus we are forced to admit that reasons ought to be given why the law *should*, or *should not*, take upon itself to aid creditors in recovering debts; and whether it *should* or *should not* take account of the misery which it inflicts on a debtor and his family. The English public is accustomed to calculate a man's property not so much by the articles (comparatively few) which it sees, as by the rate at which they estimate him to live. One who has an appearance of four hundred pounds in household articles, and no visible source of gain, is perhaps expected to have six thousand more in entries, whether of Government or other Stock: these constitute his property (for on land we do not now touch), and to say that the State ought to defend his upholstery and books, his china and his few silver articles, from thieves, but ought to decline the task of defending his debts—which are sure to be the bulk of his wealth—necessarily seems to us monstrous. Nay, for one class of debts we may claim a pre-eminent sacredness, namely, those of a trustee or custodian

or partner. Even a barbarous legislator discerns the need of maintaining high reverence for the duties here involved, so long as the property can be seen and described; but when it consists in no particular articles—that is, when it is only *an amount* measured in money and registered in writing—laxer notions are natural to barbarians as to a creditor's rights and the duty of the State to maintain them.

A sternly moral legislator—say, a Lyncurgus—who dreaded private wealth as a pest, and abhorred usury; who saw in the lending of money, *not* an ordinary process that facilitates industry, *but* solely a philanthropic aid to casual distress, might well be severe on the wicked rich man who took the poor debtor by the throat in order to exact the principal of the debt; nay, he might be as severe as if the creditor had aggravated his wickedness by demanding interest also. Such a legislator might naturally, and from his own point of view reasonably, avow that the law of his State regarded nothing as property which was not visible and tangible. If a thief stole a kettle or a cow, the State would make him give back two kettles or two cows, and set him to earn their price by forced work. If a robber invaded a crop, and, after carrying it off or burning it, occupied the field lawlessly, the State would punish him, and, if possible, exact restitution. But if an artizan is foolish enough to trust another with a kettle, without exacting prepayment, the State has something else to do than trouble itself in the matter. When the lender has been silly, he must suffer from his silliness: *caveat creditor*. So if a cultivator part with grain, he ought to insist on prepayment if the buyer be rich; but if the buyer be poor, and obtain the food as a loan, why should the State help the seller to take the poor man by the throat? Such logic in a simple-hearted and earnest lawgiver is in strict agreement with the only ideas of industry current in early times, when no one dreamed of great commercial companies, in which the partners could not know each other; when, indeed, no one could have any idea of wealth but as consisting in herds of cattle or large rooms crammed with useful articles, such as must accumulate when the wandering period of a tribe has ceased. No doubt, in a very early period stores were formed, nay, warehouses, containing agricultural implements, weapons of war, armour, raiment, and, ere long, ornaments of numerous kinds. But all the wealth imagined was visible to the eye; and all the industry imagined was either that familiar now in the poorest village of a Scotch island, or the work of artisans under the bidding of a prince. If we go back to the laws of early communities, such as the Hebrews, the Greeks, the Romans, to give weight to our condemnation of usury, we must not forget how alien to their conceptions was the modern idea of Debt as an all-pervading form of property.

One who, with the heart of Rousseau, desires to carry Society back into primitive simplicity, may amuse himself by reconstructing in theory the whole industry of this country. This is what must instantly follow, if all interest on money be immoral gain and the State resolve to act

morally. Then no banker will be able to gain by lending money ; thus the bankers will become, as of old, mere moneychangers and custodians of valuable property, who must be paid for taking it in charge, just as in warehousing furniture. Every tradesman will be forced to trade from his own capital only ; (which in many cases might not be at all the worse) ; and either manufacturers or merchants must be wholly out of pocket in the interval which necessarily elapses between parting with their goods and recovering the price. To get present money by mortgaging goods will be impossible, if payment of interest to him who advances the money is forbidden. Nor will the State be able, except by arbitrary screwing of rich men, to get advances for the expected taxes of the year, or on any sudden emergency. It will indeed, we presume, use the sponge on its own debts, except the very last contracted ; of which the total interest may not have yet equalled the principal. It will forthwith have to form a real Treasury,—not a set of lords, clerks, and account books, but cellars after the pattern of the Bank of England, full of gold and other exchangeable valuables, from which it will spend whatever it needs to spend, without deigning ever to ask a loan on interest. In a great public crisis, it will do as the Romans when distressed by Hannibal ; it will ask a patriotic loan, to be repaid without interest, as soon as the State is able ; and when *real* public danger impends, no doubt the public patriotism will answer to the call. At other times it would need to practise economy or to press hard on the rich.

Immense as the change would be, it will be seen that the picture is not unfairly drawn to the advantage of our modern times ; nor does the present writer at all think that we might not beneficially learn something from antiquity and take some steps backward. If, when David Hume first began to write against our dangerous National Debt—say, when it had reached fifty millions—a law had been passed, forbidding, under any circumstances whatever, to promise *interest* on moneys advanced *for the services of the Crown*, and appointing an early day at which the existing debt should be finally and faithfully discharged ; I believe it would have been a just, wise, and highly beneficial enactment. I look with disgust and dismay at the lightheartedness with which we have imported into India the eminently Christian vice (begun by a certain Pope Sixtus) of mortgaging future taxes ; while grief and dismay hardly suffice to express the feelings awakened, by our expropriation of Indian cultivators for their debts necessarily incurred. That Law ought to be merciless ; ought to take no account of a debtor's misery ; is no axiom with me. These lines are not written in any indiscriminate admiration of " things as they are ;" much less in any admiration of our hugely overwrought credit-system. On the contrary for many years past my claim has been, that Law should in many cases refuse to enforce what ought properly to be regarded as debts of honour. It is possible that the public ear may be more open to new suggestions than it was thirty years ago ; and it may not be amiss to enter on the topic now.

Suppose a gentleman to enter a shop where he is known, and say: "Would you kindly lend me half-a-crown? I have accidentally left my purse at home, and have no money to pay a cab." When he obtains the halfcrown from the complaisance of the shopman, this is undoubtedly a debt of honour. The gentleman who does not defray it, and that speedily, will be visited with disgrace and contempt by all his equals, as soon as the facts are made known; but it does not therefore follow, that his debt of honour ought to be enforced by a court of law.

If a poor man, upon his wife's death, borrow a couple of pounds to aid him in the charges of her illness and burial, and promise to repay it *as soon as he can*, all will entitle this a mere debt of honour. But if the lender exact a written promise that the money shall be repaid within a year, it may seem still highly doubtful whether the law ought to aid him to recover it by seizure of goods, if from any cause the borrower fail to repay. In lending to a poor man, the motive is not gain, but charity: how uncertain is repayment, every one must know, and the charitable act is marred by any enforcement. *Caveat creditor*, is here also a doctrine which may meet with support.

In the early Roman Republic a state of things closely akin to slavery arose, when the law was used to compel poor debtors to work out the sums which their creditors estimated them to owe. In that case, invasions by border-enemies were the ordinary cause why the debtors were in hopeless arrears: charges of interest are supposed to have aggravated the oppression. But, it surely may be urged, law ought never to shut its eyes to such facts as hostile inroads or unfruitful seasons, nor to the power of an aristocracy that commands the soil to exact from cultivators a *promise* that they will take all risks on themselves, if even such promise have been recorded in writing. Many such thoughts may be suggested, while we think over the state of landed tenure in every part of the United Kingdom; that is, if the Channel Islands be excepted.

Again, let us imagine a case which, perhaps, was not rare in Scotland sixty years ago, where more used to be thought of the personality of the man to whom money was lent than in England. A rich man has more money in his hands than he quite knows how to invest; until, casting his eyes on an energetic young man, who is acquainted with business, but has no capital, it strikes him that it would be good policy and a kind act to set him up in a little shop, exacting that at each year's end he shall pay five per cent on the money advanced, while it is hoped that he will be able to make twenty-five and repay the principal in instalments. Is this, or is it not, a debt of honour? I say, Yes; it is so in the best sense, and also in the technical sense. Put a cruel supposition. The borrower, buoyed up by hope, marries; but in the second or third year falls ill; his affairs get into disorder, and he can barely feed a little family. Meanwhile his patron, who would not have been hard upon him, dies; and is represented by an executor trustee, who has no right to be merciful and generous, but is bound

to exact whatever the law will justify. *Ought* it to be the law, that debts so contracted *by one who had no property to mortgage for them*, should be recoverable on the same footing as debts in which no element of charity or generosity was imagined? A debt into which charity or generosity enters is a debt of honour, just as that of a son to his father, or of a brother to a brother.

Widely different from this is a transaction of pure business, in which money is lent upon the credit of actual property, pledged for the debt. A man has a house which is estimated as worth £1200, and for a special object he wants £100 more than he can command. But by the forced sale of his house he might lose more than the £100, nor would purchase of the house be convenient to the party from whom he asks the money. To mortgage the house is an intermediate step, making its sale a mere contingency. The owner of the house will no more deserve pity, if through his failure to pay he be at last forced to sell, than if he had sold it in the first instance. Nor will the lender of the £100 be any more chargeable with cruelty for exacting a fulfilment of his bargain, than if he had reluctantly bought the house at a somewhat reduced price under the pressure of its owner. Take another instance, which is one of every day. A merchant sends abroad goods for which he has paid £1000, and knowing that his capital cannot be replaced for ten weeks, asks of a banker the accommodation of £1000 for three months. If in the result the banker need to enforce the payment, it will be simply by claiming the value of certain goods lately sold, just as blamelessly as if he had in the first instance bought those goods. Notoriously such transactions are an enormous facility to exchange; and it is by exchange that human possessions are economized and turned to service. What is useless in one place, becomes of vast, perhaps vital, value in another: and time is a most precious element, above all where mouths are to be fed or backs to be clothed. To make light of so grand an advantage as the economy of time in the distribution of goods, and in the saving of workmen from want of employ, is quite unworthy of a well-informed man. He who would forbid a banker from thus aiding the all-important functions of production and distribution is bound to give overwhelming reasons. Yet to forbid the banker to take interest (which in this case is called a process of discount) is virtually to forbid the transaction; for without it, the loan could not be a process of business at all. To suppose such loans to be possible or desirable as matter of charity would be ludicrous.

Concerning shop debts, there are several things especial to be said, which may show that to three parties—the merchants who supply country shops, the lower classes who frequent them, and the shop-people themselves, it would be beneficial to refuse them a power of recovering debts through a court of law, except under severe restrictions, in part differing according to the nature of the article sold. At present nothing is commoner than that a shopkeeper is *afraid* to ask

payment of an aristocratic customer, or even to let him know how much he is indebted. In the Universities it used to be a common complaint that the shops inveigle young men into extravagantly long bills by keeping them in ignorance how much they are running up. So too in country villages the poor people are induced to frequent a shop by being allowed to get articles upon credit, and thereupon the man who is bound to feed his family *and pay good wages to the wife who is his servant of all work*, is fatally tempted to spend in personal indulgences—on tobacco or beer, or both—the money which is accidentally (one may say wrongfully) left in his hands. Then, once in arrear to the shop, his vicious propensity and the example of his fellows, keep him ever in arrear, and forbid his buying in any other shop, or refusing goods at the price charged to him. That shopkeepers should be able so to act, cannot conduce to their prosperity as a class; on the other side, that they should be afraid (as they very often are sincerely afraid) to ask payment of proud and pretentious customers, is a grave evil to them. The two Universities have long had the power to insist (if they chose to insist) that weekly bills should be sent in to the young men, and duplicates of the same to the Bursar of the College; without which the payments should not be recoverable by law. This is no place to draw a bill in detail suitable for the case; but the object to be aimed at, should be to reduce bad debts to their minimum by requiring the earliest payment, and demand of payment, for all articles that are bought for consumption or enjoyment. It does not suffice to make a good law of bankruptcy—if such a thing can ever be made—unless we also try to counteract the main causes of bankruptcy, unwise lending and shop-losses by bad debts. Shop debts stand on a different footing from those debts in which the lender ought to secure himself by a mortgage. The shopman does not intend to *lend*, but to *sell*; he delivers the article desired of him at once, and he is entitled to payment at once; yet various small inconveniences, especially uncertainty of the exact amount, often prevent immediate payment. If law could make the practice common of advancing *sums on account* to tradesmen, this would be a good work; so too, by *commanding* that bills be sent in within a week to relieve tradesmen of the odium of sending them in. Bad debts and fear of them, besides complex accounts, wear out the health and spirits of the shop-keeping class very sorely.

The unwise lending which causes bankruptcy has, alas! numerous forms; and it seems inevitable that the modern habit of allowing interest to depositors must widely stimulate bank directors to grant rash loans. It is now asserted that this cause largely perverted the City of Glasgow Bank. Be that as it may, it is not for nothing that murmurs arise against those depositors, who have accepted interest, being repaid to the last pound at the expense of the last pound of shareholders. Until better informed, I incline to think that the old system in which a depositor regards the banker as the *custodian* of his money and expects

no interest on it, is the only sound one ; and that a depositor who has accepted interest ought to forfeit all right in any new calls to be made on the shareholders of a bankrupt firm.

The general purport of this argument is, that our present laws carry *too far* the interference of the State on the side of recovering debts ; that while early communities regard as property only tangible objects, we have run into an extreme of lending State power to a creditor, with too little regard to the nature and circumstances of the debt. But there is another side of the question, which is apt to be overlooked, yet is of the utmost importance ; namely, the relation of debts to currency. Without currency the entire machine of commerce would be stopped, just as the heart would cease its action, if emptied of blood ; yet the vast mass of our currency is made by the people itself, according to its needs, through the intervention of debts, and does not consist in the gold coin, however vital the necessity of this coin, publicly guaranteed as sound. If debt had no legal recognition, the trade of the country would probably need a hundred times the present amount of coin—more, in fact, than the world could yield. Bills transact nearly all the vast foreign trade, and cheques with Bank of England Notes, probably conduct ninety-six per cent. of the home trade. Bills and cheques *order a debtor* to pay, bank-notes *promise* to pay. The actual sums ordered and promised have their theoretic measure in gold coin, but only the smallest fraction of the total can ever be really paid in gold.

This total currency is entitled MONEY by men of business ; but the money of the country is in no respect identical with its wealth. Every bill and every cheque virtually perishes the moment it has done its work, yet does not by perishing, lessen our total wealth. Its work is solely to facilitate exchange, a vital function to highly organized industry.

Neither Solon, nor Lycurgus, nor Moses, nor Numa Pompilius, had any idea of such a currency as is now like life-blood to England, and naturally none of them can have even imagined our form of *interest* when they forbade usury. But it may be allowed to remark by the way, that the Mosaic law does not forbid an Israelite to accept usury of a Gentile ; and that a parable attributed to Jesus charges it on a steward as guilty sloth, that he has *not* put his master's money out to usury.

Usury differs from legitimate modern interest, fundamentally, as follows :—The money in this case is lent to one so poor, that he has nothing to pledge for it, except such things as, being necessary to his work and his life, he ought *not* to pledge, any more than he ought to sell himself into slavery. The lending ought, if possible, to be an act of charity, not a trade. If, as generally happens, the power of repayment varies with the elements, on which a crop depends, it is not equitable to enforce payment in a bad season. When such lending is a trade, the nominal rate of interest will be high, for two main reasons : first, because the risk is great ; secondly, because the personal trouble of the money lender is as great in these very small transactions as if

they were fifty times as large. The Indian money-lender is said to be on excellent terms with ryots, where they are *not* allowed to pledge to him either their land or their tools; where, indeed, only public opinion enforces repayment, as it is sure to do when the harvest has been good. It does not appear that any desirable end has been achieved by our courts, which have supposed stern Justice to demand our enforcing the claims of the money-lender on the ryots.

Interest, as paid to the debenture-holders of an English company, or as paid by an English merchant to a banker in the form of discount, has no moral element in common with the usury here described. It often is paid by a rich man to a rich man. Resting upon some property which is pledged for the loan, it is morally a *contingent sale* of that property; and, like sale, it is a mutual convenience. A merchant who desires accommodation does not go to a banker with the plea of a beggar: he does not ask for charity: he would scorn to receive the accommodation as charity: he wishes to pay what the banker regards as a just equivalent. To insist that he shall *not* pay for the advantage received, is an offence not only to the banker whose trade it insults, but also to the merchant, whose application it strives to turn into the plea of a distressed unfortunate.

Until very recent years I did not know that an educated or philanthropic man, in zeal to stigmatize Interest of Money, could go so far as to avow that a loan of £100 is *completely* and *justly* repaid by 20 instalments of £5 each, at any distance of time. To adduce the name here would not be wrong, for Mr. Ruskin published his paper in delight: yet I am unwilling to reprint the name, for the gentleman is my friend. He boldly asserted that time made no difference: that *£5 in present money is not more valuable than £5 to be paid ten years hence*. This gross assertion of what is contrary to fact will rarely be put forth so boldly; but it is logically necessary to every one who calls interest a fraud and an immorality. Nothing can be plainer than that £100 in hand may be a necessary factor of some harvest (of whatever sort) within the next six or ten months; but £100 due a year hence, is unavailing for this purpose. It is then evidently legitimate, that if I want the money at the moment, and calculate that it would enable me to effect a gain, I should be willing to pay something for the advantage, *when the holder forfeits it* by transferring it to me. If it is a mutual convenience, so much the better: the borrower, who applies for it, knows it will be a convenience, perhaps a very great one, to himself, and he does not wish to put himself under obligation to a lender, but to treat on terms of equality as in the ordinary market. What room is there here for the pretence of a moralist, to step in between two men who know their own means, their own wants, and their own desires,—and tell them that their bargain is immoral? The spectacle of such conceit is wonderful.

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