

The Index.

VOLUME 4, 1873

Debates on Usury

Benjamin R. Tucker
Francis Abbot
E. L. Crane
Eugene Hutchinson
Wm. L. Heberling
Carl H. Horsch
Charles Thomas Fowler
Josiah Warren
E. Walker

This set of exchanges, from *The Index*, the organ of the Free Religious Association, mark a very early stage in the career of Benjamin Ricketson Tucker (1854-1939). This year-long set of exchanges began before Tucker's 19th birthday. Hard as it is to imagine, there really was a time when Tucker was "comparatively unaccustomed to controversy," and when his grasp of the anarchist ideas of Warren, Greene, Heywood and others had not yet gelled into the "plumb-line." Readers of the early issues of Tucker's *Liberty* may have been struck by the attention given to the Free Religionists in those pages, but we can see in these letters the mutual respect which tied him to Francis Abbot, later a contributor to the *Radical Review*, and fed his interest, and ultimately his disappointment, in the development of "free religion." It is likely that these selections do not show off *The Index* in its best light. Like the attempts to radicalize religion in the 1840s, or the "Christian atheism" of the 20th century, "free religion" suffered from the almost necessarily paradoxical nature of its mission. Not content to be merely a radicalization of Christianity, but not *quite* content to simply be a form of atheistic freethought, it was something of an "odd package." But it was also the heir of some important elements of the antebellum radical movements, and the continued involvement of individuals such as John Weiss, O. B. Frothingham, and Ednah Dow Cheney lent some degree of real seriousness to the enterprise. Abbot, for all his conventional beliefs about interest and profit, was a committed reformer, and some of the venom in *Liberty* for the free religionists comes from Tucker's sense that his successors had not been worthy of the mantle of these earlier figures. Notice that several of the other critics of usury and capitalism in this exchange are future *Liberty* contributors, or New England Labor Reform League members. Josiah Warren and Charles T. Fowler are easy to identify. "E. Walker" is almost certainly Edwin C. Walker, who is known to have contributed to later volumes of *The Index*.

Shawn P. Wilbur

Bowling Green, OH

TAKING INTEREST A CRIME.
[February 8, 1873. No. 163. v. 4. p. 72]

BOSTON, Jan. 5, 1873.

TO THE EDITOR OF THE INDEX:—

In the course of your leading article in THE INDEX, No. 158 you make the following statement: "Usury laws, in especial, which sometimes work great detriment to the business interests of whole communities, are in fact based upon the Bible conception that it is a crime to take interest for money loaned; although the common sense of mankind reject the notion in fact." I sometimes think that you, in your eagerness to escape the idea that a thing is true because the Bible says so, rush into the equally absurd but opposite idea that a thing is *false* because the Bible teaches it.

But, be that as it may, passing over the question concerning the detriment worked by usury laws, I proceed to the more important proposition, that *to take interest is a crime*: which it seems to me is capable of the most logical and convincing demonstration. I lay it down as a fundamental proposition, recognized by Adam Smith and all succeeding political economists of note, that labor is the creator of all artificial wealth, and that the performers of the labor are entitled to all they create. Consequently the owning by one man of more than he creates necessitates the owning by some other man of less than he creates. Therefore any man, owning property not the product or reward of his own labor nor a gift from some person who has honestly earned it, is guilty of theft,—in most cases unconsciously so, but none the less guilty. In all exchanges, either of labor or its products, the thing given must be exactly equivalent to the thing received; in other words, cost must govern price. Cost includes labor performed, sacrifices made, and risks incurred. Now, apply this principle to the transaction of lending money. What is the cost to the lender? Evidently the labor performed in conveying and receiving back the money lent, together with (in some cases) sacrifice and risk. Clearly these are the only elements in the transaction which may be legitimately considered. But interest, as ordinarily viewed, namely, as a sum of money paid to the lender in return for the benefit conferred upon the borrower, is based upon the false principle that value, in distinction from cost, is the limit of price; and it is therefore extortion. This principle that "a thing is worth what it will bring," which lies at the bottom of interest, dividends, rents, and profit, is the whole cause of the present unjust and inequitable (not *unequal*) distribution of wealth. Make cost the limit of price, and you have taken a long step—yes, in my opinion, the final step towards the long-sought solution of the social problem.

But you say "the common sense of mankind rejects the notion" that to take interest is a crime. So, a century since, it might have been said with equal truth that "the common sense of mankind rejects the notion" that chattel-slavery is anything but a just, wise, and beneficent institution. "The common sense of mankind," Mr. Editor, is not always to be relied upon. I am aware that this subject is somewhat foreign to those usually discussed in your columns; but, inasmuch as you introduced it by stating that you were in favor of a practice which seems to me so utterly at variance with the principle of justice, perhaps you will pardon me for indulging in this bit of criticism.

Yours for equity (which no existing religion inculcates),

BENJ. R. TUCKER.

THE COST SYSTEM

[May 28, 1873. No. 178. v. 4. p. 218]

EDITOR INDEX:—

In No. 163 of THE INDEX I notice a communication from Mr. Benj. R. Tucker, of Boston. He lays it down as a fundamental principle that "cost must govern price," and infers that if any man obtains from any other man an article for less than its cost, he has stolen something from the producer. This doctrine suits me exactly; for this year my crop of wheat cost me a little over three dollars a bushel, counting labor and seed only. Now the whole community about here are trying to thieve from me (unconsciously no doubt) a dollar and fifty cents per bushel on this wheat; for the highest they offer is a dollar and a half for what cost me more than three dollars. I am very glad to find an equitable man in Mr. Tucker, who will no doubt send on immediately and buy my wheat at cost price.

Now I have a neighbor who is constantly, after this fashion, thieving from me or some one else (I think it must be from me, for we have adjoining farms.) Forty years ago we bought lands equal quality, and commenced farming. From that time to the present, I know that in seed and labor the grain I have raised has cost me on an average one-third more than his grain has cost him; yet I have never (people are so inclined to theft) been able to get as much per bushel as he. Besides all this, he has (and with less labor than I have bestowed) so improved his land that, at the present time, he can sell it at least for one-third more per acre than I can. But the true rule is, "*Cost* should govern price." What business then has my neighbor with property more than double mine when its "cost" has been much less? Plainly he is a thief, and has stolen it, unconsciously of course; but in "equity" he should now divide.

A CASE.—Two men buy equal quantities of land, and commence farming; in equal lengths of time they make a thousand dollars. One so improves his land with his thousand that its yield is two hundred dollars a year more, over and above labor (or "cost") than before; the other loans his thousand at six per cent, and gets sixty dollars a year. Now which is the greater sinner (of course they are both thieves), the one who steals the two hundred, or he who steals the sixty? But there is a third person implicated in this matter—the man who borrowed the thousand. He, like the first, lays out the borrowed thousand and makes his land more productive by two hundred dollars a year, above labor, than it was before; he too is another unconscious thief to the amount of one hundred and forty dollars a year! Or will you say that the first and last are honest men, and lay all the iniquity on the sinner who is content with his sixty a year, with the addition of risk, lost time in loaning, collecting, &c. ? O logic, logic! thou art a wonderful thing—when chopped up.

E. L. CRANE.

TIPPECANOE CITY. Feb. 8, 1873.

THE "COST SYSTEM" AGAIN.
[June 14, 1873. No. 181. v. 4. p. 242]

BOSTON, June 1, 1873.

EDITOR OF THE INDEX—

In Mr. E. L. Crane's attempt at a reply, in INDEX NO. 179, to my communication in advocacy of the cost-principle, he makes a few arguments which probably seem to him eminently practical, and to most people (especially those who have not examined the subject) eminently plausible; but which, it seems to me, will not bear the test of close examination. In the first place, I deny that I "laid it down as a fundamental principle that 'cost must govern price.'" On the contrary, I deduced it by a strictly logical process from a proposition which political economists pronounce self-evident; and his illustrations fail to show any fallacy in the argument.

Mr. Crane complains that he can get but one dollar and fifty cents per bushel for wheat which costs him three dollars. Now what is the cause of this? Evidently some of his neighbors are able to raise wheat at the *cost* of one dollar and fifty cents per bushel; which only serves to show that Mr. Crane has chosen the wrong profession, and should leave it for another where his brains, talents, and opportunities will enable him to compete favorably with his fellow-craftsmen. If this is not the reason, then Mr. Crane's neighbors are also losing one dollar and fifty cents per bushel, which would suggest this query: How long can either he or they do business before going into bankruptcy? When Mr. Crane proves himself competent to outdo or even equal his fellow-workmen in the production of wheat, I will gladly favor him with my patronage and pay him the full cost price. Until then I prefer to purchase of those who are able to raise an equally good article at a less cost.

Mr. Crane says (speaking ironically) that his neighbor who commenced farming forty years ago has charged more than cost for his grain and is plainly a thief. There's many a true word spoken in jest. But he has not stolen from Mr. *Crane*, for he has had no transactions with *him*. It is the purchasers of the wheat who have been cheated; and to them rightfully belong the money which Mr. Crane's neighbor has filched from them in the form of profit. Although the phrase "unconscious thief" may be etymologically the contradiction in terms which Mr. Crane supposes it to be, nevertheless, according to common usage—which Guizot says should always be our criterion—it is nothing of the kind. Otherwise, why do we so often see and hear the expressions "conscious" and "unconscious guilt"?

In the "case" which Mr. Crane supposes, I should say that the two men who used their money in making profits at farming were equally guilty with the man who loaned his money at interest. *Neither* can be defended. Under an *equitable* system the larger yield attendant upon improvements in the land would be worth no more to the producer for purposes of exchange (save the compensation for the cost of improvement), than the smaller yield which resulted from the *same amount of labor*. The tree of logic still remains erect, notwithstanding Mr. Crane's attempts to chop it down. I am afraid that he will have to take his axe in hand once more.

Yours truly,

BENJ. R. TUCKER.

THAT TREE CUT DOWN AGAIN.
[June 28, 1873. No. 183. v. 4. p. 258]

TIPPECANOE CITY, June 13, 1873.

MR. EDITOR:—

I am sorry Mr. Tucker refuses to buy my wheat at cost because he can buy of others for much less. Is Mr. Tucker quite sure that he is not buying for *less than cost* when he buys so cheaply? Would not that be theft! I know that some of my neighbors who raise wheat are becoming bankrupt. Take care, Mr. Tucker, that you don't "steal unconsciously." How is this matter of cost to be determined? Twenty men produce the same article, and very likely at twenty different amounts of cost. Which amount shall govern price? Do you say the medium price? But twenty other men produce the same article at a different medium price. Which medium shall govern? I think all must see that Mr. Tucker's mind is in the region of impracticabilities. At all events, until some definite rule can be given which is easily come at, the old rule of "supply and demand," will have to govern. Is not the tree of such logic as good as cut down?

E. L. CRANE.

THE TREE STILL STANDING.
[July 19, 1873. No. 186. v. 4. p. 281]

NEW BEDFORD, MASS., June 27, 1873.

MR. EDITOR:—

The tree does not even waver under Mr. Crane's last blow. If I pay any one less than cost for his products, I certainly do "steal unconsciously." But the purchaser cannot ascertain whether he is paying the exact cost price or not. He therefore buys of him who charges least, supposing that no one will be foolish enough to sell for less than cost and thus ruin himself. "How shall the cost be determined?" asks Mr. Crane. The cost varies with different individuals, and the cheapest wins. Every person must determine for himself the cost of his own products. Any arbitrary rules concerning price interfere with the liberty of the people. These ideas are impracticable, are they? Perhaps so; but in my judgment it is, to say the least, imprudent to pronounce any new idea to be impracticable before it has been fairly tried.

BENJ. R. TUCKER.

USURY
[August 30, 1873. No. 192. v. 4. p. 329]

In THE INDEX of January 4, Mr. Abbot stated that the common sense of mankind rejects the notion that taking interest on money loaned is a crime.

Now I wish to take issue with him upon that opinion, and will endeavor to show that the apathy and apparent acquiescence in interest-taking is not caused by the assent of common sense, but by a false idea of business morality. The moral principle on which interest-taking is justified may be proved to be false by the following analysis of its practical results: A,

being in want, craves the favor of a loan of B's surplus in money, which would be of no pecuniary profit to him to keep, and which B grants on condition that it shall be paid back with as much more as the pecuniary advantage is expected to be to A, even if it takes an amount equal to that loaned. A accepts the condition. Then the transaction is claimed to be all right, and no violation of any moral principle, the civilized world assenting to the claim.

Now, to those who have unenslaved, keen moral perceptions, this principle is seen to be terribly false, and as cruel as death; for it enables the rich to take advantage of the necessities of his brother, and reduce him to poverty and pecuniary slavery. In fact, it is this false moral principle that has enabled the capitalists of Europe, by applying it to rents and profits, to reduce nine-tenths of the inhabitants to abject poverty. The taking of twenty *per cent.* interest, thirty *per cent.* rents and a hundred *per cent.* profits in trade, finds its justification in this same wicked principle which in the practical business life of the whole civilized world, is in direct and complete antagonism with all the principles of natural justice and equity. As is evident, these sentiments in all unsophisticated souls stand foremost in defence of equal rights and are imperative in their demands, never yielding to any other claim, but demanding first justice, then pity and mercy. This universal refusal to confer benefits that add to the wealth of the receiver, but which cost nothing to bestow, shows the moral blindness of the people, and is an outrage upon the highest and most beautiful sentiments of all noble souls. There is no pleasure so great, no happiness so serene, as the consciousness of conferring great happiness upon humanity. There is no other action which common men look upon with so much admiration, as is attested by the universal homage paid to those who have devoted themselves to the good of mankind. They not only admire this self-devotedness, but feel it to be the highest duty to alleviate distress and confer happiness whenever possible; and it is also felt to be unmanly and even criminal in any one to neglect to do it

As I have stigmatized taking interest as being a great crime, I will make a further analysis of interest itself. It is the hard-earned results of labor surrendered for favors that cost nothing pecuniarily to bestow, creating at once a pecuniary distinction between the borrower and lender, and a miniature aristocracy which, when carried to its logical results, reduces the borrower to poverty, while the lender rolls in luxury without labor.

EUGENE HUTCHINSON.

REED'S FERRY, N. H.

[To exact excessive interest from the borrower is certainly cruel and harsh in the lender. But is it wrong to charge a fair rate for the use of money lent? If so, why is it not iniquitous in livery stable keepers to charge for the use of their horses and vehicles? We are so hard-hearted as to see no crime in a transaction which *benefits both parties*, and to see no reason why the borrower should monopolize the benefits. It is a great mistake to think it costs the lender nothing. He forgoes the use of the money lent, and runs the risk of never being repaid. If the use of the money is worth so much to the borrower that he must have it even at high interest, it is plain that the use of money has a real, direct value, for which he ought in common justice to pay. Men charge for their merchandise, their services, their time; *why not* for their money?—ED.]

IS INTEREST-TAKING UNJUST?
[October 9, 1873. No. 198. v. 4. p. 400]

MR. ABBOT:—

In THE INDEX of August 30, 1873, the editor, in his comments on an article on "Usury," says: "To exact excessive interest from the borrower is certainly cruel and harsh in the lender. But is it wrong to charge a fair rate for the use of money lent? If so, why is it not iniquitous in the livery-stable keeper to charge for the use of his horses and vehicles?"

1. To this we would say that the two cases cited are not analogous, and that the principle which justifies liverymen in their claim for reasonable hire does not apply to money-lenders, since real wealth (such as horses and vehicles) decreases in value from wear while in use, which is not true of money.

2. Mr. Abbot continues: "We are so hard-hearted as to see no crime in a transaction which benefits both parties."

This Mr. Abbot says, after acknowledging the cruelty of "excessive interest;" implying that no rate is "excessive" so long as "both parties" are "benefited." If this is true, then we have a rule by which it will be easy to determine the justice of a transaction.

3. But would not Mr. Abbot's rule justify the agreement which the master made with the slave to give him all that he would earn in excess of a fixed sum to be delivered to the master, under which contract the slave was very profitable to his master, and, by working very hard, succeeded in buying his own freedom? Would it not also justify the oppression of factory children, which has been, and is now, such a shame both to England and America? And yet we cannot deny that "both parties" were "benefited." Is it not the old false principle of supply and demand, acting regardless of equity, in the manner in which "might makes right"? Does Mr. Abbot see no crime in other transactions justified by his rule? And if so, can it be a correct one at any time? We think not.

4. Again Mr. Abbot says: "It is a great mistake to think it costs the lender nothing. He foregoes the use of the money lent, and runs the risk of never being repaid." We fail to see how the claim for interest makes the payment of the principal any more certain, nor do lenders return the interest at the payment of the principal. As to foregoing "the use of the money lent," we would ask—what use? The use of it by buying bread, books, or the comforts of life, or by supplying the means of self or family elevation? If so, we think it should not be lent but in exceptional cases. But money-lenders as a class offer no such needs as a reason for their claim for interest. What they "forego" is rather the use of their money by investing in railroad bonds, or insurance stock, or lands that are expected to pay heavy dividends or sell at an advance, or by speculating in city real estate, gold, grain, or other property that offers heavy profits. Possibly they have to forego taking stock in a manufactory that sells the labor of the poor at double what it costs, or forego the use of their money as a means of furnishing themselves employment as merchants by which they expect a fair income in the form of selling at prices limited only by the life of their trade

I admit that it requires more unselfishness to forego all these chances than most of our capitalists or laborers possess; but that does not eradicate the injustice from the present oppressive financial and commercial systems of practice. But is it not this privilege of speculating that gives to the use of money what Mr. Abbot is pleased to call "real, direct value, for which men ought in common justice to pay,"—which is about as real and direct as the value that a lot of thieves would pay for the key to a safe that was filled with an immense

quantity of valuables? Now if this value of the use of money does not result from the privilege of speculating, will Mr. Abbot please tell us on what it is based? And will he justify speculation ?

5 Again Mr. Abbot says: "Men charge for their merchandise, their services, their time Why not for their money ?" The reasons given to justify the liveryman's claim for hire will apply to the rent of all wealth. But if Mr. Abbot's remarks refer to the *sale* of "merchandise," "services," and "time," which are never returned, we fail to see how such *sale* can govern the rent for money, or in any way be connected with it. To explain why men should *not* charge for the use of their money would require more space than is left me; but I will say that interest is wrong for the reason that it not only takes from the borrower, but that it is the channel through which all purchasers or consumers contribute through merchants of all classes to the possession of those that have, increasing their incomes without their earning it, and taking from those who do no borrowing without giving any equivalent. For every property-holder demands his *per cent.*, which must, if possible, be equal to the value which speculation gives to money.

Respectfully,

WM. L. HEBERLING.

ATALISSA, Iowa, Sept. 22, 1873.

[1. Livery stable owners charge *more* for the use of their horses and vehicles than the mere decrease of their value by wear: they always charge a profit. The same is true of all business. Whatever is sold, whether property or the use of property, is sold for more than it costs; and this excess of price over cost is profit, which is strictly analogous to interest. Wages, profit, and rent are the three sources of all revenue by which men pay for their living; one is as legitimate as another; and interest is simply one species of profit. "It is," says Adam Smith, "the compensation which the borrower pays to the lender, for the profit which he has an opportunity of making by the use of the money. Part of that profit naturally belongs to the borrower, who runs the risk and takes the trouble of employing it; and part to the lender, who affords him an opportunity of making this profit."

2. The "rule" which Mr. Heberling deduces from our language is hardly deducible from it. We were not discussing how to decide whether interest is "excessive" or not, but whether the taking of interest is just or not. Still we assent to the rule deduced, if qualified thus: "No rate is excessive so long as both parties are benefited and the benefit is equally shared." The qualification is all-important.

3. This rule would justify the slave-holder's agreement with his slave, provided the former justly owned the latter. But since property in man is intrinsically unjust, the slaveholder charged profit or interest on stolen property, namely, the slave himself. The claim of the master for the price of the slave was unjust to start with; therefore no agreement by which the price was to be paid could be just. If the claim had been just, the agreement also would have been just.

But the rule in question would not justify the "oppression" of factory children, which is clearly enough the reverse of a "benefit" to them. We cannot now conceive a case to which our rule would not apply; but we will give it up or modify it, if Mr. Heberling can state one.

4. That interest paid for the use of money is partly compensation to the lender for running the risk of never getting it back, is plain from the fact that the rate of interest depends partly on the amount of the risk run. Doubtful security will not bring money at so low a rate as first-class security. This is just. The lender offsets the greater risk by the greater profit. There is of course no just claim for a return of the interest, for the risk has been already run for which the interest is itself the payment.

There is no more relevancy in scrutinizing the reasons why the lender values the use of money, than in scrutinizing the reasons of the borrower for doing the same thing. It is enough that money can be used for all purposes, legitimate and illegitimate; that this use has a definite value, which belongs to him who owns the money; and that the lender yields up this use to the borrower for a compensation. Both parties want to use the money; the motives of the borrower are as likely to be selfish as those of the lender; the whole inquiry into motives is superfluous. All that concerns us now is that a fair bargain is made, by which one party gets what he wants from another by paying a price for it, which, if not excessive, is justly due. The value of the use of money is based on the fact that, when prudently used, it will bring a profit to somebody; and the justice of charging interest depends on the fact that this profit belongs to lender and borrower. The probability and amount of this profit, as estimated at the time of borrowing, ought to determine the rate of interest charged. If the profit is sure, the total interest should be half of it; if the risk is great, the interest should be more in proportion. This is theoretical, however; the rate of interest cannot practically be so nicely adjusted, but will be governed by the average probabilities of profit at the time in general business.

5. What Mr. Heberling calls the "rent of all wealth" is simply payment for the use of it. The rent of a house is paid for the use of it; it is really the interest on the capital invested in the land and the building. The liveryman's charge for horses and carriages is also really interest on the capital invested in them, since he never dreams of charging only for the actual wear-and-tear. Now this use of wealth is just as truly sold for the time being as the wealth itself is sold permanently in the case of ordinary merchandise. If it is just to charge for a barrel of flour, it is just to charge for a year's loan of a hundred dollars. There is a *quid pro quo* in either case. Interest, it is true, "takes from the borrower;" but so does the sale of a peck of potatoes take from the consumer for the benefit of the farmer. The only question is—does the borrower receive a fair equivalent for the interest he pays? If he at least did not think so, he would not borrow,—unless he is charged excessively under the pressure of necessity; which of course is cruel.

But interest-paying no more feeds overgrown wealth than does the payment of a profit on merchandise; the trouble is not there. Unfortunately, money-making of all kinds is easy to the rich and hard to the poor; yet we fear that inequalities of wealth will not be obviated so long as men are unequal in the money-making faculty, give themselves with unequal zeal to the pursuit of money, or find the circumstances and opportunities of life unequal. There is too much truth in the scripture—"To him that hath shall be given and from him who hath not shall be taken away, even that which he hath." But the only approximate remedy for such inequalities is, not to attempt the impossible and really unjust abolition of interest, but rather to increase the general welfare by increasing the general intelligence and virtue. Education, mental and moral, promises more relief to suffering poverty than the sweeping destruction of usages which after all have their real basis in the common sense of mankind. It will open a career for every one who is industrious, and do much to raise the whole community above want. If there is a better remedy, we hope most sincerely it will be discovered and proclaimed.—ED.]

THE SIN OF USURY.

[October 23, 1873. No. 200. v. 4. p. 423-4]

NEW BEDFORD, Mass., Oct. 10, 1873.

EDITOR OF THE INDEX:—

I ask a little space in which to point out the fallacies which I think I see in your reply to the question of Mr. Heberling "Is Interest-taking Unjust?" Permit me to follow your own notation, and pardon me if I change the order.

(1.) The sins of livery-stable keepers must not be allowed to serve as a shield for those of usurers. The real question at issue, I take it, is not whether this class or that class take more than cost, but whether taking more than cost is morally right. To quote Adam Smith in this connection is of no avail. The first two paragraphs of the fifth chapter of his *Wealth of Nations* contain a statement of principles which the profit-making system directly violates, and which is, in fact, a clear and complete refutation of all the rest of his book. He says: "The real price of everything, what everything really costs to the man who wants to acquire it, is the toil and trouble of acquiring it. What everything is really worth to the man who has acquired it, and who wants to dispose of it, or exchange it for something else, is the toil and trouble which it can save to himself, and which it can impose upon other people." This plainly conflicts with the profit-idea.

(5.) After basing, in (1.), the right to take interest on the justice of profit and rent, you now turn about and base the latter on the former. Reasoning in a circle would not be surprising in one who, like myself, is comparatively unaccustomed to controversy; but from the pen of one who prides himself that "his logic is seldom caught napping" (I quote from memory), it is hardly to be expected. The average rate of interest at any time is regulated by the average necessity of the borrowing class, which is just as cruel as to base it in any individual case upon individual necessity. But education, you say, is the proper remedy for poverty. To put the cart before the horse is anything but conducive to progress. People can't obtain education until they have something to buy it with. Any system which educates my neighbor's children at my expense, bears injustice on its very face.

(2.) We should exchange equal *burdens*, not equal benefits. If I possess an article which cost me only *one day's* labor, and which would be of great benefit to my neighbor, and he has another which he was *a year* in producing, and which would be of equal benefit to me, am I justified in making the exchange? In accordance with what code of morals can I justly claim one year of his time in return for one day of mine? To lose control over one's own labor is to become a slave. By what right may I subject him to three hundred and sixty-four days of slavery? *The right of might, and that alone.*

(3.) This paragraph is mainly true, although in the case of the factory-children, the system serves to keep breath in their bodies, and is in that sense a benefit to them.

(4.) That compensation for risk is strictly equitable is certainly true, but that it forms any part of the ground on which interest *strictly defined* is based, is certainly not true. Webster defines interest as the "premium paid for the use of money." Pray, what has use to do with risk? Finally, you defend interest on the ground that a man has a right to charge for foregoing any use which he may have for the money he lends, *whether that use be legitimate or illegitimate. O tempora! O mores!!* What could be more barbarous than this? To commit highway robbery by means of a revolver is an illegitimate use to which to put that article, but, by such a principle as yours, the possessor of the revolver has a moral right

to charge, when lending it, for sacrificing an opportunity of committing that crime. If *this* be *Free Religion*, put me down as a slave to the religion of the Bible, which, however tyrannical in its pretensions, intolerant in its dogmas, and inhuman in its precepts, possesses at least this one redeeming virtue—that it does not justify human beings in owning more than they earn.

Yours truly,

BENJ. R. TUCKER.

[We follow the order which Mr. Tucker has adopted above.]

(1.) The practice of livery-stable keepers in charging for the use of their horses and vehicles was not quoted to shield anybody's sins, nor was it considered as a sin in itself. Mr. Heberling himself apparently approved the practice in question, and we simply argued that, *if* the liveryman was right, so was the man who charged a moderate interest for the use of his money, since the principle involved was the same in both cases. Mr. Tucker is quite mistaken as to the "question at issue." It was not "whether taking more than cost is morally right," but whether all interest-taking is morally wrong. We cannot turn aside at present to discuss irrelevant issues.

(5.) The "reasoning in a circle" which Mr. Tucker imagines he has detected cannot be found in our article. Having misconceived the subject under discussion, it is not surprising that he avoids the dreaded "circle" by shooting off at a tangent. We pointed out the *strict analogy* between interest and profit or rent, but did not base the justice of either on that of the other; as Mr. Tucker will perceive at a glance, if he will take the trouble to read carefully the article he has criticised. The justice of taking interest, of charging profit, of levying rent, and of demanding wages, depends on the answer to be given to a deeper question than Mr. Tucker appears yet to have considered, namely,—*has anybody a right to say he owns anything?* Did he ever reflect that to challenge the right to make a reasonable profit is at bottom to challenge the right to own property of any sort? By what right does the seller charge even cost to the purchaser? Why is not all property common to all? Why was not Proudhon right when he declared that all property is robbery? Mr. Tucker does not seem to be aware that, when he denies all right to take interest, he logically denies all right to demand wages or even to charge original cost; for he is in fact denying the right to property itself, and should plant himself on the most ultra communism. He either goes too far, or not half far enough.

As to the hasty and ill-advised phrase "quoted from memory," we can only say that we regret it as one of the too frequent lapses of an over-busy pen. Let it pass into forgetfulness: we are sorry ever to have said so unjust a thing, for it does less than justice to our real desire. The pride of logic is a poor substitute for the love of truth.

Does Mr. Tucker oppose the public school system? It would seem so; but we hope not. If nobody is to be educated till he can pay for it himself,—if radicals are to count it "injustice" to be called on to bear their share of the burden of educating the wretched children of the street,—farewell to all possibility of a true republic on this earth.

(2.) If Mr. Tucker and his neighbor are equally desirous of an exchange, and equally derive benefit from it, it takes a clearer head or a keener conscience than ours to discern any wrong in the transaction. There is no "right of might" in the case; it is a voluntary and advantageous barter on both sides.

(4.) Our indignant young correspondent would have written this paragraph quite differently, if he had not been so swift to draw wild inferences from a plain statement of fact. But the indignation comes from a generous heart; and, though it has elsewhere found vent in vehement and pointed personal criticism, we forget the causelessness in the generosity of it.

Better a wholesome wrath with suspected wrong than a cold and bloodless complacency in the existence of wrong known to be real. Mr. Tucker has our sincere respect, and we hope he will take our reply good-naturedly, as not by any means intended to encourage the "illegitimate use" of "revolvers."—ED.]

**A QUESTION TO MR. HEBERLING,
WHO ARGUES THAT "TO TAKE INTEREST ON MONEY IS WRONG."
[October 23, 1873. No. 200. v. 4. p. 425]**

EDITOR INDEX:—

Suppose that Mr. Heberling, after working hard all his life, found his health so poor that he could work no longer, but, having laid by a little surplus of earnings, invested it so that the interest would just support himself and family, while the principal would not be sufficient to carry them through life without suffering want: under these circumstances, would it be right or wrong for Mr. Heberling to refuse to take the interest? Suppose that the merchant who borrows his money makes a profit of equal amount by his sagacious use of the capital, thus securing enough to support himself and his own family: would it be right or wrong to refuse to take the profit? Will Mr. Heberling please answer through THE INDEX ?

Respectfully,

CARL H. HORSCH.

DOVER, N. H., Oct. 13, 1873.

**THE INTEREST QUESTION.
[November 6, 1873. No. 202. v. 4. p. 448]**

BOSTON, October 22, 1873.

EDITOR OF THE INDEX:—

Before proceeding to answer your reply to my letter of October 10, allow me to thank you for the manly words in which it is couched, and to ask your acceptance of my apology for allowing my temper to get the better of my courtesy.

1. I know of none save the communists (and I think Mr. Heberling does not belong to that class) who oppose interest on any other ground than that it is a violation of the cost principle. If I am correct in this, your statement of the "question at issue" agrees with mine in spirit. if not in letter. If I am incorrect, I acknowledge the force of your criticism

As you say no more about Adam Smith, I conclude that you have abandoned him as an authority. [We did not quote him as such, but still consider his statement correct.—ED.]

6. Having reconsidered my thought, I fail to see that my interpretation of your language was an unfair one. I have often reflected on the proposition which you mention, but could never believe in it. I am anxious to become acquainted with the logic which says that the denial of one's right to own more than he earns, disestablishes his title to what he does earn.

I do oppose the public school system with all my heart. I oppose it as a communistic institution, and communism I utterly disbelieve in. If true republicanism is based on this institution (and I think it is) then true republicanism is destined and ought to die and I shall be among the first to bid a most cheerful "farewell" to a system which seems to me the worst, because least responsible, of tyrannies (that of the majority), and which is only valuable as an indication of, and a stepping-stone to, better things to come.

2. If my neighbor was in a position where he must make the exchange or die, then the "right of might" would *plainly* come in. Most business transactions differ from this only in degree, not in kind.

4. I sincerely appreciate the kindness of the spirit which dictated your last paragraph, but I cannot see the necessity of calling attention to my age. Many good people, to my personal knowledge, think the ideas of a young man not worth looking into, and will pay no attention to his arguments, by which alone he should be judged. Hoping that you will point out my wild inferences,

I remain, yours truly

BENJAMIN R. TUCKER.

[We cannot go here, into any further discussion of this subject, but heartily regret the incidental expression referred to, if it caused any annoyance. Our wish was quite the reverse. Not being one of the "good people," we hope our badness will reinstate us in favor, for we never inquire the age of an argument, but rather its weight—ED.]

A REPLY TO DR. HORSCH'S "QUESTION."

[November 13, 1873. No. 203. v. 4. p. 461]

EDITOR INDEX:—

In answer to the question asked through THE INDEX of October 23, 1873, page 425, by Mr. Horsch, please allow me to say: That the right or wrong, in taking interest, would depend in extreme cases on other possible alternatives, which the "circumstances" described by Mr. Horsch neither limit nor define. But if the circumstances were so extreme as to justify stealing, or the acceptance of a share of stolen property, then it would be right to accept the interest or steal. We hope this will be satisfactory to Mr. Horsch.

With the permission of the editor, I will here add that I think Mr. Tucker's position taken in THE INDEX of October 23, in replying to Mr. Abbot, is well taken. And I hope that the apparent approval which Mr. Abbot sees in the reference I made to his argument of the liverymen's hire will vanish when he reads more carefully, and that I only approve a "reasonable" hire. Respectfully,

WM. L. HEBERLING,

ATALISSA, Iowa, October 29, 1873.

"IS INTEREST-TAKING UNJUST?"
[November 20, 1873. No. 204. v. 4. p. 473]

MR. ABBOT:—

A brief word in reference to your article on the above subject in THE INDEX for October 9.

It is because labor is the creator of wealth, that capital should not bear interest. It is also because labor is entitled to all the wealth it creates, that interest upon money is extortion. Furthermore, it is because money is not wealth nor a value, but simply its representative, that it should not be classified with it, nor be made to bear an analogy with transactions applicable to wealth.

Granting that "the value of the use of money is based on the fact that, when prudently used, it will bear a profit to somebody," it does not touch the question at issue. The question is—ought there to be such a fact? Neither has it anything to do with individuals, either borrower or lender, but solely with labor and capital. And here is the significance of the analogy between our system of finance and the slave system. Labor, that is the slave, earns the wealth and capital, that is, the master, takes it. "Provided the master justly owned the slave" might be made to read "provided money is rightly held by the capitalist." Because "the claim of the" capitalist is unjust to start with, therefore interest is unjust. "If the claim is just, interest is also just."

As to "risks" being associated with interest, the slave-master also had "risks," but we have only to say in passing that they are only one of the many attendant evils interest-taking incurs, of which the present panic is the result.

You adduce a barrel of flour as on a par with its representative value in dollars, and then call the selling of the one and the loaning of the other a "*quid pro quo*." I cannot see how a "*non tali pro tali*" can ever become a "*quid pro quo*," unless you assume the current practice to justify the very thing in dispute. If the loan of a barrel of flour should not draw interest, why should its representative value in dollars? Neither in your association of dollars with values, in the case of the livery team, can I see that you affect Mr. Heberling's position. He said the loan of dollars was not analogous with the loan of horses, because horses were real wealth, while dollars were but representatives of that wealth; also that their claim for "*reasonable*" hire differed in that horses were consumers, while money was not. To this you reply that stable-keepers not only charge for the use of horses, but they charge "*more*." But what has this to do with their charging *less*, unless it be to cite another instance from the real practice in question as unreasonable and unjust?

You quote: "Wages, rents, and profits are the three sources of all revenue by which men pay for their living, one is as legitimate as the other." We should prefer to say that wages, rents, and profits are three forms by which wealth is at present distributed; that the one is as legitimate as the other; but that they are all illegitimate. As for wages,—the speculation by capital in men's time is not far removed from the speculation by capital in the men themselves. It is what Parker Pillsbury would call the "high art of slavery." In its place we would substitute co-operation. As for rents, whether money, horses, or houses, we would say a fair remuneration for what had been *used* or what was not returned as found. As for profits, instead of cost, we would sweep them away altogether, as containing the essence of financial corruption—from Bridget bartering at the country store up to the officers of government engaged in the *Crédit Mobilier*. From that species of profit called interest springs, directly or indirectly, all the discord between labor and capital. There is no good reason why the government should not,—instead of creating a *vast untaxable interest-*

bearing debt,—loan money to the farmer and the mechanic upon collateral security without interest.

It is because of interest that every reformatory idea has to be driven through the sluggish brain of unrequited toil, and depend for its resources upon the tight fist of capital. It is because of interest that the bread-and-butter question glares men in the face so strongly that they are turned from their ideal. It is because of interest that a thousand dollars at present can earn more than a common laborer. It is because of interest that brains can only acquire a competence, while mediocrity with money can lay up riches. It is because of interest that it is so hard to earn a living and so easy to make money. It is because of interest and capital's assumed prerogatives that Vanderbilt towers out of the Five Points with one hundred million dollars, whereas no man in the days of the Revolution could acquire one million. It is because of interest on money that four-fifths of the property in Massachusetts is owned by one-fifth of its citizens. It is because of interest that it takes three bushels of corn to bring one from Kansas to Boston. It is because of interest that the same corn can be eaten cheaper in Boston than in Kansas City, and cheaper still in London than in Boston. The cost of living everywhere is proportionate to the rates of interest.

But some one asks: "Why do you take interest, if interest is wrong?" Because it is my share of the tax upon my industry. Since the aggregate production and consumption of the country supports the aggregate capital of the country, every man pays interest. The question, then, is, shall he not recover what has thus been unjustly taken? But what if his income is greater than the added tax upon his living, as in the case of Vanderbilt's and Stewart's? Why, it should be divided among those who have no representation in the country's capital, which their labor, unrequited, goes to support.

Yours for the abolishment of unjust usages, and thus the better education of the people, for religion cannot be wholly free unless the land it stands upon, the merchandise it traffics in, and the circulating medium, be also free.

CHARLES THOMAS FOWLER.

NORTHBRIDGE, Mass., Oct. 30, 1873.

[Mr. Fowler is logical, so far as he is driven to deny that "money is rightly held by the capitalists." To deny the right of interest-taking involves the denial of the right of property-owning; just as to deny the right of a tree to bear fruit is to deny its right to live at all. Wherever capital exists, it cannot help bearing interest in some form or other, however disguised. Hence the protest against interest is a protest against all property whatever. Would the condition of the laborer be improved by the destruction of all property? Just as soon as the laborer acquires property, he begins to receive its interest in some shape, and becomes a "capitalist." Our anti-interest friends do not see whither their own logic is leading them. They would extinguish all property, even as held by the community; for all property necessarily bears interest in some form, and the community would have no more right to receive it than individuals. To abolish interest is to abolish capital; to abolish capital is to reduce all men to one dead level of absolute poverty. Would that improve the laborer's condition?—ED.]

USURY AGAIN.

[December 14, 1873. No. 206. v. 4. p. 496]

MY DEAR FRIEND ABBOT:—

The laws of every civilized nation sanction and protect legal interest just as much as they do wages,—the United States six per cent., Germany five per cent., etc.

Mr. Heberling, Mr. Hutchinson, and Mr. Tucker have failed to give us a comprehensible explanation "why men should not charge for the use of their money " Mr. Heberling has not space enough in THE INDEX "to explain why men should not charge for the use of their money;" but in what he thinks to be a satisfactory answer to my questions, he compares interest-taking with stealing.

In accordance with the extreme and undefined code of morals of those gentlemen, every third man or woman must be a thief. Mr. Tucker seems to be very sensitive and sarcastic on that question; but he must certainly make his new code of. morals more just and comprehensible, before he can convince reasonable, moral people that legal interest-taking is unjust. We hope those gentlemen will find space enough somewhere for a plain and convincing demonstration of their position, but as long as it remains their theory or belief only, they ought to abstain from making pretentious charges and comparisons. Otherwise we must consider them in the same category with those extra-religious people, who believe that everybody will be damned who does not believe as they do.

CARL H. HORSCH,

DOVER, N. H., November 17, 1873.

[For THE INDEX.]

THE COST PRINCIPLE.

BY JOSIAH WARREN.

Round again to anarchy! The next phase in all political systems is despotism in government—the "one man power."

Is there nothing else in store for our wretched race but these two great sources of confusion and misery; or are there some unexplored regions of thought from which we can derive some hope of repose for our great bedlam miscalled "society" Let us see. The subject of money is now up for discussion, more prominently than any other. Let us see if we understand its true function.

Although one may travel many miles in some countries, and "pay his way" with needles, silk thread, or wampum, we cannot carry flour, corn, meat, etc. about us to exchange for what we need, and therefore we carry little bits of metal, or pictured papers promising these bits of metal, called dollars and cents. There being no accepted principle for the regulation of prices, a contest arises in every transaction between exchanging parties,—the one aiming to get as much as possible, and the other to give as little as possible of these bits of metal for the commodity exchanged and this debasing scramble has become the most absorbing business of life.

Now (as "nothing is ever settled till it is settled right") the problem before us is, what constitutes justice; or, what would bring about adjustment? How many of these dollars should I, in justice, give for a barrel of flour? Should I give five, ten, three, twenty, or a hundred ?

The flour dealers tell us that the price depends on the "demand." They have no other answer to give; and it is true to the spirit of trade throughout the world. They proceed to buy up flour to create a scarcity, and then set their prices according to the "demand" or degree of want or distress thus created; and the more distress they create the greater are their speculations.

While this practice may give the speculator in a few hours as much as a useful man could earn in his whole life, it entirely overlooks and disregards justice to the producers of the flour. So completely is this justice left out of sight, it is not probable that there is a man in Boston who has the least idea of the average amount of labor in a barrel of flour in any part of the world.

Our question recurs: what should be the price of the barrel of flour?

As there is no ascertainable relationship between dollars and the labor in the flour, the question never can be answered in dollars; the little girl who said she "loved her father fifty cents," illustrated the futility of any attempt to pay properly for labor in any common money.

Again: what should be the price of a barrel of flour? Some have replied that an equal number of hours of labor as had been bestowed on the flour

This might hold good with *some kinds* of labor. But hour for hour would not apply as a rule, because some pursuits are so much more disagreeable than others: we might prefer to work three hours in one rather than one hour in another, and we cannot reach adjustment as long as there is much preference for some pursuits rather than for others. But if we had just prices according to the pleasures and pains involved in each pursuit, giving to the most disagreeable the highest compensation, and to the most pleasurable the least, we should avert all contests arising out of preferences for positions. Each one would be filled according to the demand.

It will at once be seen that this highest reward to the most repugnant labor is exactly opposite to the prevailing customs in all countries; while it is, at the same time, in perfect harmony with the strongest instincts of every worker, and with common sense.

In the most compact phrase, it is the SACRIFICES we make for each other that should measure our compensation in order to reach adjustment. The barrel of flour, then would be properly paid for with an amount of labor or service which cost *sacrifices* equal to those involved in the production and delivery of it. To get this principle into practical working order, we take some staple article, such as wheat, corn, or iron, and ascertain by investigation the time required on an average for the production of a certain quantity in a certain locality. Corn was selected in Ohio and Indiana as this unit of measurement, and it was found to cost an hour's labor to raise twenty pounds. The corn was used, instead of dollars and cents, for the measurement of prices in the different pursuits.

The easiest and pleasantest labor was priced, perhaps, at five pounds per hour, and the more repugnant (or that attended with contingent losses) at twenty-five, thirty, or fifty pounds, or whatever each one might decide on for his own work.

This makes it necessary to find out the amount of labor in the different products; but these estimates once obtained may remain unchanged for a long time, during which time all speculations on food, clothing, fuel, etc., thus estimated, would be knocked in the head. If a barrel of flour is found to cost thirty-five hours' labor, then thirty-five hours of *equivalent* labor would be its price from year to year.

"But," asks our critic "what shall prevent the holder of the flour from demanding a hundred days' labor for it?" This question introduces our "equitable money," which is simply a *positive promise on INDIVIDUAL RESPONSIBILITY to deliver a barrel of flour*. It would be ridiculous to say, "Flour has gone up." The note calls for a barrel of flour, and a barrel of flour must be forthcoming.

When the natural effects of this equitable limit to prices begin to be appreciated, instead of any desire to exceed these limits, the temptations, especially to men and women of high culture and moral aspirations, will be all the other way and if one flour dealer in a city should religiously adhere to this equitable limit of price, it would be impossible for any other in that city to raise the price above that limit. The same may be said of any other department of business. One single person in a neighborhood, who would buy and sell land for an equitable compensation for his time and trouble, would put an end to the ever-vexed question of land tenures, by cutting up by the roots all monopoly in that neighborhood for the sake of selling it at a profit, and would open the way to homes for the homeless, and bread to the starving.

An unchangeable limit to the prices of our supplies would be the commencement of that "SECURITY OF CONDITION" which is the professed object of all governments, and the chief excuse for their existence.

This equitable limit of prices, abolishing all profits over and above compensation, would abolish the sharp and destructive competition between individuals and nations,—would abolish the principal cause of modern wars,—would put an end to excessive importations to the ruin of our own productive business; but at the same time it would open the way to legitimate commerce with all parts of the world where exchanges would be mutually beneficial.

Trade merely for the sake of profit would be abolished; and would be limited to the simple equitable exchange of commodities, for the same reason that the farmer and the carpenter exchange with each other—not for the profit derived from price, but for the benefits derived from each others' products, arising from the division of labor.

If the needle manufacturers of Birmingham can supply all the world with needles, and are willing to limit their prices by the costs incurred then it would immediately become the interest of ail the world to cooperate with them in affording every practical facility and improvement in the processes of manufacture that would tend to reduce the costs. But, if profit-making intervenes and buys these needles to peddle out at the highest price that can be extorted from the "demand," then there is no such motive for coöperating help—no bond of mutual interest between the parties; but instead of it an unnecessary multiplication of manufactories and a mutual strife between different countries to under-work and under-sell each other, grinding their workmen down to the starvation point. Then come the tariff systems for the "protection of labor," and then a war against tariffs. (The first premonitory symptom of war between the South and the North was heard in 1832 in South Carolina, in opposition to the tariff insisted on by the North.) It is the buying cheap and selling dear that grinds the workers and small manufacturers to powder. With simple exchanges on the cost principle, every one bearing his own burdens, two or three hours' employment per day

would abundantly furnish a handsome living and security of condition, and we could afford to be almost indifferent to the mere question of cheapness.

Perhaps it would be well to elaborate this cost principle more fully.

The words Cost, Value, Worth, and Price, are generally used indiscriminately, but here it is necessary to discriminate very carefully, to avoid infinite confusion. The word Value is here used to express the benefit or satisfaction derived by the receiver from the thing received: as, for instance, a loaf of bread may be of great value to one dying of hunger, but it might not be of much value to even the same person if he was not hungry or had an abundance.

The word Worth is synonymous with Value. Price is the thing we pay for the thing we receive.

The word Cost, like every other word, "changes its meaning as often as it refers to different things."

We say, that house cost five thousand dollars,—the word cost referring only to the money paid for the house; but, speaking of the costs of a war, the money expended is but a very small item of its costs. The sacrifices made by parents, brothers, and sisters, when families are ruptured to make up the army, the abandonment of the useful industries, the enslavement and degradation of men under tyrannical military discipline, their sufferings from exposures to heat, cold, and wet, the pains of the wounded and dying, the destruction of homes, the anguish of widows, the destitution of orphans, and the lasting enmities between the contending parties, are some of the costs of a war, as that word is used when speaking of the cost principle. It is intended to express whatever is painful or repugnant in what we do or suffer—the sacrifices we may make in the services we may perform for each other. The word cost is used in this comprehensive sense, and is preferred because it is short and convenient, and not altogether new in its application.

It will be perceived that this cost-limit of price is in direct conflict with the prevailing practice of getting all we can, according to the "demand." A barrel of flour, or anything else, must have a value to the purchaser, or there is no motive to buy it, but to make this value, or the necessities of the buyer, the measure of price subjects the necessitous to enslavement for food, clothing, and shelter, or drives them to crime, suicide, or starvation, and fills the world with antagonisms and confusion. Let costs govern prices, and ruinous fluctuation in prices is at an end. Let our money be notes promising positive, definite quantities of definitely specified articles or services. Let them promise specified quantities of corn, iron, wheat, flour, coal, carpenter-work, and all kinds of services. The positive promise for *certain quantities* cuts off all power of the seller to take advantage of the necessities of the buyer, and puts an end to this kind of cannibalism, which will be found to be the subtle, unseen virus that has poisoned all our business intercourse. Take up any business newspaper, and there will be found an abundance of illustrations of this cannibalism. Wherever prices are touched upon, they are fixed with reference, not to any idea of justice, but to create the most "demand," and make the most out of it, and the more effectually buyers are "cornered" the more they can be made to pay. This exhibits human nature in a hideous light and prompts us to apologize for it by the fact that it knows nothing but what it learns. All the financiers and political economists have admitted into their premises that prices may properly be measured by "the demand," and all their after-reasonings are vitiated by this fatal, unexamined error; which has been admitted and followed without question as the fiat of authority. It is with this hideous dogma that the cost principle makes direct issue.

THE REPRODUCTIVENESS OF CAPITAL.

[December 18, 1873. No. 208. v. 4. p. 521]

EDITOR INDEX:—

Your discussion of the interest question with Mr. Fowler and others has suggested some thoughts which, if not deemed intrusive, I should like to submit to your consideration. Mr. Fowler insists that taking interest ought not, in justice, to be allowed; that it is the cause of the extremes of riches and poverty among us. I take the ground that it is capital that is made to do this mischief—not interest—not money even. I will try to make this appear in as brief a manner as possible. Let us endeavor to get clear and accurate fundamental ideas, and then build on them. And first—what is the true idea of capital?

It is defined to be such wealth as is "*necessarily consumed in the process of making other wealth.*" This is called reproductive consumption, such wealth mainly consists of tools and raw materials. To simplify, we will let *tools* (*i.e.* ploughs, harrows, spinning-jennies, sewing-machines, etc.) stand for capital; and then see what we can do towards making the rich richer, while money and its interest are wholly left out of the agencies. The natural tools for making property are brains and hands; and these natural instruments are found to exist, in the natural man, in different degrees of efficacy in different individuals. This is the way it works.

Suppose some men are cast upon an island—all intercourse with others cut off. With a very few bad old tools saved, they are, at the start, just able to keep alive, by working all the time. One of the number, with better head and hands, the gift of Nature, cultivates and plies them so intensely and skillfully as to be able, in time, to support himself and have *one day* in the week to spare. This he devotes to making other and better tools. In a given time, he has made a full set, and with these new and better tools he is now able to live and have *three days* in the week to spare. With half his time now given to tool-making, a second set is soon completed. This last set he cannot use himself, but one of his neighbors offers to give the proceeds of two days' work in the week for the use of them; the neighbor gaining, by this operation, one leisure day per week, the tool-maker two. The tool-maker has now at his command *five days' work* per week, after earning his living; and with this increased force, a third set of tools is soon turned out, and a second neighbor hires them upon the same terms. In quicker time still he now turns out another and another—ten—fifteen—twenty—fifty—an hundred sets, and so on without limit, laying the whole colony in time under contribution and here we have a young millionaire. Now, fully under way, he goes on easily doubling up and piling up productive capital into mountain heaps, while, at the same time, he has not only not wronged any one, but has actually increased the productive power and prosperity of all, and also initiated civilization.

In conducting this illustration I have endeavored to simplify and make the showing as plain as possible, by divesting the case of all non-essentials, but retaining and giving due consideration to everything essential. Have I not fairly made a young millionaire without using money or interest in any shape?

Now if we had introduced the money agency into these transactions it could only have superseded barter without changing results. If other men of native ability had sprung up and competed with the first—made or got possessed, by barter or money, of ploughs, and harrows, and wagons, or shops, and tool-making tools, sewing-machines, spinning-jennies, etc.,—and followed suit, this could only have operated to check a little without arresting the first man's accumulations. Now the essence of the whole thing lies in this:—

Capital has an inherent reproductive power, as distinct from the power of labor as the power of labor is distinct from the power of capital; and neither can reproduce wealth without the help of the other.

But here is the vast distinction—capital can be increased and owned *to any extent*; whereas the mere laborer cannot even double himself. If for every additional set of tools he could turn out a new pair of hands and head, and set them to work, he might keep pace with the capitalist, but he cannot.

The most essential quality which makes an article capable of being used as capital in the process of reproduction is, that by its use *it increases the productive power of the laboring man*—increases it enormously—ten—twenty—fifty—an hundred fold, and more. Yet Mr. Fowler is of the opinion that the laboring man is the sole producer of wealth, and should have it all! But if an inventor of a sewing-machine give its use to a tailor and so quadruple his (the tailors) productiveness, is not the inventor entitled to a fair share of the increase? Well: now substitute *owner* for *inventor* and the case is not altered.

By this time it may be thought I am in favor of the capitalist. Not a bit of it. The self-augmenting power of accumulated capital is absolutely frightful, and must in some way be checked. But as long as the Creator apportions his gifts among men unequally, varying from one talent to ten, there is a meaning in it, and this is one of the things so meant, but the evils (penalties) naturally resulting from overgrown estates is proof that he does not approve of it.

If the foregoing reasoning be correct, it will not be difficult, I think, to settle the interest question; so I leave the subject just here.

E. WALKER.

CINCINNATI, 282 Main Street.

[The necessary tendency of capital to reproduce itself is very lucidly illustrated by Mr. Walker; and we commend his article to the especial attention of those interested in the discussion of the labor question in general. Natural inequality of talents is at the bottom of the unequal distribution of wealth, though this is largely increased by rascality and unwise social arrangements Let us rectify all that can be rectified, without deluding ourselves with the hope of abolishing the natural inequalities of men.—ED.]