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Socialism v. Smithism.

AN OPEN LETTER

FROM

H. M. HYNDMAN,

TO

SAMUEL SMITH, M.P.

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PRICE TWOPENCE.

*(Sold for the Benefit of the Democratic Federation).*

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THE

BOOK

BY HINDMAN,

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SOCIALISM *v.* SMITHISM.

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From H. M. HYNDMAN

To SAMUEL SMITH, M.P.

SIR,

Pressure of more important matters has prevented me from answering the two letters which you wrote to me last summer criticising the manifesto of the Democratic Federation, entitled "Socialism Made Plain." Now that you have published them, however, and they have been noticed a little in the press, it may be well that I should point out to you the misstatements and errors they contain.

You begin, for instance, by directing my attention to the Eighth clause of the Jewish Decalogue. "Thou shalt not steal" is, you say, one of God's commandments, and upon this you base your "Christian morality." I have no objection to that. Only permit me to point out to you, in turn, that you commence the application of the commandment a good deal too high up. My view is that to steal labour is to steal the most valuable of all property, that which indeed is the basis of all property, and without which there would be no property at all for anybody to steal. Sir, I beg you to think of that when next you are paying the wage-slaves in your cotton-mill a fraction of the value of the labour they have expended for the benefit of you and your class.

Possibly it may occur to you at the same time that the Founder of your faith denounced the landlords and capitalists of his day far more furiously than I should think quite polite speaking of them as "hypocrites who lay waste widows' houses, and for a pretence make long prayers, the same," Christ said, "shall receive the greater damnation." So you see that there are some "neighbours" whom your God does not "love." Nor do I.

I feel, however, that it is a little out of place to bandy biblical quotations with a Liverpool lawyer. So I will not touch upon your prophetic account of what would be the result if our suggestions were put in practice. Such apocalyptic sketches read a little silly when signed "Samuel Smith." Rather let us deal with political economy and figures. I will say in passing that I am treating of my own country and its inhabitants. I am quite content to know something about them without setting to work to unravel the intricacies of remote and ancient Asiatic civilisations altogether beside the question at issue between us.

We contend then that labour applied [to natural objects is the source of all wealth. You reply that the organising brain is quite as necessary as labour, and that Watt's great invention of the steam engine "added more than a million pair of hands could do to the wealth of the country." At this rate Watt and his immediate descendants should have received all [the] additional wealth due to the steam engine. But to start with I deny that Watt individually invented the steam-engine. It would equally have been invented at the end of the eighteenth century if he had never lived, though his

improvements made it available a little more rapidly. Moreover, he could not even have made those improvements but for the existence of skilled workers immediately around him; and these certainly he did not "invent" for they were the result of thousands or millions of years of human progress. But even admitting for the sake of argument the truth of your contention—what then? Who gets the chief benefit of Watt's invention? Assuredly not the labourers. It is a matter of fact, which you can verify or not as you choose, that the mass of the working people of this country were better off—that is could buy more food and better raiment in proportion to their wages—during the period just prior to the application of steam on a large scale (1720-1775) than they have ever been since. The profits due to the steam-engine have therefore been taken not by Watt, who, according to you, invented it, nor by his descendants, who, I presume, should have inherited it, nor by the workers who helped to perfect it and have ever since served it, but by the capitalists who have used it as a machine to grind such profits out of the labour of their fellow-creatures. So much for the contention that steam has so greatly benefited your working countrymen.

But you still claim payment for "the organising brain." Here again I might fairly urge that if all were living in comfort and health the organiser, as such, would have no right to complain if he were paid no more than his fellow. The Roman organiser, the *villicus*, received a *less* ration than the slaves whose labour he organised, precisely because his duty was less exhausting than theirs. Even to-day it is not the direct

organiser, manager, or superintendent who draws such a vast salary, but the idle capitalists who sit at home drawing interest and profits. I read with amusement your pathetic description of "the anxious careworn" capitalists who "have become bankrupt." Doubtless you had your noble Liverpool cotton cornerer, Mr. Morris Ranger, in your mind. Probably he is quite sound on "Christian morality" too?

Seriously, we know something of what the profits of the Lancashire cotton trade have been since the beginning of the present century, and how they have been ground out of the very life-blood of women and little children. It is rather late in the day, Sir, for you to put forward such men as the Lancashire cotton-lords and Liverpool cotton-brokers as self-sacrificing lovers of the human race, as "anxious careworn" philanthropists nobly taking a trifling percentage in order to provide three millions of their country-people with bread. No, no, my dear Sir; good, worthy Christian man as you are, lawyer, Member of Parliament, philanthropist, cotton-spinner, social reformer, and the rest of it, your own original business should have taught you the danger of proving just a trifle too much.

Turn to the Report of the Inspector of Factories for the year 1875, and there read how the wage-slaves of Lancashire still fare under the system of production for the profit of capitalists.

I note that you are a Malthusian—a truly Christian doctrine that by the way. I have dealt fully with the familiar fallacy of Malthus in my book on "The Historical Basis of Socialism in England," just published by Messrs. Kegan Paul, Trench & Co., so I will not

expose it further here. I will only observe that in England the power of man over nature increases at a far greater rate than any possible increase of population. There are too many idlers—including, saving your presence, “lawyers, parsons, shopkeepers, landlords, capitalists, innkeepers, publicans, Members of Parliament, members of the army and navy, &c.”—not too many workers in this England of ours. Ireland—but I am really amazed. Are you not the Samuel Smith, Liberal M.P. for the city of Liverpool? Are you not a firm supporter of this “Liberal” Government? And yet you can see nothing but over-population in Ireland. How odd! Famine in Ireland, Sir, is due to landlord robbery taking the food from the people in the shape of rack-rent; as misery and starvation in England are due to capitalist and landlord robbery taking the labour, which means the food, from the people in the shape of rent and profits. Why, Sir, your party founded their Irish Land Bill on this very contention. And you don’t know it!

Let me make our general position a little plainer. Owing to the fact that the means of production, the land, the capital, the machinery and the credit are in the hands of the upper and middle classes, the workers who have no property whatever beyond their mere labour-force, are obliged to sell that labour-force as a simple commodity, and therefore to sell themselves as wage-slaves in return for a bare subsistence. They give back however the value of their wages to the employing class in the first quarter of their day’s work. Thus, by means of monopoly and economical oppression enforced by the State, which the upper and middle classes own

and control, the workers are legally robbed of three-fourths of the labour-value they produce. This three-fourths, called economically surplus value, feeds fat those who chant aloud every Sunday "Thou shalt not steal," after having done a good six days' thieving in the week. They hold on tight to the labour-value they have robbed, and denounce as scoundrels the meddlesome moralists who will cry "Stop thief!"

I would remark, in reference to the last clause in your letter, that we do not propose to "divide" the land. This, if you had known anything of modern social and political economy, you would have seen beforehand. Our proposal is to put in the first place heavy cumulative taxation on all rents as on all other incomes, and having thus gradually expropriated the landlords and capitalists, to work the railways, the shipping, the factories, and the land in the most skilful fashion on a large scale with the most improved machinery under a Democratic State or Communal management. In this way only will the infamous confiscation of labour which goes on under our present competitive system be put a stop to. Production being now a social business exchange must be a social business too.

So much for Letter I. Now for Letter II. and its figures. Your jaunt to Whitehall Gardens seems to me to have been bootless. Mr. Robert Giffen has "let you in," as he has let in many an unwary Member of Parliament before you. Statistics don't always mean exactly the same to our dexterous manipulator of the Statistical Department of the Board of Trade, as anyone who has watched his career is very well aware. I fancy Mr. Giffen had a little private chuckle as you went

jubilantly down the staircase and set to work there and then to make ready his Anti-Socialist address for the Statistical Society. That address to the Statistical Society you have, I daresay, read and rejoiced over. Five years ago, however, Mr. Robert Giffen, who was then deeply concerned to show how enormously capital was growing in this country—there is a sort of fascination for some minds in the contemplation of gigantic and successful robbery—Mr. Robert Giffen, I say, then showed that the working classes (that is to say, the producing classes and those engaged in distribution as wage-earners apart from profit) received only £338,700,000 a year out of a total income of £1,200,000,000. Mr. Giffen still puts the income at £1,200,000,000 a year. I put it at £1,300,000,000; but I am content to take the smaller figure without any detriment to my argument. Out of either income I say that the workers get now only £300,000,000. My reasons for giving these figures as the share which the producers receive are, (1) that of late years the average wages of the working classes have certainly decreased; (2) that in 1868 the late Mr. Dudley Baxter—quite as competent a statist as Mr. Giffen—put them at £257,000,000; (3) that five or six years ago Mr. Giffen himself put them at £338,700,000 as already stated; (4) that a most careful survey which I myself have made of the different trades and the average wages of the workers in them brings me to the conclusion that £300,000,000 is not an understatement at the present time. The total you give would include not merely the wages of producers but of domestic servants, of the army and navy, and of a whole army of hangers-on of

the profit-making classes. Even the *Economist* considers Mr. Robert Giffen's recent estimate of £620,000,000 a flagrant example of statistical fudging. Besides, if we were to assume that the working classes earn what you say they do, viz.: £500,000,000 a year, or £200,000,000 a year more than they actually take, you have still omitted a most important element in the problem. That is, how much do the workers refund out of their scanty wages to the capitalist class in the shape of rent for houses whose entire value has already been paid for two or three or in some cases twenty times over? How much do they refund in the shape of profit on retail articles and adulterated wares? The average amount paid by the workers as rent for bad and insufficient lodging alone amounts to from one-fifth to one-third of their weekly wages. Sir, our figures are quite correct, and even Mr. Giffen's recent paper, stripped of its optimistic veneer and boiled down to bare facts, proves that they are so. You will observe that in spite of what he wrote or said to you he puts the incomes over £150 a year at just £600,000,000 a year, as I did, or £575,000,000. But in the face of this Mr. Giffen states that there is no spare capital to divide with the workers nor has there ever been; in fact the capitalist class could not possibly carry on at all with less than they receive. Statists, like another imaginative set of people, should cultivate a good memory. In 1878 this very man, Mr. Robert Giffen, the Head of the Statistical Department of the Board of Trade, the owner and principal writer for the *Statist* newspaper, a frequent contributor to the *Times*, &c., &c.,

proved conclusively that the capital of this country, apart from ordinary profits, interest, rents, &c., was actually *increasing* at the rate of £250,000,000 each year—more than three-fourths of the total amount received by the producers in wages.* The total increase of capital in England between 1865 and 1875 was, he averred, certainly not less than £2,500,000,000; do read the amount, Sir—two thousand five hundred millions sterling in ten years. On this point also compare Mr. Mulhall whom you quote as an authority.

Poor “anxious, careworn” capitalists, humane 2 per cent. philanthropists, how heavy those ill-gotten gains must have lain in their breeches pockets! Made out of the labour of others, Mr. Samuel Smith, every penny of it, many of whom are now rotting in the pauper grave-

* After the publication of Mr. Giffen's address in the *Times*, I wrote a letter to the Editor of that journal pointing out that Mr. Giffen had greatly changed his views as to the share taken by capital since 1878, and that according to the figures which he then gave, and those which he now put forward, the amount of wages received by the working-class had increased nearly £300,000,000—from £338,700,000 to £620,000,000—during five years of general depression of trade. This letter was printed, and drew from Mr. Giffen the reply that my statement was utterly untrue; that he had never made any estimate of the income of the working-classes, or of any other class, until the date of that address to the Statistical Society; and that he could not imagine where I got my figures from. Mr. Giffen added that he only “assumed” the total income in 1878 at £1,200,000,000. This, although he had stated to Mr. Samuel Smith, M.P. a few months since that he had arrived at the very figures “by adding together the incomes of every person in the country.” I could only rejoin that the simple processes of addition and subtraction applied to the figures set forth by Mr. Giffen five or six years ago, gives the result of which he complained. And I asked how a Statist of his studies and reputation could declare authoritatively that capital was increasing at the rate of £250,000,000 a year, unless he had made some such computation? Up to the moment of writing the *Times* has not printed my letter. I am obliged therefore to give this explanation here, and to ask doubters to turn to Mr. Giffen's own calculations as the best possible refutation of himself.

yard before their time by reason of this robbery. Where do God and Christ and the eighth commandment come in? Pray give us a few texts. Better still, perhaps, reprint for us the list of millionaires from the middle-class *Spectator*, and spread broadcast a copy of Lord Overstone's will.

You argue in places as if we Socialists wished to maintain the present form of society subject to taking the property of the upper and middle classes—as if competition would still go on, and wages being high the population of the whole earth would flock hither. When we see them coming we shall make preparations for their reception, take my word for that. But we know well that they will follow our example and deal with their own oppressors on the spot. In the meantime we are striving to overthrow our present society, not out of sheer malignity and eternal "cussedness," as you suppose, but in order to substitute State co-operation and organisation of labour in all departments for that competition for gain above, and competition for bare subsistence wages below which bring about such terrible results. We hold also that all class distinctions must inevitably be abolished. Even as it is, though but one fourth of the people are engaged in useful production, and they not to the best advantage, there is enough and to spare for all to live in comfort if the wealth created were equitably shared. At present the introduction of improved machinery is absolutely kept back by cheap labour and overwork of men, women, and children. A man, a woman, or a child costs less food, that is less fodder or fuel, than a horse, a mule, or an engine. Such a state of things for the mass of the people as now exists.

we call anarchy—you call it order. You say gin drives to misery: we say nine times out of ten misery drives to gin. All the wretchedness and grinding competition you speak of at pp, 10 and 11 of your pamphlet are due to the system which you champion—the system, namely, of monopoly and luxury for the few, of bare subsistence wages, overwork, and drudgery for the many. They will be changed when that system is changed, and not till then. Production for profit means moral degradation not for one class alone but for all. I hope for a revolution, I strive for a revolution—peaceful if possible, forcible if need be. Re-organisation in some shape is essential, for nothing can be worse for the workers than the existing state of things. Under a system where all should work none would be deprived of wholesome leisure, and healthy enjoyment of natural beauty. There is no lack of room for workers, but drones and robbers have had their day.

You say that I am guilty of misstatement about the number of landowners, and you refer me to that monstrous fraud, the so-called "New Doomsday Book" of 1872. Surely you must be aware that the "Financial Reform Almanack" long since showed that the number of landowners in that bogus return is deliberately multiplied over and over again. Walk down from your office to 50, Lord Street, oh statistical member for the city of Liverpool, and purchase for yourself, by the aid of one shilling, a copy of that most valuable compilation. By the way, 8,000 landowners pocket £35,000,000 a year in rents. I have no special animosity against landowners myself for they are, economically speaking, mere hangers-on of the capitalists; but you are a Social

Reformer—not a Socialist, I'll never accuse you of that again, believe me—so I should like to know whether you approve of that “division” of property? The point, however, we are at is the number of landowners. I don't think, after your visit to Lord Street, you will quote that Blue Book of 1872 again where I am likely to hear of your doing so. 30,000 landowners over against 30,000,000 of people is still quite near enough to the facts for me. Those who hold building plots, though far fewer than you state, would gain infinitely more by securing the full fruits of their labour than they would lose under a socialist system by what they themselves might see fit to vote for the service of the state. As to the present condition of the land owing to bad seasons, American competition, and above all bad land-laws, I am perfectly advised. I am also aware that Lord Leicester, Sir John Lawes, Sir James Caird, and my friend, Mr. J. Boyd Kinnear, all estimate that under a proper system of cultivation the land of Great Britain would produce profitably more than twice what it produces at present.

In conclusion I would recommend you to clear your mind of cant—Christian, capitalistic, or other cant—and to view these matters without bigotry and without prejudice. You evidently take the Bible in one hand and bourgeois economy in the other, and mix them carefully in the interest of the possessing classes. “He that hath let him grab more.” That is the sum and substance of your philosophy—social, economical, political, and religious. The class which provides the “more” begins to understand where wealth comes from, and in spite of all your rhetoric about Nihilism, Communism, and so

forth, they protest against the confiscation, the never-ceasing confiscation of labour which goes on at their expense. Ere long you will hear from them, in no gentle tones, the repetition of that commandment with which you began your letter, and I end mine :—" THOU SHALT NOT STEAL !"

I am, Sir,

Your most obedient, humble servant,

London, November 24th, 1883.

H. M. HYNDMAN.

TO SAMUEL SMITH, ESQ., M.P., &c., &c.,

Liverpool.

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