

CAPITAL AND INTEREST.

From THE LAST WORD OF SOCIALISM.¹

Charles-François Chevé

Moved by the spectacle of society in its death-struggle, and threatened with a terrible crisis impending and rapidly hastening on, I ask for the source of these calamities and I find it in the custom of paying *interest on capital*.

The followers of Owen and Babœuf deny the right of property, but on the contrary I oppose whatever impairs that right. Now that which above all else tends to its destruction is interest or rent; because these give for its foundation indolence instead of industry, oppression instead of freedom, revolting injustice instead of real equality. We have to do with facts not words; I have no system to propose, but merely to state the strict rule of justice. The only wonder in the plan which I shall propose is its extreme simplicity; for it is summed up in the principle, that 1 *equals* 1. Applying this arithmetical axiom to the law of exchange, I say: *for value given an equal value should be returned*.

Let us consider the case thus. The baker, butcher, tailor, bootmaker, or any producer, disposes of his wares to you, for which you pay him an equivalent sum. Article for article, value for value, each receives with one hand and gives with the other, remaining exclusive master of what is received, while renouncing all claim to what he parts with. Here then is our fundamental principle illustrated, 1 equals 1; for value given an equal value is returned. You need my article, yours on the other hand suits me, we make a transfer, and all is done; you sell me a garment for a hundred francs, I take it. But if you should take the hundred francs and keep the garment too, all the courts in the land would convict you of theft.

But now when we come to a proprietor who makes a bargain for estates belonging to him, all this is reversed. A landlord lets me a field which I bought for a thousand francs, for which I pay him annually a hundred francs rent. Do you think that when I have paid the full value of the field, I shall become owner? By no means, I shall have no right to a hand's breadth. Yet a hundred francs in specie are just as much equal to a hundred francs invested in the estate, as a hundred francs in gold were to a hundred francs in the garment. If the tailor had kept my money and the clothes, he would have been a thief; but the proprietor pockets my thousand francs and keeps his acres, and is every where reputed an honest man.

¹ - C.F. Chevé. Le Dernier Mot du socialisme, par un catholique. 1848. Chapitre IX. Coup-d'oeil rétrospectif.

Evidently, here is a gross contradiction, inequality, injustice; and resting on a foundation so absurd and destructive, the right of property denies and overturns itself. If you take my money without a return why should you demand from me respect for yours. If I had paid you outright, and at once, in bank-bills a thousand francs, I should have been owner of your whole field for ten years, and yet because I have made over to you the same sum in twenty or forty payments, I have not acquired the right to a single inch. What should you think of a merchant who cancelled those debts only which were settled in a single payment, but left all those standing which were paid on account? Yet exactly what would seem so ridiculous and unjust in the case of a merchant, is actually done in that of the proprietor. Thus is created an exorbitant and monstrous privilege in favor of the rich against the poor; since my opulent neighbor, at one stroke, can take possession for one thousand francs, of a piece of property to which I can make no claim, although under the name of rent I have paid the same sum in a series of years. This palpable violation of the right of property in favor of the rich and against the poor, explains that frightful disproportion in fortunes, whose two extremes of excessive luxury and excessive misery, give birth to the social evils, whose cause is sought far and wide. For is it not clear that the principle, *1 equals 1, for value given equal value should be returned*, has given place to another, namely, *0 equals 100, 0 equals 1000, &c.*, or in other words, *for value received no exchange should be claimed*. The former is the arithmetic of the poor, the latter of the rich.

And now let no one think, that such revolting monopoly is limited to landlords of rural estates; for every inhabited house, every hired machine and instrument of labor, every sum of money borrowed on interest is a means and occasion for a similar attack on the property of the poor by the rich. For instance you pay a rent of five hundred francs, for ten years, for a house valued at fifty thousand francs, and thus make over a sum to the owner equivalent to a tenth of his property. According to the principle *1 equals 1, 5000 equals 5000*, you should become owner of the house in ten years. But what actually takes place? Why the landlord may receive similar rent from twenty tenants like yourself, without parting with a fraction of his property. So with machines and money, &c, on which interest is paid. Spite of all arithmetic, the capitalist proves that you have paid him nothing, stills claims his property, and on the least resistance claps you in jail.

But exclaims the enlightened political economist: the proprietor or capitalist has given you in return the *use* of his field, machine, money. Most true; and I have given them the *use* of the sum paid in rent or interest. *Use equals use*, and our account is squared. Now tell me,—why, if the proprietor takes back the use of his estate, should I abandon to him the use of my cash? Surely I ought to be repossessed of that, as he is of his field, &c. If in fifteen years I have paid him, in the form of annual rent, ten thousand francs, the price of his property—whether real estate, money or machines—I ought to keep the property; ten thousand francs rent are equal to ten thousand francs in land or fixtures; we

have simply exchanged values, and of what is there to complain. EITHER USE FOR USE, OR PROPERTY FOR PROPERTY.

Economists! proclaiming that property is the child of industry, by whom it is begotten and nursed, you deceive yourselves. By granting to the proprietor the right of exacting a rent on the productions of his tenant, you establish a monstrous privilege in favor of idleness against labor. Is not this giving up to the indolent of the fruit of the producer's toil a destruction of property in its very principle?

Will it be believed now, that this amusing objection is brought up to the view here presented, "without the field the laborer could have produced nothing." At least it should be added; "the field remaining barren, the proprietor should receive nothing." Evidently we ought to say; "since in the natural and uncultivated state of the field, the proprietor could derive nothing from it, he should not claim that the fertility produced by another should be for his profit." Yet more, if the soil is necessary for the cultivator in order to produce, the grain produced is necessary for the proprietor in order to exist; why then should the latter enjoy a prerogative denied to the former? The world of mankind is united by a reciprocal right and duty of exchange, the governing law of which is, that *every article shall be paid for once and once only*, whether outright or by installment. Under this law, inevitable and universal, should pass the field of the proprietor. The annual rent should be reckoned as part payment of the whole value of the property, and not as a tax laid on the labor of the producer, which alone is the creative and fertilizing power.

Still, it is objected, the property rented deteriorates, rent or interest is the price of this deterioration. Verily! In renting, then you charge to me all injuries which result from my acts, yet do not in consideration of lessened value lower the rent one tittle. But it is I after all who impose upon myself according to the plan proposed,—for when the rent annually paid shall equal the original price of the property, and in the course of years I shall become owner, it will come into my hands, lessened in value in proportion to the ravages of time. Imprudent proprietor! You suggest to me, that perhaps I have committed an error in exchanging my money which has always a fixed and unalterable value, for a property which has been deteriorating. Would you persuade me that I have the right to demand of you indemnity?

Statesmen! If you would avoid the most terrible of revolutions, hasten to re-establish on the immovable basis of justice and equality, the corner-stone of the social edifice; efface from your codes all laws in favor of interest and rent, whereby the rich now destroy the property of the poor, and thus render the right of property contradictory, absurd, and unjust, while seeming to maintain it. Others would overturn existing institutions from foundation to cap-stone; I merely demand the introduction of this single sentence among our statutes: "Rent, Interest, and all similar arrangements without exception, shall be reduced to the simple conditions of Exchange or Sale, and regulated by the same laws. All legislative provisions to the contrary are hereby repealed.

THE LANDLORD AND HIS TENANTS.
A DIALOGUE.²

A man possessing real estate in the country—an excellent landlord for the most part—rents it to a number of small farmers, and clears, annually, a profit of six per cent. At the close of fifty years the farmers seek an interview with the landlord, and the following dialogue ensues:

FARMERS. Mr. Landlord, what do you consider your lands worth?

LANDLORD. Five hundred thousand francs, *my* friends, not a *sous* more or less. Do you want to buy!

F. Why should we not ?

L. Very good; count me down the sum in good gold, and the lands are yours.

F. But, Mr. Landlord, we have been reckoning up the amount which we have already paid you since we have been your tenants, and do you know, we find that it comes to at least one million five hundred thousand francs; that is to say, to three times as much as the value of your property.

L. Ah, indeed! well, that proves that I made no mistake in entrusting ,my lands to you.

F. No doubt of that! But tell us, if you please, would you, fifty years ago, have given us this property for the price you mention?

L. Certainly, and much more readily than to-day—for meanwhile they have increased a tenth in value.

F. But since, according to your own acknowledgement, we have paid you for these lands three times what they were originally worth, they should in justice belong to us, and you would still owe us a million of francs. The sum is very simple, thus:

From	1,500,000 fr.	paid by us,
Subtract	<u>500,000 fr.</u>	the worth of the property,
and there remain	<u>1,000,000 fr.</u>	due from you, for what we have made over as rent. :

L. Eh! Your arithmetic puzzles me. Do you pretend that I have appropriated anything of yours?

F. Judge for yourself; your, fortune was 600,000 fr.; you have not added a centime to its value by your own personal toil, and nevertheless *you* might have expended, during these fifty years, 1,500,000" fr., the product of our labor, while preserving' undiminished, and even increasing, your original property.

Now, he who is in possession of	2,000,000 fr.
While his own property and labor amount only to	<u>500,000 fr.</u>
Has evidently taken from others	1,500,000 fr.

² C.-F. Chev . Le Dernier Mot du socialisme, par un catholique. 1848. Chapitre XI. Dialogue entre un propri taire et ses fermiers.

L. But you should have had, fifty years ago, the 500,000 fr. to give me; then, instead of hiring, you might have bought my lands.

F. That is to say, being poor, we ought to give you three times the value of your estate, without having, the least claim to an inch of your land, while, on the contrary, if we had been rich, for a third part of what we have actually given, we might have been owners of the whole. Thus the poor man is obliged to pay three times, ten times, a hundred times, the worth of any property, without taking possession of it after all; while the rich man may receive three times, ten times, a hundred times, its value, without parting with it. And this is justice! this is equality! .

L. What would you have? Have you become communists, and would you rob me of the patrimony of my ancestors?

F. By no means; we respect your property, but we wish you to respect ours. All that we desire is, that the poor man should stand on the same level with the rich—that instead of paying a hundred and thousand times over, under the name of interest, for estates of which he never becomes proprietor, each payment made by him should entitle him to a proportional part of the property, and thus that both contracting parties should be invariably subject to the same reciprocal conditions of justice and equality.

L. But you have had the *use* of my lands, worth 500,000 fr.; you owe me, then," interest on that amount.

F. You, on your side, have had the *use* of our money, which now amounts to 1,500,000 fr.; you owe us, then, interest accordingly. Either, then, interest should be wholly abolished, when you would owe us the property and 8*million francs, or else both sides should pay interest, when your debt would swell to a much larger sum.

L. Why, at this rate, you would have become landlords in my place more than thirty years ago, and I should have been compelled to work for my living.

F. That, might have been very unpleasant, perhaps; but, we ask you, is it fair and right that we and our children should be everlastingly condemned to labor, in order to give you and yours the opportunity of living everlastingly in idle leisure? Or look at the matter thus: how much do you need annually for support?

L. Say 5,000 ft.; with my simple taxes, that sum might suffice.

F. Not counting' the interest, then, you would still today, at the end of fifty years, have had laid aside 250,000 francs, though doing nothing, and spending 5,000 francs a year—while we, who have poured into your coffers 1,500,000 francs, would not have in hand a single red cent, though spending only 300 or 400 francs a year, and working, all the time, 16 or 18 hours a day.

L. Well, what conclusion do you draw from that?

F. This is our conclusion. Fifty years ago, at the era of your majority, your fortune amounted to 500,000 francs; you have acquired nothing, meanwhile, by your own labor; and yet, after having spent 5,000 francs a year, which makes 250,000 francs for the whole period, you will leave to your heirs, by means of

the 25,000 francs annually saved, and the interest upon them, more than 2,000,000 francs; that is to say, your original patrimony has been increased five-fold by our labor; and the product of this labor has been pocketed by you, because you were rich, while we have been forced to pay it over, because we were and are poor. Well! we want no more of this social order, where the poor man is thus condemned to support the rich, and incessantly to heap up his wealth; henceforth we want justice and equality; and these can be secured only by a law declaring that all *payments of RENT* shall be reckoned as *PURCHASE-money*.

L. It will take you some time to get such a law passed.

F. That may be, but we shall obtain it at length; for God's kingdom upon earth is justice, and God himself is on our side.