

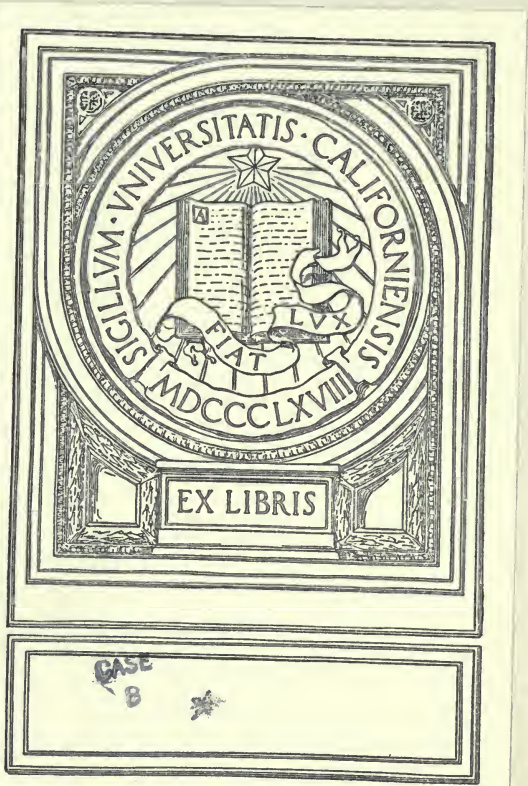
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GOLD

A DIALOGUE

BETWEEN

THE STATE

AND THE

INDIVIDUAL

BY

JOHN RUSKIN

GOLD

A DIALOGUE

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G O L D

A DIALOGUE

CONNECTED WITH

THE SUBJECT

OF "MUNERA

PULVERIS"

BY

JOHN RUSKIN

EDITED BY

H BUXTON FORMAN

*Te maris et terræ numeroque carentis arenæ
Mensorem cohibent, Archyta,
Pulveris exigui prope litus parva Matinum
Munera.*

LONDON

PRINTED BY R CLAY AND SONS LIMITED

1891

GOLD

A DICTIONARY

OF THE

LANGUAGE

OF

THE

ENGLISH

BY

JOHN BROWN

LONDON: RICHARD CLAY AND COMPANY, LTD.
BUNGAY, SUFFOLK.

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PREFACE.

IN the summer of 1860 the author of *Modern Painters* and *The Stones of Venice* had become greatly afflicted by visions of the distress which was about to come upon the populace of Europe through errors of their teachers in political economy. In a series of papers entitled *Unto this Last*, published in *The Cornhill Magazine*, Mr. Ruskin "began to do the best he might" to combat those views. The Editor of the Magazine was, he informs us, his friend, "and ventured the insertion of the three first essays; but the outcry against them became then too strong for any editor to endure;" and he wrote to Mr. Ruskin, "with many apologies," that the Magazine "must only admit one Economical Essay more." Accordingly the series was concluded with a fourth essay somewhat longer than either of the others.

The author, however, entertained the conviction that those essays contained better work than most of his former writings, "and more important truths than all of them put together;" and he was stimulated to fresh thought by "this violent reprobation of them by the *Cornhill* public." He resolved to make it the central work of his life "to

write an exhaustive treatise on Political Economy." The Editor of *Fraser's Magazine* indulged the belief that there was something in Mr. Ruskin's theories, and committed himself to the undertaking that he would admit into the Magazine what Mr. Ruskin "chose to write on this dangerous subject." In 1862 and 1863 "the preface of the intended work, divided into four chapters," appeared in *Fraser's Magazine*. These chapters, though intended, it seems, as a preface, were described in the Magazine as a sequel: they appeared with the heading "Essays on Political Economy. Being a sequel to Papers which appeared in the *Cornhill Magazine*." When four instalments of this preface or sequel had appeared, the fate of the former series pursued this venture also; for, says Mr. Ruskin, "though the Editor had not wholly lost courage, the Publisher indignantly interfered; and the readers of *Fraser*, as those of the *Cornhill*, were protected, for that time, from further disturbance on my part." In the meantime the *Cornhill* papers had been reprinted as a book—under their original title of *Unto this Last*, with a preface written in May 1862. It was in *Fraser* for June 1862 that the first of the Essays on Political Economy appeared: the second came out in the following September, the third in December, and the fourth in April 1863. On the 23rd of September 1863, while Mr. Ruskin was still strong in the conviction that our systematic teachers in political economy were all wrong, and doubtless while he was still ardently desirous of setting them right and saving the populace of Europe from catastrophe, a leading article appeared in *The Times* on the depreciation of gold. Fresh discoveries of the precious metal in California and Australia had brought about a panic; and, on reading what *The Times* had to say concerning this panic, Mr. Ruskin, then in Switzerland,

was moved to resume this section of his relinquished subject. In *The Times* of the 8th of October 1863 appeared the following letter:—

TO THE EDITOR OF *The Times*.

SIR, Being out of the way of my letters, I did not till now, see your excellent article of the 23rd September on the depreciation of gold. Will you allow me, thus late, a very few words in confirmation of your statement of the insufficiency of the evidence hitherto offered on that subject?

The market value of "a pound" depends less on the supply of gold than on the extravagance or economy of the persons holding documentary currency (that is to say, claim to goods).

Suppose, for instance, that I hold stock to the value of £500 a year;—if I live on a hundred a year, and lay by four hundred, I (for the time) keep down the prices of all goods to the distributed amount of £400 a year, or in other words, neutralize the effect on the market of 400 pounds in gold imported annually from Australia. If, instead of laying by this sum in paper, I choose to throw it into bullion (whether gold-plate or coin does not matter), I not only keep down the price of goods, but raise the price of gold as a commodity, and neutralize 800 pounds' worth of imported gold. But if I annually spend my entire 500 (unproductively) I annually raise the price of goods by that amount, and neutralize a correspondent diminution in the supply of gold. If I spend my 500 productively that is to say, so as to produce as much as, or more than I consume, I either leave the market as I find it, or by the excess of production increase the value of gold. Similarly, whatever I lay by will, as it is ultimately spent by my successors, product-

ively or unproductively, in that degree (*cæteris paribus*) increase or lower the value of gold. These agencies of daily economy have so much more power over the market than the supply from the mine that no statistics of which we are yet in possession are (at least in their existing form) sufficient to prove the dependence of any given phenomena of the market on the rate of the metallic supply.

The destruction of property in the American War and our European amusements in the manufacture of monster guns and steel "backings" lower the value of money far more surely and fatally than an increased supply of bullion, for the latter may very possibly excite parallel force of productive industry.

But the lowered value of money is often (and this is a very curious case of economical back current) indicated, not so much by a rise in the price of goods, as by a fall in that of labour. The household lives as comfortably as it did on a hundred a year, but the master has to work half as hard again to get it. This increase of toil is to an active nation often a kind of play; men go into it as into a violent game; fathers of families die quicker, and the gates of orphan asylums are choked with applicants; distress and crime spread and fester through a thousand silent channels; but there is no commercial or elementary convulsion; no chasm opens into the abyss through the London clay; no gilded victim is asked of the Guards: the Stock-Exchange falls into no hysterics; and the old lady of Threadneedle Street does not so much as ask for "My fan, Peter."

I am, Sir,

Your obedient servant,

JOHN RUSKIN.

CHAMOUNIX, Oct. 2.

This letter was too much for the equanimity of Professor Cairnes, who, in a brief article contributed to *Macmillan's Magazine* for November 1863, examined with mock humility the deliverance of "our oracle," as he was pleased to call Mr. Ruskin. From the article in question there is no occasion to quote here. It reached Mr. Ruskin in Switzerland, and elicited from him a brilliant rejoinder, which, as far as I can learn, has not till this day been published. He appears to have arranged with the Editor of *Fraser's Magazine* for the issue of the contribution to the gold question which is printed in the ensuing paper; but certainly it never appeared in that Magazine, to which it was sent with the following letter:—

MY DEAR FROUDE,

Here it is—My secretary is true to time—
I said it would be so—Mind you print it nicely.

J. R.

Why the paper was not after all inserted in the Magazine is a matter requiring some explanation. According to one who ought to know,* Mr. Ruskin's father interceded for its suppression, with the result that the piece has remained in manuscript until now.

In 1872 the four Essays on Political Economy were divided into six chapters, and re-published in the volume now known as *Munera Pulveris*. Whether Mr. Ruskin had forgotten at that time his suppressed dialogue, or had come to the conclusion that it was better not to do his antagonist the grace of preservation in an appendix, who shall say? Here, at all events, after the lapse of twenty-

* Mr. Frederick Crawley of Oxford, formerly in the confidential employ of Mr. Ruskin.

eight years, the manuscript committed to the keeping of *Fraser's Magazine* lies before me. Stimulating and suggestive like all the author's writings, it will have a peculiar value and significance to the small number of Mr. Ruskin's followers who, like himself, regard political economy as his forte. To those who find it difficult to think of him apart from his great works on the fine arts, this serious little *jeu d'esprit* will seem less significant; and, for the present at all events, it is best that its issue should be limited to a small number of privately printed copies.

H. BUXTON FORMAN.

46 MARLBOROUGH HILL, ST. JOHN'S WOOD,
19 October 1891.

GOLD
A DIALOGUE

GOLD:

A DIALOGUE.

EARLY in the morning on the 3rd of last November I was travelling from Schaffhausen to Rheinau through alternate gleams of sunshine and flaws of sleety mists. The great plain beyond the Rhine was divided and dappled by them into chequer work of silver and blue, as far as the foot of the Alps; through the thin woods on the river bank the broken rays ran and returned, marking their courses with white flashes on the foam of the river, which flowed with its autumnal narrowness of clearest green, under the promontory whose chapel triple-chancelled forms the landmark by which from far or near the place of the unseen convent is known. These things should have been pleasant to me, but unhappily, as the day broke, I had been examining the roof lines of the silk factories which have just been built on the rapids above Schaffhausen Fall as well as those of the third Railway Hotel which is replacing chamber by chamber the walls of the Castle of Lauffen. Also, during breakfast, I had been enquiring of the waiter, respecting the rival "Hotel Bellevue," whether its "belle vue consisted in the Fall or the factories?" This he did not venture to decide. I asked farther which of these objects the

travellers on whom his harvest of half-francs annually depended were the more interested in. On this point also he was uncertain ; and, on my assuring him that for my own part, I had come all the way from England out of a childish interest in foam, and did not think that the soot covering the lateral rocks, or the smoke mixing with the spray, in the least added to the general provision for my entertainment, he only opened his eyes, and said : “ Mais, Monsieur, il faut bien utiliser le courant d'eau.” Whereupon I ordered out the only thing in the establishment likely yet to be old, because the only thing that ought to have been new ; and in the corner of the heavy German carriage, its coat of arms large enough to be seen across the Rhine, and with the sleet and dead leaves driving through its broken windows, set out for the island convent, wondering only as I went whether the Angel of the River mourned more over the error of human labour, or errors of human rest, to which he was charged to minister with his incessant waves.

The desolate open square before the church, the reedy shallows of its moat, and the ruins of the hill village above, which the conventual power should have kept lovely and perfect, put me in no better train of mind. I made a note or two of the shattered traceries which were little likely to remain through the winter, and drove back to meet the train which would take me to my daily work at Lauffenbourg, work, it may be worth noting for the sake of artists, only to be done in the lateness of the year, when the river leaves bare its rocky bed under the bridge's outmost pile. My letters and books from the Schaffhausen post-office had been thrown on the carriage-seat, and while the officials of the train were entertaining themselves at the Custom-House of the Duchy of Baden, I cut Macmillan and looked at Professor Cairnes' letter. I saw at once that, out of the

206 lines of type which it occupied, six, at the top of page 69, did truly deserve some serious reply, for they referred to a difficulty in economical principle which has puzzled wiser persons than Professor Cairnes; namely: how money at a given time can be worth at once more work and less food than it is at another, few reflecting that this is naturally so in times of scarcity, because then less food is also worth more work. But the rest of the letter evidently neither in tone nor matter could justify notice of it, so I let the six lines take part with the rest, and went on with my Lauffenbourg work without thinking more of the matter. But, as this letter of Professor Cairnes has now been copied with acclamation into various other journals, it becomes worth the few words it needs for extinction; which I will therefore spare to it, with this proviso, that as it is the first, it will be the last I answer of the kind. The simplest mode of reply is always, in such cases, by throwing the objection and its answer into the form of direct dialogue. P. shall therefore stand for the Professor whose words I quote from *Macmillan*, and R. for myself.

P. "And first, let us, if we can, understand the language of our oracle."

R. Your capability of understanding it may perhaps depend on your reading it. Every definition of which you profess to stand in need I gave twelve months ago in the December number of *Fraser's Magazine*, of which definitions you have never read one word. I say this thus boldly, because it would be insulting to you to say it doubtfully, for that would imply that your ignorance of these definitions was assumed.

P. "People talk of laying money by when they lodge it in bank or invest it; but this is not Mr. Ruskin's sense of the words."

R. You would have found had you looked at those earlier statements that it was precisely my sense of the words as it is everybody else's; nevertheless only one out of several senses, for I use the general term "lay by" which means "to put a thing where you can get it again," as opposed to the general term "spend" which means "to put a thing where you cannot get it again." And the primal and very considerable difference between these arrangements of property is the first point to be determined in any economical proceeding. But the general term "lay by" includes three specific terms; first, to hoard the money or keep it as it is; secondly, to invest it in the form of something else; and thirdly, to lend, which is temporarily to transfer your own power over it to some one else. Now all these three specific procedures I had already analyzed, and all three I had in my mind in using the term "lay by." Had I followed them into their ultimate results, my letter would have occupied the *Times'* double sheet and a supplement; space which I fear its Editor would hardly have spared me. The one of those three procedures to which you refer, namely, lending on interest, I will now for your better satisfaction examine a step or two farther than you have done. Let me hear again what you say of it.

P. "Money lodged in bank or invested as certainly reaches the hands of producers as if employed by its owner directly in an industrial operation."

R. It seems then that out of this one of the three special cases you have looked at only one side; for the largest interests of money and the occupations of it which are the most profitable to the lender by no means necessarily involve productive industry in the borrower. Neither does the interest of Stock invariably

represent a creation of Produce. It very often represents a destruction of Produce. For if I live by usury, not only may the interest paid to me represent ultimately the destruction of twice as much property by the spendthrift or speculator from whom I exact it, but even the interest regularly paid on our vast European capital so far from representing productive industry is continually raised by a tax upon it. For instance, we lend a certain sum to a foreign Cabinet, wherewith this Cabinet forges cannon and hires men, with which cannon and men it burns half the harvest of a fruitful country, steals the other half from its peasantry, and pays us the interest of our loan with a share of what it has stolen ; we thus differing only from ordinary receivers of stolen goods in the fact of having lent his tools to the housebreaker. Therefore, just because I wished to include the working of each one of these several operations of which you had only specified the semi-operation of one, I use the accurate universal term "lay by," confining myself to this first question, and to the statement of this first fact, which you and all those who name themselves economists ought to have taught us on the threshold of your science, and have as yet neither taught nor known ; that it is not the gaining of gold, but the using of gold which enriches or impoverishes a country. You succeeded in getting your letter inserted in a Cambridge Magazine, and there was a peculiar grace and good fortune in this, because I happen to have already given to Cambridge, as well as to my own University, an example of that second mode of "laying by" or "investment," in a kind of documentary currency of which you may well enquire the nature, and of which you will probably never be able to decipher a line. Yet you may possibly understand this commercial fact about it, that what had been paid

£2,000 for when given to Cambridge, would now be worth £4,000 in any auction room in England. This is lowering the value of money to some purpose—as far as regards that particular commodity; and yet the depreciation in question is by no means owing to Australian gold-digging; but to quite other excavation done by many good helpers here in England; patient miners for the sense in human hearts, and the sight in human eyes. I know that your native instinct will at once set you on stopping this sort of mining wherever you hear of it; yet the levels are being driven apace—and you had better meditate beforehand on the falls in the value of money which come to pass, when any new store of treasure has been “imported” out of that goodly old Rocky Mountain range of Sapiaentia; or from gold washings in the rivers of Temperantia, (though the work there is biting cold, and the banks crumbling—though rich—“*quae Liris quietâ mordet aquâ—taciturnus amnis*”); falls in value tending at last even to bring your metallic commodity into utter contempt—or even to make men wish it well back in the earth it came from—with its worshippers; according to that remarkably Uneconomical Apostolic speech,* “*εἴη εἰς ἀπώλειαν.*” You will thus have in several directions to meditate further, Professor, over the term “lay by.” But I used a term in opposition to it; over which it seems you have not yet meditated at all—the word “spend.” For that word, in pretending to quote the sense of my letter, you substitute the phrase “employed directly in an industrial operation.” It is a pretty phrase—and one which also suits your University audience—doubtless many an undergraduate would be glad to have every piece of documentary currency he had left behind him docketed on its appearance at home—“To directly

* Acts viii. 20.

employed in industrial operations, so much." But then there are so many industrial operations ! in old Oxford days—I have seen every fragment of food left on our supper tables industriously thrown into the street—and the floor industriously flooded with wine—while pale mothers and sisters at home were providing for these operations by divers others—dimly feeling, they, in spite of political economy, that there was a difference between "spending" and "laying by." They ought to have felt, you will say, comforted, because in the end—"all reached the hands of producers." I am not sure that the College scouts, who with applause received the ruin, could produce much in the morning except broken glass ;—and in that better investment of mine, above spoken of, it plagues me yet that the money never did reach the hand of the producer ; that hand was lying then loose and dim under St. Paul's pavement ; and no producer of such commodity existed then—nor will exist again. But what do you mean by a "producer" ? You have used this word "productive" again and again, and your genius, it is to be supposed, lies in definition as, you say, mine does not. Where is your definition of "production" or of "producers." Shew it me—yours or any other economist's. Your science is the science of productive industry, and no writer among you all has yet stated what it was you were to produce ; Wealth, you say, yes—truly, but what is that ; Gold ? by your own account the more you have of it, the less you know what to do with it ; Pictures and statues. I hope not, for truly, it is probable you know less than others how to produce those ; Useful things, yes—but what are they ? Is York Cathedral useful, or only the railway embankment which takes you to York ? What do you want to go to York for ? to see your friends ? Are friends useful ? And does your economy

make you rich in friends? or do you go to York only to build another embankment, or another Cathedral, or only to get more means for doing neither, because you know not which. Or in minor matters, here is a rifle bullet in my right hand, and a viper's fang in my left, which of these is the most useful? One darts a yard only, the other a thousand; if the viper could dart a mile, would it therefore become useful and a rod of help; your Whitworth and Armstrong vipers, every coil of their spiral welded down hot and their venom turned into Greek fire unquenchable—are these wealth according to your divine science? Or do you rest satisfied with thistles instead of wheat, and cockles instead of barley? I expect therefore your definitions; but in the meantime, having to do without them, and knowing that it could not be a priori asserted of money invested or lent whether the investment or loan would be productive or destructive, I confine myself to the general statement of that first personal agency which is all that can infallibly and directly affect the market. Now therefore repeat to me again what you have to say against that statement.

P. (Ironically) "It seems that the mere act of 'throwing documentary currency into bullion' (Olympic, I presume, for getting gold for notes over the counter of a bank), is sufficient to neutralize an amount of gold twice as great imported from Australia."

R. "Olympic, you presume." With a little less presumption and a little more attention you might have known accurately what it was Olympic for; since in the paper just referred to, I have examined the difference between documentary and other currency in every one of its details, and you will there find it stated that throwing document into bullion is not merely getting gold over the counter of a Bank, but accepting bullion in payment of any written

claim whatsoever, and keeping it when received as bullion, whether as a golden ornament, or a golden piece of plate, or a golden tissue, or a Pala d'oro, or a rouleau of golden coin; and farther, my statement was, not that the mere act of throwing documentary currency into bullion would neutralize twice the amount of bullion, but that act, joined with another more difficult, the self denial or economy which gives us the power to do so; and this statement I now repeat in entirely non-Olympic terms, not wondering at your objecting to the nobler ones, for that Olympic justice of the Steward of men ill suits the laws of your imaginary science. There are therefore, suppose in vulgar terms, six parcels of goods in the market; we will say flasks of wine, and of these six flasks there are six purchasers, say at a current market price of one pound each, of which purchasers suppose I intended to be one, with documentary currency—a one pound note; but meantime, a peasant finds a sovereign's weight of gold in the ground. On this I withdraw from the market, there are therefore only six purchasers for the six parcels, the market price is unchanged, but I have lost my wine. Next day I again appear among the purchasers, but the peasant has found another sovereign's weight of gold, and appears also; I now, instead of retiring from the market, buy his gold of him with my note, he gets his flask of wine as he did the day before, there are only six purchasers; the market is unchanged, but I have now a piece of bullion instead of my wine. Now if you had followed out this meaning of mine, and had expressed the whole quantity of existing gold and existing goods in two simple terms, as x and y , and the additions or subtractions from them as $x + 1$, $x + 2$; $y - 1$, $y - 2$, &c., you might indeed have shewn with all the advantage of ignorance of my having shewn it before, that

the final effect on the market would be merely weight for weight of self-denial or of production against gold. But no one doubted or enquired of this final effect on the market; that final effect I had stated long ago in these terms—"When the existing wealth or available labour is once fully represented, every piece of money thrown into circulation diminishes the value of every other existing piece in the proportion it bears to their number"—and this *Times* letter never referred to this ultimate effect; it referred to immediate traceable effect, for the entire gist of it was to deny the possibility of connecting any present visible phenomena of price with the influx of gold, because those presently visible phenomena were equally regulated by thousands of other conditions. I pass to your next count, which as I before said, is one of weight.

P. "Curious, indeed! The increased facility of producing gold and its increased abundance are to lead (through the agency of 'economical back current'—whatever this mysterious Euripus may be) to the result, that people 'have to work half as hard again to get it;' while notwithstanding the increased difficulty of attainment, it continues to be exchanged on the same terms as before."

R. Precisely so, and this, as you very rightly say, Professor, is very curious. Yet not so curious but that, had you read your Adam Smith, you might have known it at the beginning of your studies. "The high price of provisions, by diminishing the funds destined for the maintenance of servants, disposes masters rather to diminish than to increase the number of those they have." . . . "Masters of all sorts, therefore frequently make better bargains with their servants in dear than in cheap years, and find them more humble and dependent in the former than in the latter. They naturally, therefore commend the former as

more favourable to industry." But though I knew I was thus stating nothing but what among the first elements of his science every economist should know familiarly, I was so well prepared for popular ignorance of it that I drew up another letter to the *Times* on the day after I sent my first, to be ready in case the statement should have been questioned by any of its readers. This letter I am now happy in placing at your service.

TO THE EDITOR OF *The Times*.

CHAMOUNIX, 3rd October 1863.

SIR,

It is possible that some of your readers may question the assertion made in my letter of the 2nd, that money sometimes commands most work when it commands least food. I did not wish to encumber my statement with details, and it would be impossible except at great length to explain the various action of this law. But here is one simple example of it. Suppose that six men work, each for a fixed number of hours, (say eight) for a shilling each—with which they each buy a loaf of bread. Then suppose only four loaves, instead of six, are brought into the market. Each can therefore get only $\frac{2}{3}$ of a loaf for his shilling. Those who are ablest for work will at once say to their employer, Give us eighteenpence instead of a shilling, and we'll work twelve hours. Then the employer answers. If you work twelve hours, four men will be enough for my work. I will discharge two, and then as they cannot buy any bread, each of you four will get his loaf for a shilling as he used to do. Tacitly, though not intelligibly, this arrangement is made—two men are discharged and starve: the four live as well as they used to live for their shilling, but have to work four hours a day more, to get it; and the employer saves two shillings.

This seems unfair ; but if bread had fallen in price instead of risen, he might have had to pay two shillings more to get his work done.

Phenomena of this kind are of course exceptional, and dependent on certain states of competition and of limitation in the market. The general and dominant law is that when food is cheap, work will be cheap, and when food is dear, so will labour be.

I am, Sir,

Your obedient servant,

J. R.

You have now only one more objection, I think, but it is triple-headed, and sounds fatal—You shall have it printed in capitals.

P. "THE UPSHOT OF THE WHOLE THEN IS THAT THE GOLD DISCOVERIES WILL RENDER GOLD AT ONE AND THE SAME TIME CHEAPER, DEARER, AND ABSOLUTELY UNCHANGED IN VALUE."

R. Yes, precisely so. That is exactly what my letter was meant to state, only in this slightly expanded form. The gold discoveries will (or may) render gold cheaper, if paid for in goods, dearer, if paid for in work, and absolutely unchanged in value if paid for in both. Secondly, the gold discoveries will render gold cheaper so far as they encourage an extended idleness, dearer, so far as they encourage an extended labour, and absolutely unchanged in value, if they excite a balance of both. And thirdly, for your three-headed allegation shall be thrice answered, they will render gold dearer if they lead to waste, cheaper if they lead to economy, absolutely unchanged in value if neither to the one nor to the other. And so I wish you good-day, Professor.

London :
Printed by R. Clay & Sons, Limited,
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November 1st, 1891.

(Not for Sale.)

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