

## CRITICISM OF TOLSTOI'S "MONEY."

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THE splendid services of Tolstoi to literature and to humanity, his noble devotion to the weak and helpless, his unselfish and magnanimous nature, have won him a place in our esteem and affection which nothing can shake. For this very reason, therefore, it will be possible to take up critically a particular point in his teaching without being in the least misunderstood; and our readers will see that it is a criticism of a doctrine and not of the man. While one sympathises wholly with his earnest attacks upon oppression, it may still be possible for one to take exception to his arraignment of entirely innocent instruments. It must be left to the reader to decide whether he has been in error regarding his views of money, after a brief examination of their soundness.

The modern student of the history of money is well aware that elemental necessities lay behind the introduction of money into early, as well as later, society. It was evolved from within and was not imposed from without, or from above. Money arose in answer to a controlling desire of men to abridge effort and reduce inconvenience and delay. Its function to society is in essence no different from the sewing-machine, or a telegraph system. First of all, a common denominator (sometimes spoken of as a standard, or measure) was needed, in terms of which the values of articles in general might be expressed, so that their relative values might be seen at a glance. Knowing that a bushel of potatoes exchanged for three roubles, and a scythe for thirty, we know at once that a scythe exchanges for ten bushels of potatoes. Secondly, the inconvenience and loss of time in barter was great. As soon as any sensible division of labor arose (that is, as soon as the time element of industry came to play an important part) the need of a satisfactory medium of exchange between articles already produced be-

came imperative. The man who had oats, but wished a basket, might travel far before finding one who had baskets and who also needed oats. The reason for selecting an instrument of exchange was the same—at the bottom—as that for devising a canoe, or a fishhook: it was that the results from human effort might be enlarged. The article first chosen as a common denominator was always one which was of great utility to the members of society, according to the climate and geography, such as furs, shells, tobacco, tea, or precious metals. The choice was never imposed by a government; the government, on the contrary, always of necessity adopted that which had at first been the voluntary choice of the community. Later, the article chosen as a common denominator was not always, or necessarily, used as the medium of exchange. The goods, valued in the denominator, came to be transferred by bills of exchange, or devices for exchanging the ownership of money, without the risk attendant on carrying it about.

Moreover, just in proportion as men grew in civilisation, it was natural that the part of their wealth invested in the machinery of exchange should be reduced to the minimum consistent with perfect efficiency; for in that way more wealth would be freed for the general needs of society (other than as an instrument of exchange). A locomotive of good steel and iron would be no better carrying agent if it were covered with precious stones; the less expensive the better, if equally efficient. The progress of a country in industry is never more clearly marked than by the efficiency of its monetary system. Money is a necessity of trade just as much as a horse, or a wagon, or a railway is a necessity of modern transportation. To deny it is to overlook the means by which man is to-day able to get the present returns from nature. Money is as much a part of human progress as the electricity which frees the horse from the slavery of a street-car system. Keeping these simple, and generally admitted, principles of money in mind, one may then be permitted to follow Tolstoi in order through his argument.

#### I.

Tolstoi thinks that the domination of some men over others is due to money, or, as he says, "men who have money can twist ropes of those who have it not." This point of view arises from a confusion between money and wealth. Money, however, is only one form of wealth; wealth also appears in any other form which satisfies human wants. Those who have bread can put hungry men under their control just as easily as if they had wealth in the

general form of coined money. The real question is as to the possession of power in any form; wealth is power, and money is only one kind of wealth. Those who have power, political or industrial, "can twist ropes of those who have it not." Domination comes by use of power in the shape of any wealth, whether it be money or not. Money has to do with the exchange of goods after they have already been produced. Whether wages are low or high does not depend on a detail of the exchange of goods.

Our distinguished author next proceeds to a general denial of any influence on low wages (and suffering of the poor) of the principles of economic distribution; that is, he sees no value in the principles regulating wages for labor, interest for capital, and rent for land, which appear in the writings of the day. Instead, oppression and slavery and poverty are due to money, in his opinion. He even objects to the classification of the factors of production into capital, labor, and natural agents.

In the first place, Tolstoi is in error when he says economic science ascribes the depressed condition of workingmen to the above described separation of the factors of production. Far from it. The factors of production are analysed; but in economics certain principles are evolved which state the operation of the forces governing the shares which go to the several factors. Even granting that there were more than the stereotyped factors, the laws regulating the distributive shares might not be altered.

To confuse the principles regulating and explaining the amount of wages, interest, and rent, with the subject-matter to which these principles apply would be like failing to distinguish between the laws of motion and the things which come under the influence of these laws. And yet this is what Tolstoi seems to do. The separation of the factors of production is only a matter of convenient classification; and so we classified them as labor, capital, and land (or natural agents). And when Tolstoi says economics omits such conditions as sunshine, air, skill, etc., he is in error. The sun, air, etc., are a part of the natural agents not due to man's exertion; without them land would not produce. Skill is the quality of human effort which directly affects the reward of labor through efficiency. Also, education is considered just as soon as it enters the economic sphere by having an effect on production. All these statements are commonplaces of our science which it would be superfluous to introduce here if our great Russian had not doubted them. Indeed he really admits the customary classification of the necessary factors of production when he says (later on): "The

idea of a workingman involves the land he is living on and the implements he is working with." This is nothing more than a classification of the essential factors of production into labor, land, and capital.

In his illustration taken from the Russian colonists he shows this error clearly. No matter whether the land is held in common or not, it is land subject to the conditions imposed by nature. That is, land will not produce proportionally increasing returns with increased applications of labor and capital (which is the law of diminishing returns). Therefore, under certain conditions, rent appears, no matter who gets it. Next, he says no interest on capital is to be found. Who made the scythe, or spade? And if the maker of the spade (by which cultivation is aided) is dispossessed by others without recompense is that not robbery? If I were ploughing with a horse (as my capital) may any shiftless person, who has no horse, come and take mine to plough his own land without doing me an injustice? If such are the doings of the Russian colonists, they are not the ways of a free community; and one would regard them as a case of caged sparrows, a special incident, not to be regarded as a basis for general conclusions. And if one had painfully saved up subsistence to use while making a spade, and then had loaned the finished spade to be used by another (who had not equal foresight), what does Tolstoi mean when he says that the spade cannot belong to any one but to him who works with the spade? If the second man claims the ownership of the spade, he is robbing the one who had the foresight and skill to make it.

It is not here possible to enter into a discussion of the right to private property in land. Whether it be just or unjust, wise or unwise, for present purposes it is a fact which has existed (at least among Teutonic races) since the sixth century A. D., and which has to be reckoned with. Tolstoi is really arguing against private property in land; it is really not relevant to the question in hand, and, therefore, I shall not go into it. But in so far as he argues that, if an agricultural laborer has no capital he has been ousted of his capital, he is wrong. It does not follow that a man who is without capital ever had any to be ousted from. Nor is it true that laborers are necessarily cut off from capital. In the United States every one can specify cases of men beginning as day laborers who have risen by their own efforts into the capitalist class. To argue as if all society were like that of Russia is to reason again upon caged sparrows with trimmed wings.

Finally, no economists known to me call the control of the

liberties of others the "natural properties of production"; nor do they pretend that "the workingman's natural condition is the unnatural condition we see him in." Quite the contrary. Economists are seeking as eagerly as Tolstoi to understand the principles of economics in order to obtain the means of ameliorating the lot of the poor.

The discussion of slavery is irrelevant. It is the law of Russia which makes slaves, not the universal conditions and requisites of production (land, labor, and capital). The *non sequitur* here is patent to every one. If the requisites of production, given by economists, produce slavery, then why are there not slaves in Great Britain and the United States as well as in Russia? The tyrannical political system of Russia should not be introduced to conceal the operation of fundamental forces.

Tolstoi regards the lack of possession of land and capital by some men as due to the devilish nature of money. Why are those who have land and capital able to enslave others? By use of money, he says. This seems to a modern man somewhat preposterous. How is any man enslaved? Naturally by those who have power and who use it wrongly. But power may be exercised in a thousand different ways, and money is but one way through which it appears. Political tyranny could obtain its end by physical force even if money had no existence.

Under the next head, Tolstoi illustrates the process by which money is used to enslave a people by the history of the Fijians. The fallacy residing in this exposition is the one of mistaking the power for the agent of that power. He assigns to one agent what should be ascribed to an initial force behind the agent. The power behind the means is the important thing; the actual means chosen is generally quite unimportant. The power to use physical force to carry out any wrong purpose was the cause of the enslavement. The slavery could have been introduced without the particular use of money; since money was only one of various possible means. The ransom could, and would, have been exacted in kind (i. e., by goods) just as well as in money, and the outcome would have been the same. Given brutal injustice and inhumanity in the rulers, wrong can be inflicted in numberless ways. To assign the originating evil to the agent money is like urging that words by which vicious thoughts are conveyed are the real culprits, instead of the bad nature behind the words.

Moreover, in the state of barter, where no money existed, history tells us that slavery existed. Now, if our author would have

us believe that money necessarily brings slavery, then does it follow that where money does not exist there would be no slavery? The inference is obvious enough: slavery may exist whether money is used or not. Tolstoi's argument proves quite too much when he says: "In all human societies where money has existed as money there has always been oppression of the weak and unarmed, by the strong and armed." In fact, the same conditions may exist where money does not exist. If the earlier history of the Fiji islands be examined, it will be found that before this period mentioned by Tolstoi cannibalism prevailed. That is, even a worse status of the poor natives obtained before than after the attempt to introduce money. To assign the evils of oppression to money is to overlook the originating causes and to convict only the simple agent. To have forbidden the use of money would not have prevented the results of oppression. The demand of the Americans for \$45,000 was in reality a demand for the quantity of Fijian products which could be sold for that sum; it was a demand for what their labor, land, and capital could produce. That this was the essence of the whole operation is shown by the final action of Governor Gordon, when, finding money scarce, he exacted goods in kind. When King Cacabo levied a heavy tax in money, in reality it was a heavy tax in goods; the heavier, because the islands must produce and export in order to bring in that kind of money which had not hitherto been needed. The question with the poor natives was simply: Can we produce such amounts of goods for taxes, and yet keep alive? The wrong of the whole matter resides in a situation requiring heavy taxation, not in the special form in which the tax was to be paid (although that might slightly aggravate the evil).

The pivotal difficulty with Tolstoi is in not seeing that money is but a means to an end, a labor-saving device like any piece of industrial machinery. It has come in answer to a demand from below, not by an enforced imposition from above; it is an evolution arising out of the need of the people to save time and effort. To seriously propose the abolition of money as a means of avoiding slavery and oppression would be like proposing to abolish railways as a means of restoring public virtue. Money is as much an instrument of social and industrial progress as the railway, or the harvester.

This error is carried over into the subject of the principles regulating laborer's wages. Labor is exploited through money, says Tolstoi. "A rise in the workingman's wages would preclude the possibility of slavery, and, consequently, so long as there is op-

pression wages can never rise." The insufficient logic here can be shown by an illustration: If wages rise, slavery is precluded; if slavery exists, wages can never rise. Likewise, if the thermometer rises, there can be no freezing; if freezing weather exists, the thermometer can never rise. That is, remove the cold, and the thermometer will rise; remove the power which admits slavery, and wages may rise. The causes producing high and low wages are originating forces; the means of exchanging goods by money stand in quite a different class, namely a class of agents through which primary elements act. Money cannot be changed from a mere agent into a cause by any action of the government. This is the old fallacy of supposing that a government can regulate the value of anything. Unless it controls all the supply and all the demand in the entire world it cannot do it. A government cannot arbitrarily create a denominator of value, or fix its value; it never has done so yet. The whole history of money is squarely against the following statement of Tolstoi:

"It is not the article which is the most-convenient for exchange that is in demand, but that which is required by the government. If gold is demanded by it, gold will possess value; if pan-cakes are in demand, pan-cakes will have value."

In reality, that article which first had general regard and which was most desired for its own sake, was chosen as money. For instance, the earliest money was cattle. In conclusion, it is not true or logical to ascribe to money what may be done without the use of money. Tolstoi says: "The moujik knows that a blow with a rouble is worse than a blow with a club." Injustice can work through other means than money. This is as if one should say that, because a man had been hit with an ebony club, he could not be hit with equal violence by a club made of any other wood.

### III.

Continuing in the same vein, Tolstoi holds that "that would be an ideal society which would not need money as a common measure of values." Here again he attributes to money all that he assigned to tyranny. The inadequacy of abolishing money to prevent tyranny is as if one should charge upon language in general all the evil things that words can convey; therefore, abolish language, and we would then have an ideally innocent society. As if by abolishing all means of intelligent communication, evil would thereby be effaced!

To our author, it appears also that values and prices can be wholly fixed by the oppressor. He can no more do this than by

his edict he can establish goodness or health. It is not desirable here to go into a discussion of the forces regulating value. Suffice it to say that the subjective desire is not all that is necessary to determine values. But that is in essence what Tolstoi claims. If the expense of producing goods were low, the oppressor could not keep a high value upon these goods unless he controlled by an absolute monopoly all the labor, capital, and natural agents of the world. If a despot in any one place were to attempt it the prevention of smuggling would take up so much of his time and thought that he would have no chance to eat or sleep.

Tolstoi's misconception between what causes value, and what measures it when it exists is apparent in the following statement :

"To speak of money as a medium of exchange and a measure of values is, to say the least, strange, seeing the influence of taxes and levies on values, influences working everywhere and at all times, in the narrow circle of landlords and in the wide circle of nations, influences which are as obvious as the springs which manipulate the marionette of a Punch and Judy show."

The expenses of acquisition of a commodity (into which taxes, etc., enter) affect its exchange relations with other goods, as every economic student knows. Grant that. Then one article, *A*, heavily taxed, would exchange for more of another article, *B*, which was lightly taxed. All this has to do with the causes of exchange value. But when their exchange ratios are thus affected, how can we express them in terms of a common denominator? By selecting one article, called money. By referring the commodity to money we get a measure of its purchasing power, or value, over goods in general. Taxes and the like may have an influence in determining value; but that is a very different thing from measuring that value in money after it has been determined. The confusion in the above quotation is like a failure to distinguish between heat and a thermometer. A fire may cause heat; a thermometer measures it after it has been caused. We should no more confuse the thermometer (or measure of heat) with the causes (like fire) which produce heat, than we should confuse the influences like taxes and the like (which affect value) with the common register (money) in which the values are expressed for convenience.

v.

The argument of our distinguished author in the last division is only in amplification of that which has been given before, and does not require further notice.

So much of Tolstoi's great and helpful spirit is shown even in his exposition of money that, in spite of what must be eliminated as erroneous economics, one is always touched by his constant desire to expose tyranny and help the unfortunate. It is to be hoped that, even to those of us who may differ from him in his treatment of money, a similar (if less efficient) purpose will be attributed to spread the truth which will aid in the improvement of the lowliest members of society.