

The Housing Question

Marx's *Capital* – getting started

Don't start at chapter one. That's what everyone says – including Marx.

That's what our reading group did nearly four years back. For two hours every week we read every word aloud, taking paragraphs in turn.

After three years we had worked – which means talked and thought – our way through the first three volumes, some 3,000 pages.

We returned to the opening three chapters on The Commodity and Money, and we shall go back again – and again.

We also decided to read the popular pamphlets, *Wage-labour and Capital* and *Value, Price and Profit*.

From there, we went to Engels's *On The Housing Question* (1872).

Viewed from the vantage point of the attention we had given to *Capital*, we felt that the Engels has pride of place in explaining what Marx means by the socially necessary costs of reproducing labour-power.

Of course, Engels had to include a lot of information about the housing situation in Germany at the time.

The following 36 pages provide the extracts that deal with the concepts.

There is no substitute for a life-long study of *Capital* and related writings. But as Marx warns us:

There is no royal road to science, and only those who do not dread the fatiguing climb of its steep paths have a chance of gaining its luminous summits.

We all need guides to see us up to the peak of this Everest of proletarian science.

None is more sure-footed than Engels. None with a clearer feel for the lay of the land.

None of his training exercises is more stimulating than this.

Find a couple of comrades to read it with you on-line or on your device of choice.

And share what you have learned – and how you learned it.

Preface

The essence of both the big bourgeois and petty-bourgeois solutions of the “housing question” is that the worker should own his own dwelling. However, this is a point which has been shown in a very peculiar light by the industrial development of Germany during the past twenty years. In no other country do there exist so many wage workers who own not only their own dwellings but also a garden or field as well. Besides these workers there are numerous others who hold house and garden or field as tenants, with, in fact, fairly secure possession. Rural domestic industry carried on in conjunction with horticulture or small-scale agriculture forms the broad basis of Germany’s new large-scale industry. In the west the workers are for the most part the owners of their dwellings, and in the east they are chiefly tenants. We find this combination of domestic industry with horticulture and small-scale agriculture and therefore with secure possession of a dwelling not only wherever handweaving still fights against the mechanical loom: in the Lower Rhineland and in Westphalia, in the Saxon Erzgebirge and in Silesia, but also wherever domestic industry of any sort has established itself as a rural occupation: in the Thuringia Forest and in the Rhön. At the time of the debates on the tobacco monopoly, it was revealed to what extent cigar making was already being carried on as a rural domestic industry. Wherever any condition of distress occurs among the small peasants, as for instance a few years ago in the Eifel, the bourgeois press immediately raises an outcry for the introduction of a suitable domestic industry as the only remedy. And in fact both the growing state of want of the German small peasants and the general situation of German industry leads to a continual extension of rural domestic industry. This is a phenomenon peculiar to Germany. Only very exceptionally do we find a similar phenomenon in France, for instance in the regions of silk cultivation. In England, where there are no small peasants, rural domestic industry depends on the labour power of the wives and children of the agricultural labourers. Only in Ireland can we observe the rural domestic industry of garment making being carried on, as in Germany, by real peasant families. Naturally we do not speak here of Russia and other countries not represented on the industrial world market.

Thus as regards industry there exists today a state of affairs over widespread areas in Germany which appears at first glance to resemble that which prevailed generally before the introduction of machinery. However, this is so only at first glance. The rural domestic industry of earlier times, combined with horticulture and agriculture, was, at least in the countries in which industry was developing, the basis of a tolerable and in some cases even comfortable material situation for the working class, but at the same time the basis of its intellectual and political nullity. The hand-made product and its cost determined the market price, and owing to the insignificantly small productivity of labour, compared with the present day, the market grew faster than the supply as a rule. This held good at about the middle of the last century for England, and partly for France, and particularly in the textile industry. In Germany, however, which was at that time only just recovering from the devastation of the Thirty Years War and working its way up under most unfavourable circumstances, the situation was quite different. The only domestic industry in Germany producing for the world market, linen weaving, was so burdened by taxes and feudal exactions that it did not raise the peasant weavers above the very low level of the rest of the peasantry. But, nevertheless, at that time the rural industrial worker enjoyed a certain security of existence.

With the introduction of machinery all this was altered. Prices were now determined by the machine-made product, and the wage of the domestic industrial worker fell with this price. However, the worker had to accept it or look for other work, and he could not do that without becoming a proletarian, that is without giving up his little house garden and field, whether his own property or held by him as tenant. Only in the rarest cases was he ready to do this. And thus the horticulture and agriculture of the old rural hand weavers became the cause by virtue of which the struggle of the hand loom against the mechanical loom was so protracted and has not yet been fought to a conclusion in Germany. In this struggle it was

shown for the first time, especially in England, that the same circumstance which formerly served as a basis for a comparatively comfortable material situation of the workers – the ownership by the worker of his means of production – had now become a hindrance and a misfortune for them. In industry the mechanical loom defeated the hand loom, and in agriculture large-scale methods (agriculture carried on in accordance with scientific principles and with technically perfected tools) drove small-scale cultivation from the field. However, while collective labour and the application of machinery and science became the social rule on both fields of production, the worker was chained to the antiquated method of individual production and hand labour by his little house, garden, field and hand loom. The possession of house and garden was now of much less advantage than the possession of complete freedom of movement. No factory worker would have changed places with the slowly but surely starving rural hand weaver.

Germany appeared late on the world market. Our large-scale industry dates from the 'forties; it received its first impetus from the Revolution of 1848, and was able to develop fully only after *the Revolutions of 1866 and 1870* had cleared at least the worst political obstacles out of its way. But to a large extent it found the world market already occupied. The articles of mass production were supplied by England and the elegant luxury articles by France. Germany could not beat the former in price or the latter in quality. For the moment, therefore, nothing else remained but, in accordance with the tendency of German production up to that time, to squeeze into the world market with articles which were too petty for the English and too shoddy for the French. Of course the popular German custom of cheating, by first sending good samples and afterwards inferior articles, soon met with sufficiently severe punishment on the world market and was pretty well abandoned. On the other hand, the competition of overproduction is gradually forcing even the respectable English along the downward path of quality deterioration and so has given an advantage to the Germans, who are unbeatable on this field. And thus we finally came to possess a large-scale industry and to play a role on the world market. But our *large-scale* industry works almost exclusively for the home market (with the exception of the iron industry which produces far beyond the limits of home demand), and our mass export consists of a tremendous number of small articles, for which large-scale industry provides at most the half-finished manufactures, which small articles, however, are supplied chiefly by rural domestic industry.

And here is seen in all its glory the “blessing” of house- and land-ownership for the modern worker. Nowhere, hardly excepting even the Irish domestic industries, are such infamously low wages paid as in the German domestic industries. Competition permits the capitalist to deduct from the price of labour power that which the family earns from its own little garden or field; the workers are compelled to accept any piece wages offered to them, because otherwise they would get nothing at all, and they could not live from the products of their small-scale agriculture alone, and because, on the other hand, it is just this agriculture and landownership which chains them to the spot and prevents them from looking around for other employment. This is the basis which upholds Germany's capacity to compete on the world market in a whole series of small articles. *The whole capital profit is derived from a deduction from normal wages and the whole surplus value can be presented to the purchaser.* That is the secret of the extraordinary cheapness of most of the German export articles.

It is this circumstance more than any other which keeps the wages and the living conditions of the German workers on other industrial fields also below the level of the Western European countries. The dead weight of such prices for labour, kept traditionally far below the value of labour power, depresses the wages of the urban workers also, even of the workers in the big towns, below the value of labour power; and this is all the more the case because poorly-paid domestic industry has taken the place of the old handicrafts in the towns also, and here, too, depresses the general level of wages.

Here we see clearly: that which at an earlier historical stage was the basis of relative well-being for the workers, namely, the combination of agriculture and industry, the ownership of house, garden and field, and security of tenure in the dwelling-place, is becoming today, under the rule of large-scale industry, not only the worst hindrance to the

worker, but the greatest misfortune for the whole working class, the basis for an unexampled depression of wages below their normal level, and that not only for individual districts and branches of enterprise, but for the whole country. No wonder that the big bourgeoisie and petty bourgeoisie who live and grow rich from these abnormal deductions from wages are enthusiastic over rural industry and the workers owning their own houses, and that they regard the introduction of new domestic industries as the sole remedy for all rural distress. **9 to 14**

Like the ground rent of the landlord in Ireland, the interest of the mortgage usurer in Germany cannot be paid from the yield of the soil, but only from the wages of the industrial peasant. However, with the expansion of domestic industry, one peasant area after the other is being drawn into the present-day industrial movement. It is this revolutionisation of the rural areas by domestic industry which spreads the industrial revolution in Germany over a far wider territory than is the case in England and France; it is the comparatively low level of our industry which makes its extension in area all the more necessary. This explains why in Germany, in contrast to England and France, the revolutionary working class movement has spread so tremendously over the greater part of the country instead of being confined exclusively to the urban centres. **13 to 14**

Part One

The so-called housing shortage, which plays such a great role in the press nowadays, does not consist in the fact that the working class generally lives in bad, overcrowded and unhealthy dwellings. This shortage is not something peculiar to the present; it is not even one of the sufferings peculiar to the modern proletariat in contradistinction to all earlier oppressed classes. On the contrary, all oppressed classes in all periods suffered more or less uniformly from it. In order to make an end of *this* housing shortage there is only one means: to abolish altogether the exploitation and oppression of the working class by the ruling class. — What is meant today by housing shortage is the peculiar intensification of the bad housing conditions of the workers as the result of the sudden rush of population to, the big towns; a colossal increase in rents, a still further aggravation of overcrowding in the individual houses, and, for some, the impossibility of finding a place to live in at all. And *this* housing shortage gets talked of so much only because it does not limit itself to the working class but has affected the petty bourgeoisie also.

The housing shortage from which the workers and part of the petty bourgeoisie suffer in our modern big cities is one of the numerous *smaller*, secondary evils which result from the present-day capitalist mode of production. It is not at all a direct result of the exploitation of the worker as a worker by the capitalists. This exploitation is the basic evil which the social revolution strives to abolish by abolishing the capitalist mode of production. The cornerstone of the capitalist mode of production is, however, the fact that our present social order enables the capitalists to buy the labour power of the worker at its value, but to extract from it much more than its value by making the worker work longer than is necessary in order to reproduce the price paid for the labour power. The surplus value produced in this fashion is divided among the whole class of capitalists and landowners together with their paid servants, from the Pope and the Kaiser, down to the night watchman and below. We are not concerned here as to how this distribution comes about, but this much is certain: that all those who do not work can live only from fragments of this surplus value which reach them in one way or another. (See *Marx's Capital* where this was worked out for the first time.)

The distribution of this surplus value, produced by the working class and taken from it without payment, among the non-working classes proceeds amid extremely edifying squabbles and mutual swindling. In so far as this distribution takes place by means of buying and selling, one of its chief methods is the cheating of the buyer by the seller, and in retail trade, particularly in the big towns, this has become an absolute condition of existence for the sellers. When, however, the worker is cheated by his grocer or his baker, either in regard to the price or the quality of the commodity, this does not happen to him in his specific capacity as a worker. On the contrary, as soon as a certain average level of cheating has

become the social rule in any place, it must in the long run be leveled out by a corresponding increase in wages. The worker appears before the small shopkeeper as a buyer, that is, as the owner of money or credit, and hence not at all in his capacity as a worker, that is, as a seller of labour power. The cheating may hit him, and the poorer class as a whole, harder than it hits the richer social classes, but it is not an evil which hits him exclusively or is peculiar to his class.

And it is just the same with the housing shortage. The growth of the big modern cities gives the land in certain areas, particularly in those which are centrally situated, an artificial and often colossally increasing value; the buildings erected on these areas depress this value, instead of increasing it, because they no longer correspond to the changed circumstances. They are pulled down and replaced by others. This takes place above all with workers' houses which are situated centrally and whose rents, even with the greatest overcrowding, can never, or only very slowly, increase above a certain maximum. They are pulled down and in their stead shops, warehouses and public buildings are erected. Through its Haussmann in Paris, Bonapartism exploited this tendency tremendously for swindling and private enrichment. [Haussmann was Prefect of the Seine Department in the years 1853-70 and carried on big building alterations in Paris in the interests of the bourgeoisie. He did not fail to profit himself also. -Ed.] But the spirit of Haussmann has also been abroad in London, Manchester and Liverpool, and seems to feel itself just as much at home in Berlin and Vienna. The result is that the workers are forced out of the centre of the towns towards the outskirts; that workers' dwellings, and small dwellings in general, become rare and expensive and often altogether unobtainable, for under these circumstances the building industry, which is offered a much better field for speculation by more expensive houses, builds workers' dwellings only by way of exception.

This housing shortage therefore certainly hits the worker harder than it hits any more prosperous class, but it is just as little an evil which burdens the working class exclusively as the cheating of the shopkeeper, and it must, as far as the working class is concerned, when it reaches a certain level and attains a certain permanency similarly find a certain economic adjustment.

It is with just such sufferings as these, which the working class endures in common with other classes, and particularly the petty bourgeoisie, that petty-bourgeois socialism, to which Proudhon belongs, prefers to occupy itself. And thus it is not at all accidental that our German Proudhonist occupies himself chiefly with the housing question, which, as we have seen, is by no means exclusively a working class question; and that, on the contrary, he declares it to be a true, exclusively working class question.

"As the wage worker in relation to the capitalist, so is the tenant in relation to the house owner." [Mülberger in *Der Volkstaat* February 10 1872]

This is totally untrue.

In the housing question we have two parties confronting each other: the tenant and the landlord or house owner. The former wishes to purchase from the latter the temporary use of a dwelling; he has money or credit, even if he has to buy this credit from the house owner himself at a usurious price as an addition to the rent. It is simple commodity sale; it is not an operation between proletarian and bourgeois, between worker and capitalist. The tenant – even if he is a worker – appears as a man with money; he must already have sold his own particular commodity, his labour power, in order to appear with the proceeds as the buyer of the use of a dwelling, or he must be in a position to give a guarantee of the impending sale of this labour power. The peculiar results which attend the sale of labour power to the capitalist are completely absent here. The capitalist causes the purchased labour power firstly to produce its own value and secondly to produce a surplus value which remains in his hands for the time being, subject to its distribution among the capitalist class. In this case therefore an extra value is produced, the total sum of the existing value is increased. In the rent transaction the situation is quite different. No matter how much the

landlord may overreach the tenant it is still only a transfer of already *existing*, previously *produced* value, and the total sum of values possessed by the landlord and the tenant *together* remains the same after as it was before. The worker is always cheated of a part of the product of his labour, whether that labour is paid for by the capitalist below, above, or at its value.

The tenant, on the other hand, is cheated only when he is compelled to pay for the dwelling above its value. It is, therefore, a complete misrepresentation of the relation between landlord and tenant to attempt to make it equivalent to the relation between worker and capitalist. On the contrary, we are dealing here with a quite ordinary commodity transaction between two citizens, and this transaction proceeds according to the economic laws which govern the sale of commodities in general and in particular the sale of the commodity, land property. The building and maintenance costs of the house, or of the part of the house in question, enters first of all into the calculation; the land value, determined by the more or less favourable situation of the house, comes next; the state of the relation between supply and demand existing at the moment is finally decisive. This simple economic relation expresses itself in the mind of our Proudhonist as follows: **16 to 20**

“The house, once it has been built, serves as a *perpetual legal title* to a definite fraction of social labour although the real value of the house has already long ago been more than paid out in the form of rent to the owner. Thus it comes about that a house that, for instance, was built fifty years ago, during this period covers the original cost two, three, five, ten and more times over in its rent yield.”

Here we have at once the whole Proudhon. Firstly, it is forgotten that the rent must not only pay the interests on the building costs, but must also cover repairs and the average sum of bad debts, unpaid rents, as well as the occasional periods when the house is untenanted, and finally pay off in annual sums the building capital which has been invested in a house which is perishable and which in time becomes uninhabitable and worthless. Secondly, it is forgotten that the rent must also pay interest on the increased value of the land upon which the building is erected and that therefore a part of it consists of ground rent. Our Proudhonist immediately declares, it is true, that this increase of value does not equitably belong to the landowner, since it comes about without his co-operation, but to society as a whole. However, he overlooks the fact that with this he is in reality demanding the abolition of landed property, a point which would lead us too far if we went into it here. And finally he overlooks the fact that the whole transaction is not one of buying the house from its owner, but of buying its use for a certain time. Proudhon, who never bothered himself about the real and actual conditions under which any economic phenomenon occurs, is naturally also unable to explain how the original cost price of a house is paid back ten times over in the course of fifty years in the form of rent. Instead of examining and establishing this not at all difficult question economically, and discovering whether it is really in contradiction to economic laws, and if so how, Proudhon rescues himself by a bold leap from economics into legal talk: “The house, once it has been built, serves as a *perpetual legal title*” to a certain annual payment. How this comes about, how the house becomes a legal title, on this Proudhon is silent. And yet – that is just what he should have explained. Had he examined it, he would have found that not all the legal titles in the world, no matter how perpetual, could give a house the power of obtaining its cost price back ten times over in the course of fifty years in the form of rent, but that only economic conditions (which may have social recognition in the form of legal titles) can accomplish this. And with this he would again be as far as at the start.

The whole Proudhonist teaching rests on this saving leap from economic reality into legal phraseology. Every time our good Proudhon loses the economic hang of things – and this happens to him with every serious problem – he takes refuge in the sphere of law and appeals to *eternal justice*.

“Proudhon begins by taking his ideal of justice, of ‘justice éternelle,’ from the juridical relations that correspond to the production of commodities: thereby, it may be noted, he proves, to the consolation of all good citizens, that the production of commodities is a form of

production as everlasting as justice. Then he turns round and seeks to reform the actual production of commodities, and the actual legal system corresponding thereto, in accordance with this ideal. What opinion should we have of a chemist, who, instead of studying the actual laws of the molecular changes in the composition and decomposition of matter, and on that foundation solving definite problems, claimed to regulate the composition and decomposition of matter by means of the 'eternal ideas,' of 'naturalite and affinite'? Do we really know any more about 'usury,' when we say it contradicts 'justice kernel,' 'equite eternelle,' 'mutualite eternelle,' and other 'verites eternelles' than the fathers of the church did when they said it was incompatible with 'grace eternelle,' 'foi eternelle,' and 'la volonte eternelle de Dieu'?" [Marx, *Capital*, Vol. 1, Kerr edition, footnote, pp. 96-97. - Ed.] **20 to 22**

Twenty-seven years ago I described in *The Condition of the Working Class in England* the main features of just this process of driving the workers from hearth and home as it took place in the eighteenth century in England. The infamies of which the landowners and factory owners were guilty in so doing, and the deleterious effects, material and moral, which this expulsion inevitably had on the workers concerned in the first place, are there also described as they deserve. But could it enter my head to regard this, which was in the circumstances an absolutely necessary historical process of development, as a retrogression "below the savages"? Impossible! The English proletarian of 1872 is on an infinitely higher level than the rural weaver of 1772 with his "hearth and home." Will the troglodyte with his cave, the Australian aborigine with his clay hut, and the Indian with his hearth ever accomplish a June insurrection and a Paris Commune? **23**

After what has been said above, we already know in advance how our Proudhonist will solve the great housing question. On the one hand, we have the demand that each worker own his own home in order that we may not remain "*below the savages*." On the other hand, we have the assurance that the two, three, five or tenfold repayment of the original cost price of a house in the form of rent, as it actually takes place, is based on a "*legal title*" and that this legal title is in contradiction to "*eternal justice*." The solution is simple: we abolish the legal title and declare, in virtue of eternal justice, the rent paid to be a payment on account of the cost of the dwelling itself. If one has so arranged on premises that they already contain the conclusion in them, then of course it demands no greater skill than any charlatan possesses to produce the already prepared result from the bag and to point to unshakable logic whose result it is.

And so it happens here. The abolition of rented dwellings proclaimed as an necessity, and indeed in the form that the demand is put forward for the conversion of every tenant into the owner of his own dwelling. How are we to do that? Very simply:

"Rented dwellings will be redeemed.... The previous house owner will be paid the value of Ws house to the last farthing. Rent, instead of being as previously the tribute which the tenant must pay to the perpetual title of capital, will be, from the day when the redemption of rented dwellings is proclaimed, the exactly fixed sum paid by the tenant to provide the annual installment for the payment of the dwelling which has passed into the possession of the tenant.... Society... transforms itself in this way into a totality of independent and free owners of dwellings."

The Proudhonist finds it a crime against eternal justice that the house owner can without working obtain ground rent and interest out of the capital he has invested in the house. He decrees that this must cease, that capital invested in houses shall produce no interest, and so far as it represents purchased landed property, no ground rent either. Now we have seen that hereby the capitalist mode of production, the basis of present-day society, is in no way affected. The pivot on which the exploitation of the worker turns is the sale of labour power to the capitalist and the use which the capitalist makes of this transaction in that he compels the worker to produce far more than the paid value of the labour power amounts to. It is this transaction between capitalist and worker which produces all the surplus value which is afterwards divided in the form of ground rent, commercial profit, interest on capital, taxes, etc., among the various sub-species of capitalists and their servants.

And now our Proudhonist comes along and believes that if we were to forbid one single sub-species of capitalists, and at that of such capitalists who purchase no labour power directly and therefore also cause no surplus value to be produced, to receive profit or interest, it would be a step forward! The mass of unpaid labour taken from the working class would remain exactly the same even if house owners were to be deprived tomorrow of the possibility of receiving ground rent and interest. However, this does not prevent our Proudhonist from declaring:

“The abolition of rent dwellings is thus one of the *most fruitful and magnificent efforts* which has ever sprung from the womb of the revolutionary idea and it must become one of the *primary demands* of Social-Democracy.”

This is exactly the type of market cry of the master Proudhon himself, whose cackling was always in inverse ratio to the size of the eggs laid.

And now imagine the fine state of things if each worker, petty bourgeois and bourgeois were compelled by paying annual installments to become first part owner and then full owner of his dwelling! In the industrial districts in England, where there is large-scale industry but small workers' houses and each married worker occupies a little house of his own, there might possibly be some sense in it. But the small-scale industry in Paris and in most of the big towns on the continent is accompanied by large houses in each of which ten, twenty or thirty families live together. On the day of the world-delivering decree, when the redemption of rent dwellings is proclaimed, Peter is working in an engineering works in Berlin. A year later he is owner of, if you like, the fifteenth part of his dwelling consisting of a little room on the fifth floor of a house somewhere in the neighborhood of Hamburger Tor. He then loses his work and soon finds himself in a similar dwelling on the third floor of a house in the Pothof in Hanover with a wonderful view on to the courtyard. After five months' stay there he has just acquired 1/36 of this property when a strike sends him to Munich and compels him by a stay of eleven months to take on himself ownership in exactly 11/180 of a rather gloomy property on the street level behind the Ober-Angergasse. Further removals such as nowadays so often occur to workers saddle him further with 7/360 of a no less desirable residence in St. Gallen, 23/180 of another one in Leeds, and 347/56223, to reckon it out exactly in order that “eternal justice” may have nothing to complain about, of a third dwelling in Seraing. And now what is the use for our Peter of all these shares in dwellings? Who is to give him the real value of these shares? Where is he to find the owner or owners of the remaining shares in his various one-time dwellings? And what exactly are the property relations of any big house whose floors hold, let us say, twenty dwellings and which, when the redemption period has elapsed and rented dwellings are abolished, belongs perhaps to three hundred part owners who are scattered in all quarters of the globe. Our Proudhonist will answer that by that time the Proudhonist exchange bank will exist and will pay to anyone at any time the full labour proceeds for any labour product, and will therefore pay out also the full value of a share in a dwelling. **26 to 28**

As far, however, as this Proudhonist solution of the housing question contains any rational and practically applicable content it is already being carried out today, but this realization does not spring from “the womb of the revolutionary idea,” but from the big bourgeois himself. Let us listen to an excellent Spanish newspaper, *La Emancipacion*, of Madrid of March 16, 1872:

“There is still another means of solving the housing question, the way proposed by Proudhon, which dazzles at first glance, but on closer examination reveals its utter impotence. Proudhon proposed that the tenants should be converted into purchasers by installments, so that the rent paid annually would be reckoned as an installment on the payment of the value of the dwelling, and, after a certain time, the tenant would become the owner of the dwelling. This means, which Proudhon considered very revolutionary, is being put into operation in all countries by companies of speculators who thus secure double and treble payment of the value of the houses by raising the rents. M. Dollfus and other big

manufacturers in Northeastern France have carried out this system not only in order to make money, but in addition, with a political idea at the back of their minds.

“The cleverest leaders of the ruling class have always directed their efforts towards increasing the number of small property owners in order to build an army for themselves against the proletariat. The bourgeois revolutions of the last century divided up the big estates of the nobility and the church into small properties, just as the Spanish republicans propose to do today with the still existing large estates, and created thereby a class of small landowners which has since become the most reactionary element in society and a permanent hindrance to the revolutionary movement of the urban proletariat. Napoleon III aimed at creating a similar class in the towns by reducing the size of the individual bonds of the public debt, and M. Dollfus and his colleagues sought to stifle all revolutionary spirit in their workers by selling them small dwellings to be paid for in annual installments, and at the same time to chain the workers by this property to the factory in which they work. Thus we see that the Proudhon plan has not merely failed to bring the working class any relief, it has even turned directly against it.” *

[How this solution of the housing question by means of chaining worker to his own “home” is arising spontaneously in the neighborhood of big or growing American towns can be seen from the following passage of a letter by Eleanor Marx-Aveling, Indianapolis, November 28, 1886: “In, or rather near Kansas City we saw some miserable little wooden huts, containing about three rooms each, still in the wilds; the land cost 600 dollars and was just enough to put the little house on it; the latter cost a further 600 dollars, that is together about 4,800 marks [£240] for a miserable little thing, an hour away from the town, in a muddy desert.” In this way the workers must shoulder heavy mortgage debts in order to obtain even these houses and thus they become completely the slaves of their employers; they are bound to their houses, they cannot go away, and they are compelled to put up with whatever working conditions are offered them. — Note by F. Engels to the second German edition.]

How is the housing question to be solved then? In present-day society just as any other social question is solved: by the gradual economic adjustment of supply and demand, a solution which ever reproduces the question itself anew and therefore is no solution. How a social revolution would solve this question depends not only on the circumstances which would exist in each case, but is also connected with still more far-reaching questions, among which one of the most fundamental is the abolition of the antithesis between town and country. As it is not our task to create utopian systems for the arrangement of the future society, it would be more than idle to go into the question here. But one thing is certain: there are already in existence sufficient buildings for dwellings in the big towns to remedy immediately any real “housing *shortage*,” given rational utilization of them. This can naturally only take place by the expropriation of the present owners and by quartering in their houses the homeless or those workers excessively overcrowded in their former houses. Immediately the proletariat has conquered political power such a measure dictated in the public interests will be just as easy to carry out as other expropriations and billeting are by the existing state.

However, our Proudhonist is not satisfied with his previous achievements in the housing question. He must raise the question from the level ground into the sphere of the higher socialism in order that it may prove there also an essential “fractional part of the social question:”

“Let us now assume that the productivity of capital is really taken by the horns, as it must be sooner or later, for instance by a transitional law which fixes the interest on all capitals at one per cent, but mark you, with the tendency to make even this rate of interest approximate more and more to the zero point so that finally nothing more would be paid than the labour necessary to turn over the capital. Like all other products, houses and

dwellings are naturally also included within the framework of this law.... The owner himself would be the first one to agree to a sale because otherwise his house would remain unused and the capital invested in it would be simply useless.”

This passage contains one of the chief articles of faith of the Proudhonist catechism and offers a striking example of the confusion prevailing in it.

The “productivity of capital” is an absurdity that Proudhonism takes over uncritically from the bourgeois economists. The bourgeois economists, it is true, also begin with the statement that labour is the source of all wealth and the measure of value of all commodities; but they also have to explain how it comes about that the capitalist who advances capital for an industrial or handicraft business receives back at the end of it not only the capital which he advanced, but also a profit over and above it. In consequence they are compelled to entangle themselves in all sorts of contradictions and also to ascribe to capital a certain productivity. Nothing proves more clearly how deeply Proudhon remains entangled in the bourgeois ideology than the fact that he has taken over this phrase about the productivity of capital. We have already seen at the beginning that the so-called “productivity of capital” is nothing but the quality attached to it (under present-day social relations, without which it would not be capital at all) of being able to appropriate the unpaid labour of wage workers.

However, Proudhon differs from the bourgeois economists in that he does not approve of this “productivity of capital,” but, on the contrary, finds it a violation of “eternal justice.” It is this which prevents the worker from receiving the full proceeds of his labour. It must therefore be abolished. But how? By lowering the *rate of interest* by compulsory legislation and finally by reducing it to zero. And then, according to our Proudhonist, capital would cease to be productive.

The interest on loaned *money* capital is only a part of profit; profit, whether on industrial or commercial capital, is only a part of the surplus value taken by the capitalist class from the working class in the form of unpaid labour. The economic laws which govern the rate of interest are as independent of those which govern the rate of surplus value as could possibly be the case between laws of one and the same social form. But as far as the distribution of this surplus value among the individual capitalists is concerned, it is clear that for those industrialists and business men who have large quantities of capital in their businesses advanced by other capitalists, the rate of their profit must rise – all other things being equal – to the same extent as the rate of interest falls. The reduction and final abolition of interest would therefore by no means really take the so-called “productivity of capital” “by the horns”; it would do no more than re-arrange the distribution among the individual capitalists of the unpaid surplus value taken from the working class; it would not, therefore, give an advantage to the worker as against the industrial capitalist, but to the industrial capitalist as against the rentier.

Proudhon, from his legal standpoint, explains interest, as he does all economic facts, not by the conditions of social production, but by the state laws in which these conditions receive their general expression. From this point of view, which lacks any inkling of the interrelation between the state laws and the conditions of production in society, these state laws necessarily appear as purely arbitrary orders which at any moment could be replaced just as well by their exact opposite. Nothing is therefore easier for Proudhon than to issue a decree – as soon as he has the power to do so – reducing the rate of interest to one per cent. And if all the other social conditions remained as they were, then indeed this Proudhonist decree would exist on paper only. The rate of interest will continue to be governed by the economic laws to which it is subject today, despite all decrees. Persons possessing credit will continue to borrow money at two, three, four and more per cent, according to circumstances, just as much as before, and the only difference will be that the financiers will be very careful to advance money only to persons from whom no subsequent court proceedings might be expected. Moreover this great plan to deprive capital of its “productivity” is as old as the hills; it is as old as the usury laws which aimed at nothing else but limiting the rate of interest, and which have since been abolished everywhere because in practice they were continually

broken or circumvented, and the state was compelled to admit its impotence against the laws of social production. And the reintroduction of these mediaeval and unworkable laws is now “to take the productivity of capital by the horns?” One sees that the closer Proudhonism is examined the more reactionary it appears.

When, now, in this fashion the rate of interest has been reduced to zero, and interest on capital therefore abolished, then “nothing more would be paid than the labour necessary to turn over the capital.” This means that the abolition of interest is equivalent to the abolition of profit and even of surplus value. But if it were possible really to abolish interest by decree what would be the consequence? The class of rentiers would no longer have any inducement to loan out their capital in the form of advances, but would invest it industrially themselves or in joint-stock companies on their own account. The mass of surplus value extracted from the working class by the capitalist class would remain the same; only its distribution would be altered, and even that not much.

In fact, our Proudhonist fails to see that, even now, no more is paid on the average in commodity purchase in bourgeois society than “the labour necessary to turn over the capital” (it should read, necessary for the production of the commodity in question). Labour is the measure of value of all commodities, and in present-day society – apart from fluctuations of the market – it is absolutely impossible that on a total average more should be paid for commodities than the labour necessary for their production. No, no, my dear Proudhonist, the difficulty lies elsewhere: it is contained in the fact that “the labour necessary to turn over the capital” (to use your confused terminology) is *not fully paid!* How this comes about you can look up in Marx (*Capital* pp. 128-60). **29 to 34**

And now it must have become clear even to the blindest that

“the owner himself would be the first one to agree to a sale because otherwise his house would remain unused and the capital invested in it would be simply useless.”

Of course. If the interest on loaned capital is abolished then no house owner can obtain a penny piece in rent for his house, simply because house rent is spoken of as *interest* and because the rent contains a part which is really interest on capital. Sawbones is sawbones. Though it was only possible to make the usury laws relating to ordinary interest on capital ineffective by circumventing them, yet they never touched even remotely the rate of house rent. It was reserved for Proudhon to imagine that his new usury law would without more ado regulate and gradually abolish not only simple interest on capital, but also the complicated house rents of dwellings. Why then the “simply useless” house should be purchased for good money from the house owner, and how it is that under such circumstances the house owner would not also pay money himself to get rid of this “simply useless” house in order to save himself the cost of repairs, we are not told.

After this triumphant achievement in the sphere of higher socialism (Master Proudhon called it super-socialism) our Proudhonist considers himself justified in flying still higher:

“All that has now to be done is to draw some conclusions in order to cast complete light from all sides on our so important subject.”

And what are these conclusions? They are things which follow as little from what has been said before, as that dwelling houses would become valueless on the abolition of interest. Deprived of the pompous and solemn phraseology of their author, they mean nothing more than that, in order to facilitate the business of redemption of rented dwellings, what is desirable is: 1. exact statistics on the subject; 2. a good sanitary inspection force; and 3. co-operatives of building workers to undertake the building of new houses. All these things are

certainly very fine and good, but, despite all the clothing of quack phrases, they by no means cast "complete light" into the obscurity of Proudhonist mental confusion.

One who has achieved so much feels he has the right to deliver the following serious exhortation to the German workers:

"In our opinion, such and similar questions are well worth the attention of Social-Democracy.... Let them therefore, as here in connection with the housing question, seek to become clear on other and equally important questions such as *credit, state debts, private debts, taxation,*" etc.

Thus, our Proudhonist here faces us with the prospect of a whole series of articles on "similar questions," and if he deals with them all as thoroughly as the present "so important subject," then the *Volksstaat* will have copy enough for a year. But we are in a position to anticipate: – it all amounts to what has already been said: interest on capital is to be abolished and with that the interest on public and private debts disappears, credit will be gratis, etc. The same magic formula is applied to every subject and in each separate case the same astonishing result is obtained with inexorable logic, namely, that when interest on capital has been abolished no more interest will have to be paid on borrowed money.

They are fine questions, by the way with which our Proudhonist threatens us: *Credit!* What credit does the worker need apart from that from week to week, or the credit he obtains from the pawnshop? Whether he gets this credit free or at interest, even at the usurious interests of the pawnshop, how much difference does that make to him? And if he did, generally speaking, obtain some advantage from it, that is to say, if the costs of production of labour power were reduced, would not the price of labour power necessarily fall also? But for the bourgeois, and in particular for the petty bourgeois, credit is an important matter and it would therefore be a very fine thing for them, and in particular for the petty bourgeois, if credit could be obtained at any time and, in addition, without payment of interest. "State debts!" "The working class knows very well that it did not make the state debt, and when it comes to power it will leave the payment of it to those who did make it. "Private debts!" – see credit. "Taxes!" Matters that interest the bourgeoisie very much, but the worker only very little. What the worker pays in taxes goes in the long run into the costs of production of labour power and must therefore be compensated for by the capitalist. All these things which are held up to us here as highly important questions for the working class are in reality of essential interest only to the bourgeoisie, and in particular to the petty bourgeoisie, and, despite Proudhon, we assert that the working class is not called upon to look after the interests of these classes. **34 to 36**

Part two

How the Bourgeoisie Solves the Housing Question

In any case, Dr. Sax has solved the question raised in the beginning: the worker "becomes a capitalist" by acquiring his own little house.

Capital is the command over the unpaid labor of others. The house of the worker can only become capital therefore if he rents it to a third person and appropriates a part of the labor product of this third person in the form of rent. By the fact that the worker lives in it himself the house is prevented from becoming capital, just as a coat ceases to be capital the moment I buy it from the tailor and put it on. The worker who owns a little house to the value of a thousand talers is certainly no longer a proletarian, but one must be Dr. Sax to call him a capitalist.

However, the capitalist character of our worker has still another side. Let us assume that in a given industrial area it has become the rule that each worker owns his own little house. In this case the working class of that area lives rent free; expenses for rent no longer enter into the value of its labor power. Every reduction in the cost of production of labor power, that is to say, every permanent price reduction in the worker's necessities of life is

equivalent “on the basis of the iron laws of political economy” to a reduction in the value of labor power and will therefore finally result in a corresponding fall in wages. Wages would fall on an average corresponding to the average sum saved on rent, that is, the worker would pay rent for his own house, but not, as formerly, in money to the house owner, but in unpaid labor to the factory owner for whom he works. In this way the savings of the worker invested in his little house would certainly become capital to some extent, but not capital for him, but for the capitalist employing him.

Dr. Sax is thus unable to succeed even on paper in turning his worker into a capitalist.

Incidentally, what has been said above applies to all so-called social reforms which aim at saving or cheapening the means of subsistence of the worker. Either they become general and then they are followed by a corresponding reduction of wages, or they remain quite isolated experiments, and- then their very existence as isolated exceptions proves that their realization on a general scale is incompatible with the existing capitalist mode of production. Let us assume that in a certain area a general introduction of consumers’ co-operatives succeeds in reducing the cost of foodstuffs for the workers by 20 per cent; in the long run wages would fall in that area by approximately 20 per cent, that is to say, in the same proportion as the foodstuffs in question enter into the means of subsistence of the workers. If the worker, for example, spends three-quarters of his weekly wage on these foodstuffs, then wages would finally fall by three-quarters of 20 = 15 per cent. In short, as soon as any such savings reform has become general, the worker receives in the same proportion less wages, as his savings permit him to live cheaper. Give every worker a saved, independent income of 52 talers a year and his weekly wage must finally fall by one taler. Therefore: the more he saves the less he will receive in wages. He saves therefore not in his own interests, but in the interests of the capitalist. Is anything else necessary in order “to stimulate in the most powerful fashion the primary economic virtue, thrift?” (Page 64.) **46 to 47**

Our leader causes us to take the first step downwards by informing us that there are two systems of workers’ dwellings: the cottage system in which each working-class family has its own little house and if possible a little garden as well, as in England; and the barrack system of large buildings containing numerous workers’ dwellings, as in Paris, Vienna, etc. Between the two is the system usual in Northern Germany. Now it is true that the cottage system is said to be the only correct one, and the only one whereby the worker could acquire the ownership of his own house, while further the barrack system has very great disadvantages with regard to hygiene, morality and domestic peace – but unfortunately the cottage system is not realizable just in the centres of the housing shortage, in the big cities, on account of the high price of land, and one should therefore be glad if houses were built containing from four to six dwellings instead of big barracks, or at least the disadvantages of the big tenement system made up for by various building refinements. (Pages 71-92.)

We have descended quite a long way already, have we not? The transformation of the workers into capitalists, the solution of the social question, a house of his own for each worker, all these things have been left behind, up above in “the region of ideals.” All that remains for us to do is to introduce the cottage system into the country areas and to make the workers’ barracks in the towns as tolerable as possible.

On its own admission, therefore, the bourgeois solution of the housing question has come to grief-it has come to grief owing to the antithesis of town and country. And with this we have arrived at the kernel of the problem. The housing question can only be solved when society has been sufficiently transformed for a start to be made towards abolishing the antithesis between town and country, which has been brought to an extreme point by present-day capitalist society. Far from being able to abolish this antithesis, capitalist society on the contrary is compelled to intensify it day by day. On the other hand the first modern utopian socialists, Owen and Fourier, already correctly recognized this. In their model plans the antithesis between town and country no longer exists. Consequently there takes place exactly the contrary of that which Herr Sax contends; it is not the solution of the housing

question which simultaneously solves the social question, but only by the solution of the social question, that is, by the abolition of the capitalist mode of production, is the solution of the housing question made possible. To want to solve the housing question while at the same time desiring to maintain the modern big cities is an absurdity. The modern big cities, however, will be abolished only by the abolition of the capitalist mode of production, and when this is once on the way then there will be quite other thing to do than supplying each worker with a little house for his own possession.

In the beginning, however, each social revolution will have to take things as it finds them and do its best to get rid of the most crying evils with the means at its disposal. And we have already seen that the housing shortage can be remedied immediately by expropriating a part of the luxury dwellings belonging to the propertied classes and by quartering workers in the remaining part. **48 to 49**

With this we are once again out of the big towns where there can be no question of anything of the sort and back in the country. Herr Sax then proves that here it is in the interests of the factory owners themselves that they should assist their workers to obtain tolerable dwellings, on the one hand because it is a good investment, and on the other hand because the inevitable:

“resulting uplift of the workers ... must result in an increase of their mental and physical working capacity, which naturally – no less – is of advantage to the employers. With this, however, the right point of view for the participation of the latter in the solution of the housing question is given; it appears as the outcome of a latent association, as the outcome of the care of the employers for the physical and economic, mental and moral well-being of their workers, which is concealed for the most part under the cloak of humanitarian efforts and which is its own pecuniary reward because of its results in producing and maintaining a diligent, skilled, willing, contented and devoted working class.” (Page 108.)

The phrase “latent association,” with which Huber attempts to impose on this bourgeois philanthropic drive “a higher significance,” does not alter the situation at all. Even without this phrase the big rural factory owners, particularly in England, have long ago recognized that the building of workers’ dwellings is not only a necessity, a part of the factory equipment itself, but also that it pays very well. In England whole villages have grown up in this way, and some of them have later developed into towns. The workers, however, instead of being thankful to the philanthropic capitalists, have always raised very considerable objections to this “cottage system.” Not only are they compelled to pay monopoly prices for these houses because the factory owner has no competitors, but immediately a strike breaks out they are homeless, because the factory owner throws them out of his houses without any more ado and thus renders any resistance difficult.

Further details can be studied in my Condition of the Working Class in England, pp. 184 and 256. Herr Sax, however, thinks that these objections “hardly deserve refutation.” (Page 111.) But does he not want to make the worker the owner of his dwelling? Certainly, but, as “the employers must always be in a position to dispose of the dwelling in order that when they dismiss a worker to have room for the one who replaces him,” well then, there is nothing for it but “to make some provision for such cases by agreement for the revocation of ownership.” (Page 113.)

[In this respect also. the English capitalists have long ago not only fulfilled but far exceeded all the cherished wishes of Herr Sax. On Monday, October 14, 1872, the court in Morpeth had to adjudicate on an application on behalf of 2,000 miners to have their names enrolled on the list of parliamentary voters. It transpired that the greater number of these miners, according to the regulations of the mine at which they were employed, were not to be regarded as tenants of the dwellings in which they lived, but, as occupying these dwellings on sufferance, and they could be thrown out of them at any moment without notice. (The landowner and house owner were naturally one and the same per-on.) The judge decided

that these men were not tenants but servants, and therefore as such not entitled to be included in the list of voters. (*Daily News*, October 15, 1872.) – Note by F. Engels.]

II

This time we have come down with unexpected suddenness. First it was said the worker must own his own little house. Then we are informed that this is impossible in the towns and can be carried out only in-the country. And now we are told that ownership even in the country is to be “revocable by agreement!” With this new sort of property for the workers discovered by Herr Sax, with this transformation of the workers into capitalists “revocable by agreement,” we have safely arrived again on firm ground, and have here to examine what the capitalists and other philanthropists have actually done to solve the housing question.

If we are to believe our worthy Dr. Sax, much has already been done by Messieurs the capitalists to remedy the housing shortage; and the proof has been provided that the housing question can be solved on the basis of the capitalist mode of production.

Above all, Herr Sax quotes us the example of – Bonapartist France! As is known, Louis Bonaparte appointed a commission at the time of the Paris World Exhibition ostensibly to report upon the situation of the working classes in France, but in reality to describe their situation as blissful in the extreme, to the greater glory of the Empire. And it is to this report, drawn up by a commission composed of the corruptest tools of Bonapartism, that Herr Sax refers, particularly because the results of its work are “according to the committee’s own statement fairly complete for France.” And what are these results? Of eighty-nine big industrialists or joint-stock companies which gave information to the commission, thirty-one had built no workers’ dwellings at all. According to the estimate of Dr. Sax himself, the dwellings that were built house at the most from 50,000 to 60,000 people, and the dwellings themselves consist almost exclusively of no more than two rooms for each family.

It is obvious that every capitalist who is tied down to a particular rural district by the conditions of his industry – water power, the position of coal mines, iron-stone deposits and other mines, etc. – must build dwellings for his workers if none are available. To see in this a proof of “latent association,” “an eloquent testimony to a growing understanding of the question and its wide import,” a “very promising beginning” (page 115), all this demands a very highly developed habit of self-deception. For the rest, the industrialists of the various countries differ from each other in this respect also according to national character. For instance, Herr Sax informs us (page 117):

“In England only recently has increased activity on the part of employers in this direction been observable. This refers in particular to the more out of the way hamlets in the rural areas.... The circumstance that otherwise the workers often have to walk a long way from the nearest village to the factory and arrive there so exhausted that they do not perform enough work is the chief reason which furnishes the employers with the motive for building dwellings for their workers. However, the number of those who have a deeper understanding of conditions and who combine with the cause of housing reform more or less all the other elements of latent association is also increasing, and it is these people to whom credit is due for the establishment of those flourishing colonies.... The names of Ashton in Tiyde, Ashworth in Tuxton, Grant in Bury, Greg in Bollington, Marshall in Leeds, Stratt in Belper, Salt in Saltaire, Ackroid in Copley, and others are known on this account throughout the United Kingdom.”

Blessed simplicity and still more blessed ignorance! The English rural factory owners have “only recently” begun to build workers’ dwellings! No, my dear Herr Sax, the English capitalists are really big industrialists, not only as regards their purses, but also as regards their brains. Long before Germany possessed a really large-scale industry, they had realized that for factory production in the rural districts expenditure on workers’ dwellings was a necessary part of the total investment of capital and a very profitable one, both directly and

indirectly. Long before the struggle between Bismarck and the German bourgeoisie had given the German workers freedom of association, the English factory, mine and foundry owners had had practical experience of the pressure they could exert on striking workers if they were at the same time the landlords of those workers. The "flourishing colonies" of Greg, Ashton and Ashworth are so "recent" that even forty years ago they were hailed by the bourgeoisie as model examples, as I myself described twenty-eight years ago. (The Condition of the Working Class in England, Note on page 186.) The colonies of Marshall and Akroyd (that is how the man spells his name) are about as old, and the colony of Strutt is much older, its beginnings reaching back into the last century. Since in England the average duration of a worker's dwelling is reckoned as forty years, Herr Sax can calculate on his fingers the dilapidated condition in which these "flourishing colonies" are today. In addition, the majority of these colonies are now no longer in the countryside. The colossal expansion of industry has surrounded most of them with factories and houses to such an extent that they are now situated in the middle of dirty, smoky towns with 20,000, 30,000, and more inhabitants. But all this does not prevent German bourgeois science, as represented by Herr Sax, from devoutly repeating today the old English paeans of praise of 1840, which no longer have any application.

And to give us old Akroyd as an example! This worthy was certainly a philanthropist of the first water. He loved his workers, and in particular his female employees, to such an extent that his less philanthropic competitors in Yorkshire used to say of him that he ran his factories exclusively with his own children! It is true that Dr. Sax contends that "illegitimate children are becoming more and more rare" in these flourishing colonies. (Page 118.) Yes, that is true so far as it refers to illegitimate children born out of wedlock, for in the English industrial districts the pretty girls marry very young.

In England the establishment of workers' dwellings close to each big rural factory and simultaneously with the factory has been the rule for sixty years and more. As already mentioned, many of these factory villages have become the nucleus around which later on a whole factory town has grown up with all the evils which a factory town brings with it. These colonies have therefore not solved the housing question, on the contrary, they first really created it in their localities. On the other hand, in countries which in the sphere of large-scale industry have only limped along behind England, and which have really only got to know what large-scale industry is after 1848, in France and particularly in Germany, the situation is quite different. Here, it is only colossal foundries and factories which decided after much hesitation to build a certain number of workers' dwellings – for instance, the Schneider works in Creusot and the Krupp works in Essen. The great majority of the rural industrialists let their workers trudge miles through the heat, snow and rain every morning to the factories, and back again every evening to their homes. This is particularly the case in mountainous districts, in the French and Alsatian Vosges districts, in the valleys of the Wupper, Sieg, Agger, Lenne and other Rhineland-Westphalian rivers. In the Erzgebirge the situation is probably no better. The same petty niggardliness occurs both among the Germans and among the French.

Herr Sax knows very well that both the very promising beginning and the flourishing colonies mean less than nothing. Therefore, he tries now to prove to the capitalists what magnificent rents they can obtain by building workers dwellings. In other words, he seeks to show them a new way of cheating the workers.

First of all, he holds up to them the example of a number of London building societies; partly philanthropic and partly speculative, which have shown a net profit of from four to six per cent and more. It is not necessary for Herr Sax to prove to us that capital invested in workers' houses yields a good profit. The reason why the capitalists do not invest still more than they do in workers' dwellings is that more expensive dwellings bring in still greater profits for their owners. The exhortation of Herr Sax to the capitalists, therefore, amounts, once again, to nothing but a moral sermon.

As far as these London building societies are concerned, whose brilliant successes Herr Sax so loudly proclaims, they have according to his own figures – and every sort of building speculation is included – provided dwellings for a total of 2,132 families and 706 single men, i.e., for less than 15,000 persons! And is it presumed seriously to present in Germany this sort of childishness as a great success, although in the East End of London alone half a million workers live under the most miserable housing conditions? The whole of these philanthropic efforts are in fact so miserably futile that the English parliamentary reports dealing with the situation of the workers never even bother to mention them.

We will not even speak here of the ludicrous ignorance of London which shows itself throughout this whole section. Just one point, however: Herr Sax is of the opinion that the Lodging House for Single Men in Soho went out of business because there was no hope of obtaining a large clientele” in this neighborhood. Herr Sax imagines that the whole of the West End of London is one big luxury town, and does not know that right behind the most elegant streets the dirtiest workers’ quarters are to be found, of which, for example, Soho is one. The model lodging house in Soho which he mentions and which I knew twenty-three years ago, was well enough frequented in the beginning, but closed down finally because no one could stand it, and yet it was one of the best.

But the workers’ town of Millhausen in Alsace – that is surely a success?

The workers’ town of Millhausen is the great show-piece of the continental bourgeois, just as the one-time flourishing colonies of Ashton, Ashworth, Greg and Co., are of the English bourgeois. Unfortunately, the Millhausen example is not any product of “latent association,” but of the open association between the Second French Empire and the capitalists of Alsace. It was one of Louis Bonaparte’s socialist experiments, for which the state advanced one-third of the capital. In fourteen years (up to 1867) it built 800 small houses according to a very defective system, an impossible one in England where they understand these things better, and these houses are handed over to the workers to become their own property after thirteen to fifteen years of monthly payments at an increased rental.

It was not necessary for the Bonapartists of Alsace to invent this way of acquiring property; as we shall see, it had been introduced by the English co-operative building societies long before. Compared with English conditions, the extra rent paid for the purchase of these houses is rather high. For instance, after having paid 4,500 francs by installments in fifteen years, the worker receives a house which was worth 3,300 francs fifteen years before. If the worker wants to go away or if he is in arrears with only a single monthly installment (in which case he can be turned on to the streets), six and two-thirds per cent of the original value of the house is reckoned as the annual rent (for instance, 17 francs a month for a house worth 3,000 francs) and the rest is paid out to him, but without a penny of interest. It is quite clear that under such circumstances the society is able to grow fat, quite apart from “state assistance.” It is just as clear that the houses provided under these circumstances are better than the old tenement houses in the town itself, if only because they are built outside the town in a semi-rural neighborhood.

We need not say a word about the few miserable experiments which have been made in Germany; even Herr Sax, page 157, recognizes their woefulness.

What then exactly do all these examples prove? Simply that the building of workers’ dwellings is profitable from the capitalist point of view, even when all the laws of hygiene are not trodden under foot. But that has never been denied; we all knew that long ago. Any investment of capital which satisfies an existing need is profitable if conducted rationally. The question, however, is precisely, why the housing shortage continues to exist all the same, why the capitalists all the same do not provide sufficient healthy dwellings for the workers. And here Herr Sax has again nothing but exhortations to make to the capitalists and fails to provide us with an answer. The real answer to this question we have already given above.

Capital does not desire to abolish the housing shortage even if it could; this has now been completely established. There remain, therefore, only two other expedients, self-help on the part of the workers and state assistance.

Herr Sax, an enthusiastic worshipper of self-help, is able to report wonderful things about it also in regard to the housing question. Unfortunately he is compelled to admit right at the beginning that self-help can only effect anything where the cottage system either already exists or where it can be introduced, i.e., once again only in the rural areas. In the big cities, even in England, it can be effective only in a very limited measure. Herr Sax then sighs: "Reform in this way (by self-help) can be effected only in a roundabout way and must therefore always be imperfect, namely in so far as the principle of ownership reacts on the quality of the dwelling." It would be permissible to doubt even this, in any case, the "principle of ownership" has not exercised any reforming influence on the "quality" of the author's style. Despite all this, self-help in England has achieved such wonders "that thereby everything done there to solve the housing question from other angles has been far exceeded." Herr Sax is referring to the English "building societies" and he deals with them at great length because:

"very inadequate or erroneous ideas are current about their general character and activities. The English building societies are by no means associations for building houses or building co-operatives; they can be described in German rather as 'Hauswerbvereine' [associations for the acquisition of housing property]. They are associations which aim at accumulating funds from the periodical contributions of their members in order then, out of these funds and according to their size, to grant loans to their members for the purchase of a house.... The building society is thus a savings bank for one section of its members, and for the other section a loan bank. The building societies are therefore mortgage credit institutions calculated for the requirements of the workers which, in the main, use the savings of the workers to assist persons of the same social standing as the depositors to purchase or build a house. As may be supposed, such loans are granted by mortgaging the real property in question, and the conditions are such that they must be paid back in short installments which combine both interest and amortization. The interest is not paid out to the depositors, but always placed to their credit at compound interest. The members can demand the return of the sums they have paid in, plus interest, at any time, by giving a month's notice." (Pages 170 to 172.) "There are over 2,000 such associations in England and their total capital amounts to about L15,000,000 sterling. In this way about 100,000 working class families have obtained possession of their own hearth and home; a social achievement the like of which will certainly not be quickly found." (Page 174.)

Unfortunately here too the "but" comes limping along immediately after:

"However, a perfect solution of the question has by no means been achieved in this way; for the reason, if for no other, that the acquisition of a house is open only to the better situated workers. In particular, sanitary considerations are not always sufficiently taken into consideration." (Page 176.)

On the continent, "such associations find only little scope for development." They presuppose the existence of the cottage system which exists only in the countryside on the continent, and in the countryside the workers are not sufficiently developed for self-help. On the other hand, in the towns where real building societies could be formed, they are faced with "very considerable and serious difficulties of all sorts." (Page 179.) They could build only cottages and that is no good in the big cities. In short, "this form of co-operative self-help" can "in the present circumstances – and hardly in the near future – not play the chief role in the solution of the question before us." These building societies are, we are told, still "in their first undeveloped beginnings" and "this is true even of England." (Page 181.)

Hence, the capitalists will not and the workers cannot. And with this we could close this section if it were not absolutely necessary to provide a little information about the English building societies, which the bourgeoisie of the Schulze-Delitzsch type always hold up to our workers as models.

These building societies are not workers' societies, nor is it their main aim to provide workers with their own houses. On the contrary, we shall see that this happens only very exceptionally. The building societies are essentially of a speculative nature, the smaller ones, which were the original societies, not less so than their bigger imitators. In a public house, usually at the instigation of the proprietor, in whose rooms the weekly meetings then take place, a number of regular customers and their friends, small shopkeepers, clerks, commercial travelers, master artisans and other petty bourgeois – with here and there perhaps an engineer or some other worker belonging to the aristocracy of his class found a building society. The immediate occasion is usually that the proprietor has discovered a comparatively cheap plot of land in the neighborhood or somewhere else. Most of the members are not bound by their occupations to any particular district. Even many of the small shopkeepers and artisans have only business premises in the town and not any dwelling; whoever is in a position to do so prefers to live in the suburbs rather than in the centre of the smoky town. The building plot is purchased and as many cottages as possible erected on it. The credit of the better off members makes the purchase possible, and the weekly contributions together with a few small loans cover the weekly costs of building. Those members who aim at getting a house of their own receive cottages by lot as they are completed, and the appropriate extra rent serves for the amortization of the purchase price. The remaining cottages are then either let or sold. The building society, however, assuming that it does good business, accumulates a larger or smaller sum which remains the property of the members, providing that they keep up their contributions, and which from time to time, or when the society is dissolved, is distributed among them. This is the life history of nine out of ten of the English building societies. The others are bigger societies, sometimes formed under political or philanthropic pretexts, but their chief aim is always to provide the savings of the petty bourgeoisie with a more profitable mortgage investment at a good rate of interest, with the prospect of dividends as a result of speculation in real estate.

The sort of clients these societies speculate on can be seen from the prospectus of one of the largest if not the largest of them. The Birkbeck Building Society, 29 and 30, Southampton Buildings, Chancery Lane, London, whose gross receipts since its existence total £10,500,000 sterling, which has over £416,000 in the bank or invested in state securities, and which at present has 21,441 members and depositors, introduces itself to the public in the following fashion:

“Most people are acquainted with the so-called three-year system of the piano manufacturers according to which anyone hiring a piano for three years becomes the owner of the piano after the expiration of that period. Prior to the introduction of this system it was almost as difficult for people of limited income to acquire a good piano as it was for them to acquire their own house. Year after year such people paid the hire money for the piano and expended two or three times as much money in this way as the piano was worth. But what is feasible with regard to a piano is feasible with regard to a house. However, as a house costs more than a piano, a longer period is necessary to pay off the purchase price in rent. In consequence the directors have come to an agreement with house owners in various parts of London and its suburbs, as a result of which they are in a position to offer the members of the Birkbeck Building Society and others a great selection of houses in all parts of the town. The system according to which the board of directors intends to work is the following: it will let these houses for twelve and a half years and at the end of this period, providing that the rent has been paid regularly, the tenant will become the absolute owner of his house without any further payment of any kind. The tenant can also contract for a shorter space of time with a higher rental, or for a longer space of time with a lower rental. People of limited income, clerks, shop assistants and others can make themselves independent of landlords immediately by becoming members of the Birkbeck Building Society.” [Retranslated from the German.-Ed.]

That is clear enough. There is no mention of workers, but rather of people of limited income, clerks and shop assistants, etc., and in addition it is assumed that, as a rule, the applicants already possess a piano. In fact we have to do here not with workers, but with petty bourgeois and those who would like and are able to become petty bourgeois; people

whose incomes gradually rise as a rule, even if within certain limits, such as clerks and employees in similar occupations. The income of the worker, however, in the best case remains the same in amount, and in reality it falls in proportion to the increase of his family and its growing needs. In fact, few workers can take part in such societies and then only in exceptional cases. On the one hand their income is too low, and on the other hand it is of too uncertain a character for them to be able to undertake responsibilities for twelve and a half years ahead. The few exceptions where this is not valid are either better-paid workers or foremen.

[We add here a little contribution on the way in which these building societies and in particular the London building societies are managed. As is known, almost the whole of the land on which London is built belongs to a dozen aristocrats, including the most eminent, the Duke of Westminster, the Duke of Bedford, the Duke of Portland, etc. They originally leased out the separate building plots for a period of ninety-nine years, and at the end of that period they take possession of the land with everything on it. They then let the houses on shorter leases, thirty-nine years for example, with a so-called repairing clause, according to which the leaseholder must put the house in good repair and maintain it in such condition. As soon as the contract has progressed thus far, the ground landlord sends his architect and the district surveyor to inspect the house and determine the repairs necessary. These repairs are often very considerable and may include the renewal of the whole frontage, or of the roof, etc. The leaseholder now deposits his lease as a security with a building society and receives from this society a loan of the necessary money – up to L1000 and more in the case of an annual rental of from £130 to £150 – for the building repairs which are to be carried out at his cost. These building societies have thus become an important intermediate link in a system which aims at securing the continual renewal and maintenance in habitable condition of London's houses belonging to the landed aristocracy without any trouble to the latter and at the cost of the public. And this is supposed to be a solution of the housing question for the workers! — Note by F. Engels to the second German edition.]

For the rest, it is clear to everyone that the Bonapartists of the workers' town of Mulhausen are nothing more than miserable imitators of these petty-bourgeois English building societies. The sole difference is that the former, in spite of the state assistance granted to them, swindle their clients far more than the building societies do. On the whole their terms are less liberal than the average existing in England, and while in England interest and compound interest is reckoned on each deposit and the latter also can be withdrawn at a month's notice, the factory owners of Mulhausen put both interest and compound interest into their own pockets and repay no more than the amount paid in by the workers in hard-earned five-franc pieces. And no one will be more astonished at this difference than Herr Sax who has it all in his book without knowing it.

Thus workers' self-help is also no good. There remains state assistance. What can Herr Sax offer us in this connection? Three things:

“First of all, the state must take care that in its legislation and administration, all those things which in any way result in accentuating the housing shortage among the working classes are abolished or appropriately remedied.” (Page 187.)

Consequently, revision of building legislation and freedom for the building trades in order that building shall be cheaper. But in England building legislation is reduced to a minimum, the building trades are as free as the birds in the air; nevertheless, the housing shortage exists. In addition, building is now carried out so cheaply in England that the houses totter when a cart goes by and every day some of them collapse. Only yesterday (October 25, 1872) six of them collapsed simultaneously in Manchester and seriously injured six workers. Therefore, that is also no remedy.

“Secondly, the state power must prevent individuals in their narrow-minded individualism from reproducing the evil or causing it anew.”

Consequently, inspection of workers' dwellings by the sanitary authorities and building inspectors; the authorities to have power to close down dilapidated and unhygienic houses, as has been the case in England since 1857. But how did it work there? The first law of 1855 (the Nuisances Removal Act) remained, as Herr Sax admits himself, "a dead letter," as also did the second law of 1858 (the Local Government Act). (Page 197.) On the other hand Herr Sax believes that the third law (the Artisans' Dwellings Act), which applies only to towns with a population of over 10,000, "certainly offers favorable testimony to the great understanding of the British Parliament in social matters." (Page 199.) But, as a matter of fact, this contention does no more than offer "favorable testimony of the utter ignorance of Dr. Sax in English matters." That England in general is far in advance of the continent in "social matters" is a matter of course. England is the motherland of modern large-scale industry; the capitalist mode of production has developed here most freely and extensively of all, its consequences show themselves here most glaringly of all and therefore it is here also that they first produce a reaction in the sphere of legislation. The best proof of this is factory legislation. If, however, Herr Sax thinks that an Act of Parliament only requires to become legally effective in order to be carried immediately into practice as well, he is making a great mistake. And this is true of the Local Government Act more than of any other act (with the exception, of course, of the Workshops Act). The administration of this law was entrusted to the urban authorities, which almost everywhere in England are recognized centres of corruption of all kinds, nepotism and jobbery.

[Jobbery is the exploitation of a public office to the private advantage of the official or his family. If, for instance, the director of the state telegraphs of a country becomes a sleeping partner in a paper factory, provides this factory with timber from his forests, and then gives the factory orders for supplying paper for the telegraph offices, then that is a fairly small but quite a pretty "job," inasmuch as it demonstrates a complete understanding of the principles of jobbery; such as, for the rest, in the case of Bismarck was a matter of course and to be expected. – Note by F. Engels.]

The agents of these urban authorities, who owe their positions to all sorts of family considerations, are either incapable of carrying into effect such social laws, or disinclined to do so. On the other hand, it is precisely in England that the state officials who are entrusted with the preparation and carrying into effect of social legislation are usually distinguished by a strict sense of duty – although in a lesser degree today than twenty or thirty years ago. In the town councils, the owners of unsound and dilapidated dwellings are almost everywhere strongly represented either directly or indirectly. The system of electing these town councils according to small wards makes the elected members dependent on the pettiest local interests and influences; no town councilor who desires to be re-elected dare vote for the application of this law in his constituency. It is comprehensible therefore with what aversion this law was received almost everywhere by the local authorities, and that up to the present it has been applied only in the most scandalous cases – and even then, as a general rule, only as the result of the outbreak of some epidemic, such as in the case of the small-pox epidemic last year in Manchester and Salford. Appeals to the Home Secretary have up to the present been effective only in such cases, for it is the principle of every Liberal government in England to propose social reform laws only when compelled to do so and, if at all possible, to avoid carrying into effect those already existing. The law in question, like many others in England, has only the importance that, in the hands of a government dominated by or under the pressure of the workers, a government which would at last really administer it, it would be a powerful weapon for making a breach in the existing social state of things.

"Thirdly, the state power must," according to Herr Sax, "make use of all the positive means at its disposal to remedy the existing housing shortage to the most comprehensive extent."

That is to say, it must build barracks, "truly model buildings," for its "subordinate officials and servants" (but these are certainly not workers), and "grant loans to municipalities, societies and also to private persons with a view to improving the housing conditions of the working classes" (page 203), as is done in England under the Public Works

Loan Act, and as Louis Bonaparte has done in Paris and Mulhausen. But the Public Works Loan Act also exists only on paper, the government places at the disposal of the commissioners a maximum sum of £50,000 sterling, i.e., sufficient to build at the utmost 400 cottages, that is to say, in forty years a total of 16,000 cottages, or dwellings for at the most 80,000 persons – a drop in the ocean! Even if we assume that after twenty years the funds at the disposal of the commissioners were to double as a result of repayments, that, therefore, during the past twenty years dwellings for a further 40,000 persons have been built, the whole still remains a drop in the ocean. And as the cottages have an average life of no more than forty years, after forty years the liquid assets of £50,000 or £100,000 must be used every year to replace the most dilapidated, the oldest of the cottages.

Herr Sax declares on page 203 that this is carrying the principle into practice correctly and to “an unlimited extent also.” And with the confession that even in England and to “an unlimited extent” the state has achieved next to nothing, Dr. Sax concludes his book, but not before having delivered another moral homily to all concerned.

[In recent English Acts of Parliament giving the London building authorities the right of expropriation for the purpose of new street construction, a certain amount of consideration is given to the workers turned out of their homes. A provision has been inserted that the new buildings to be erected must be suitable for housing those classes of the population previously living there. Big five or six storey tenement barracks are therefore erected for the workers on the least valuable sites and in this way the letter of the law is complied with. It remains to be seen how these buildings will serve; the workers are unaccustomed to them and in the midst of the old conditions in London they form a completely foreign development. In the best case, however, they will provide new dwellings for hardly more than a quarter of the workers actually evicted by the building operations. – Note by F. Engels to the second German edition.]

It is perfectly clear that the existing state is neither able nor willing to do anything to remedy the housing difficulty. The state is nothing but the organized collective power of the possessing classes, the landowners and the capitalists as against the exploited classes, the peasants and the workers. What the individual capitalists (and it is here only a question of these because in this matter the landowner who is also concerned acts primarily as a capitalist) do not want, their state also does not want. If therefore the individual capitalists deplore the housing shortage, but can hardly be persuaded even superficially to palliate its most terrifying consequences, then the collective capitalist, the state, will not do much more. At the most it will see to it that the measure of superficial palliation which has become standard is carried out everywhere uniformly. And we have already seen that this is the case.

But, one might object, in Germany the bourgeoisie does not rule as yet; in Germany the state is still to a certain extent a power hovering independently over society as a whole, which for that very reason represents the collective interests of society and not those of a single class. Such a state can certainly do much that a bourgeois state cannot do, and one could expect from it something quite different on the social field also.

That is the language of reactionaries. In reality, however, the state as it exists at present in Germany is also the necessary product of the social basis out of which it has developed. In Prussia – and Prussia is now decisive – there exists side by side with a landowning aristocracy which is still powerful, a comparatively young and markedly very cowardly bourgeoisie, which up to the present has not won either direct political domination, as in France, or more or less indirect as in England. Side by side with these two classes, however, there exists further a rapidly increasing proletariat which is intellectually highly developed and which is becoming more and more organized every day. We find, therefore, in Germany alongside of the basic condition of the old absolute monarchy, an equilibrium between the landowning aristocracy and the bourgeoisie, also the basic condition of modern Bonapartism, an equilibrium between the bourgeoisie and the proletariat.

But both in the old absolute monarchy and in the modern Bonapartist monarchy the real governing power lies in the hands of a special caste of army officers and state officials. In Prussia this caste is supplemented partly from its own ranks, partly from the lesser aristocracy owning the entailed estates, more rarely the higher aristocracy, and least of all from the bourgeoisie. The independence of this caste, which appears to occupy a position outside and, so to speak, above society, gives the state the semblance of independence in relation to society.

The state form which has developed with necessary logic in Prussia (and, following the Prussian example, in the new imperial constitution of Germany) out of these contradictory social conditions is pseudo-constitutionalism, a form which is at once both the present-day form of the dissolution of the old absolute monarchy and the form of existence of the Bonapartist monarchy. In Prussia, pseudo-constitutionalism from 1848 to 1866 only concealed and brought about the slow decay of the absolutist monarchy. However, since 1866, and still more since 1870, the transformation of social conditions and thus the dissolution of the old state has proceeded openly in the view of all and on a tremendously increasing scale.

The rapid development of industry and in particular of stock exchange swindling has dragged all the ruling classes into the whirlpool of speculation. The wholesale corruption imported from France in 1870 is developing at an unprecedented rate. Stroussberg and Péreire take off their hats to each other. Ministers, generals, princes and counts deal in shares in competition with the cunningest stock-exchange Jews, and the state recognizes their equality by conferring titles wholesale on these stock-exchange Jews. The rural aristocracy, who have been industrialists for a long time as producers of beet sugar and distillers, had long ago left the old and respectable days behind and now swell the lists of directors of all sorts of sound and unsound joint-stock companies. The bureaucracy is beginning more and more to despise embezzlement as the sole means of improving its income; it is turning its back on the state and beginning to hunt after the far more lucrative posts on the administration of industrial enterprises. Those who still remain in office follow the example of their superiors and speculate in shares, or "participate" in railways, etc. One is even justified in assuming that the lieutenants also have their hands in certain speculations. In short, the decomposition of all the elements of the old state and the transition from the absolute monarchy is in full swing, and with the next big trade and industrial crisis not only will the present swindle collapse, but the old Prussian state as well. [Even today, 1886, what holds together the old Prussian state and its basis, the alliance of the big landowners and the industrialist capitalists sealed by the protective tariffs is solely the fear of the proletariat which has grown tremendously in numbers and class consciousness since 1872. – Note by F. Engels to the second German edition.]

And this state, in which the non-bourgeois elements are becoming more bourgeois every day, is to solve "the social question," or even only the housing question? On the contrary. In all economic questions the Prussian state is falling more and more into the hands of the bourgeoisie. And if since 1866 legislation on the economic field has not been even more adapted to the interests of the bourgeois than was actually the case, whose fault is that? The bourgeoisie itself is chiefly responsible, being firstly too cowardly to press its own demands energetically, and secondly resisting every concession immediately the latter simultaneously gives the menacing proletariat new weapons. And if the state power, i.e., Bismarck, is attempting to organize its own bodyguard proletariat in order thereby to keep in check the political activity of the bourgeoisie, what is that but a necessary and familiar Bonapartist recipe which pledges the state to nothing more, as far as the workers are concerned, than a few benevolent phrases and at the utmost to a minimum of state assistance for building societies *à la* Louis Bonaparte?

The best proof of what the workers have to expect from the Prussian state lies in the utilization of the French milliards which has given a new short reprieve to the independence of the Prussian state machine in regard to society. Has even a single taler of all these milliards been used to provide shelter for those Berlin working class families which have been thrown

on to the streets? On the contrary. As autumn approached, the state even caused to be pulled down those few miserable huts which had served the workers and their families as a temporary shelter during the summer. The five milliards are being expended rapidly enough for fortresses, cannon and soldiers; and despite Wagner von Dummerwitz, and despite Stieber's conferences with Austria, there will not be used for the German workers even as much of those milliards as was used for the French workers out of the millions which Louis Bonaparte stole from France.

[Engels alludes to the repeated declarations of the German political economist, Adolph Wagner, that if the favorable conjuncture created in Germany after the French-German war, were to be utilised to set up credits of five billions for France, it would have produced a meaningful improvement of the situation into which the working masses had been thrown. It does not appear that the Wagner, a university professor and member of the Prussian Senate, ever acquired a noble title; most likely, Engels is being satirical; Dummerwitz is equivalent, in fact, to "dim wit."] 50 to 68

III

In reality the bourgeoisie has only one method of solving the housing question after its fashion-that is to say, of solving it in such a way that the solution continually reproduces the question anew. This method is called "Hausmann."

By the term "Hausmann" I do not mean merely the specifically Bonapartist manner of the Parisian Hausmann - breaking long, straight and broad streets through the closely-built workers' quarters and erecting big luxurious buildings on both sides of them, the intention thereby, apart from the strategic aim of making barricade fighting more difficult, being also to develop a specifically Bonapartist building trades' proletariat dependent on the government and to turn the city into a pure luxury city. By "Hausmann" I mean the practice which has now become general of making breaches in the working class quarters of our big towns, and particularly in those which are centrally situated, quite apart from whether this is done from considerations of public health and for beautifying the town, or owing to the demand for big centrally situated business premises, or owing to traffic requirements, such as the laying down of railways, streets, etc. No matter how different the reasons may be, the result is everywhere the same: the scandalous alleys and lanes disappear to the accompaniment of lavish self-praise from the bourgeoisie on account of this tremendous success, but they appear again immediately somewhere else and often in the immediate neighborhood.

In *The Condition of the Working Class in England* I gave a description of Manchester as it looked in 1843 and 1844. Since then the construction of railways through the centre of the town, the laying out of new streets, and the erection of great public and private buildings have broken through, laid bare and improved some of the worst districts described in my book, others have been abolished altogether, but many of them are still, apart from the fact that official sanitary inspection has since become stricter, in the same state or in an even worse state of dilapidation than they were then. On the other hand, however, thanks to the enormous extension of the town, whose population has increased since then by more than half, districts which were at that time still airy and clean are now just as excessively built upon, just as dirty and overcrowded as the most ill-famed parts of the town formerly were.

Here is just one example: On page 80 and the following pages of my book I describe a group of houses situated in the valley bottom of the river Medlock, which under the name of Little Ireland was for years one of the worst blots on Manchester. Little Ireland has long ago disappeared and on its site there now stands a railway station built on a high foundation. The bourgeoisie printed with pride to the happy and final abolition of Little Ireland as to a great triumph. Now last summer a great inundation took place, as in general the rivers embanked in our big towns cause extensive floods year after year owing to easily understood causes.

And it was then revealed that Little Ireland had not been abolished at all, but had simply been shifted from the south side of Oxford Road to the north side, and that it still continues to flourish. Let us hear what the Manchester Weekly Times, the organ of the radical bourgeoisie of Manchester, has to say in its number of July 20, 1872:

“The misfortune which befell the inhabitants of the lower valley of the Medlock last Saturday will, it is to be hoped, have one good result: namely that public attention will be directed to the obvious mockery of all the laws of hygiene which has been tolerated there so long under the noses of our municipal officials and our municipal health committee. A forcible article in our daily edition yesterday revealed, though hardly trenchantly enough, the scandalous condition of some of the cellar dwellings near Charles Street and Brook Street which were reached by the floods. A detailed examination of one of the courts mentioned in this article enables us to confirm all the statements made about them, and to declare that the cellar dwellings in this court should long ago have been closed down, or rather, they should never have been tolerated as human habitations. Squire’s Court is made up of seven or eight dwelling houses on the corner of Charles Street and Brook Street. Even at the lowest part of Brook Street, under the railway bridge, a pedestrian may pass daily and never dream that human beings are living under his feet in what are little more than caves. The court itself is hidden from public view and is accessible only to those who are compelled by their impoverishment to seek a shelter in its sepulchral seclusion. Even if the usually stagnant waters of the Medlock, which are shut in between locks, do not exceed their usual level, the floors of these dwellings can hardly be more than a few inches above the surface of the river. A good shower of rain is capable of driving up filthy and nauseous water through the drains and filling the rooms with pestilential gases such as every flood leaves behind it as a souvenir....

“Squire’s Court lies at a still lower level than the uninhabited cellars of the houses in Brook Street—twenty feet lower than the street level, and the foul water driven up on Saturday through the drains reached to the roofs. We knew this and therefore expected that we should find the place uninhabited or occupied only by the sanitary officials engaged in cleaning the stinking walls and disinfecting the houses. Instead of this we saw a man, in the cellar home of a barber, engaged in shoveling a heap of decomposing filth, which lay in a corner, onto a wheelbarrow. The barber, whose cellar was already more or less cleaned up, sent us still lower down to a number of dwellings about which he declared that, if he could write, he would have written to the press to demand that they be closed down. And so finally we came to Squire’s Court where we found a buxom and healthy-looking Irishwoman busy at the washtub. She and her husband, a night watchman, had lived for six years in the court and had a numerous family.... In the house which they had just left, the water had risen almost to the roof, the windows were broken and the furniture was reduced to ruins. The man declared that the occupant of the house had been able to keep the smells from becoming intolerable only by whitewashing it every two months.... In the inner court, into which our correspondent then went, he found three houses whose rear walls abutted on the rear walls of the houses just described. Two of these three houses were inhabited. The smell there was so frightful that the healthiest man would have felt sick in a very short space of time.... This disgusting hole was inhabited by a family of seven, all of whom had slept in the place on Thursday evening (the first day the water rose). Or rather, not slept, as the woman immediately corrected herself, for she and her husband had vomited continually the greater part of the night owing to the terrible smell. On Saturday they had been compelled to wade through the water, chest high, to carry out their children. She was of the opinion that the place was not fit for pigs to live in, but on account of the low rent – one and sixpence a week – she had taken it, because her husband had been out of work a lot recently owing to sickness. The impression made upon the observer by this court and the inhabitants huddled in it, as though in a premature grave, was one of utter helplessness. We must point out, by the way, that, according to our observations, Squire’s Court is no more than typical – though perhaps an extreme case – of many other places in the neighborhood whose continued existence our health committee should not countenance. Should the committee permit these places to be inhabited in the future then it is taking on itself a responsibility whose gravity we shall not

discuss further here, and it is exposing the whole neighborhood to the danger of infectious epidemics." [Retranslated from the German.-Ed.]

This is a striking example of how the bourgeoisie solves the housing question in practice. The breeding places of disease, the infamous holes and cellars in which the capitalist mode of production confines our workers night after night, are not abolished; they are merely shifted elsewhere! The same economic necessity which produced them in the first place, produces them in the next place also. As long as the capitalist mode of production continues to exist, it is folly to hope for an isolated solution of the housing question or of any other social question affecting the fate of the workers. The solution lies in the abolition of the capitalist mode of production and the appropriation of all the means of life and labor by the working class itself. **68 to 71**

Part Three

Supplement on Proudhon and the Housing Question

In No. 86 of the *Volksstaat*, A. Mülberger reveals himself as the author of the articles criticized by me in No. 51 and subsequent numbers of the paper. In his answer he overwhelms me with such a series of reproaches, and at the same time distorts to such an extent all the points of view which are at issue, that, willy-nilly, I am compelled to reply to him. I shall attempt to give my reply, which to my regret must be made to a large extent on the field of personal polemics enjoined upon me by Mülberger himself, a general interest by presenting once again the chief points and if possible more clearly than before, even at the risk of being told once again by Mülberger that all this contains "nothing essentially new either for him or for the other readers of the *Volksstaat*."

Mülberger complains of the form and the content of my criticism. As far as the form is concerned, it will be sufficient to reply that at the time I did not even know who had written the articles in question. There can therefore be no question of any personal "prejudice" against their author; against the solution of the housing question put forward in the articles I was certainly in so far "prejudiced" that I was long ago acquainted with it from Proudhon and my opinion on it was firmly fixed.

I am not going to quarrel with friend Mülberger about the "tone" of my criticism. When one has been so long in the movement as I have, one develops a fairly thick skin against attacks, and therefore one easily presumes also the existence of the same in others. In order to compensate Mülberger I shall try this time to bring my "tone" into the right relation to the sensitiveness of his epidermis.

Mülberger complains with particular bitterness that I called him a Proudhonist, and he protests that he is not one. Naturally, I must believe him, but I shall adduce the proof that the articles in question – and I had to do with them alone – contain nothing but undiluted Proudhonism.

But according to Mülberger I have also criticized Proudhon "frivolously" and have done him a serious injustice. "The doctrine of the petty-bourgeois Proudhon has become an accepted dogma in Germany, which is even proclaimed by many who have never read a line of him." When I express regret that for twenty years the workers of the Latin countries have had no other mental nourishment than the works of Proudhon, Mülberger answers that as far as the workers of the Latin countries are concerned, "the principles formulated by Proudhon are almost everywhere the driving spirit of the movement." This I am compelled to deny. First of all, the "driving spirit" of the working class movement nowhere lies in "principles," but everywhere in the development of large-scale industry and its effects, the accumulation and concentration of capital on the one hand and of the proletariat on the other. Secondly, it is not correct that in the Latin countries Proudhon's so-called "principles" play the decisive role ascribed to them by Mülberger; that "the principles of anarchism, of the organization of the forces économiques, of the liquidation sociale, etc., have become the true bearers of the revolutionary movement." Not to speak of Spain and Italy, where the Proudhonist universal

panacea has only gained some influence in the still more botched form presented by Bakunin, it is a notorious fact for anyone who knows the international working class movement that in France the Proudhonists are nothing more than an insignificant sect, while the masses of the French workers refuse to have anything to do with the social reform plan drawn up by Proudhon under the title *Liquidation sociale* and *Organization des forces économiques*. This was shown, among other things, in the Commune. Although the Proudhonists were strongly represented in the Commune, not the slightest attempt was made to liquidate the old society or to organize the economic forces according to Proudhon's proposals. On the contrary, it is to the great honor of the Commune that in all its economic measures the "driving spirit" was not any set of "principles," but simple, practical needs. And therefore the measures taken by the Commune – abolition of night work in the bakeries, prohibition of monetary fines in the factories, confiscation of idle factories and workshops and their handing over to workers' associations – were not at all in accordance with the spirit of Proudhonism, but certainly in accordance with the spirit of German scientific socialism. The only social measure which the Proudhonists put through was the decision not to seize the Bank of France, and this was partly responsible for the downfall of the Commune. In the same way, when the so-called Blanquists made an attempt to transform themselves from mere political revolutionaries into a socialist workers' fraction with a definite programme – as was done by the Blanquist fugitives in London in their manifesto, *Internationale et Revolution* – they did not proclaim the "principles" of the Proudhonist plan of social salvation, but rather adopted, and almost literally at that, the views of German scientific socialism on the necessity of the political action of the proletariat and of the dictatorship of the proletariat as the transitional stage to the abolition of classes and with them of the state, views such as had already been expressed in *The Communist Manifesto* and since then on innumerable occasions. And if Mülberger even concludes, from the disapproval of Proudhon by the Germans, a lack of understanding of the movement in the Latin countries "down to the Paris Commune," then let him as a proof of this lack tell us what work from the Latin side has even approximately so correctly understood and described the Commune as the Address of the General Council of the International on the Civil War in France, written by the German, Marx.

The only country where the working class movement is directly under the influence of Proudhonist "principles" is Belgium, and precisely as a result of this the Belgian movement comes, as Hegel would say, "from nothing, through nothing, to nothing."

When I consider it a misfortune that for twenty years the workers of the Latin countries were fed directly or indirectly on Proudhon, I do not mean that thoroughly mythical dominance of Proudhon's reform recipe – termed by Mülberger the "principles" – but the fact that their economic criticism of existing society was infected by the absolutely false Proudhonist phrases and that their political actions were bungled by Proudhonist influence. Whether thus the "Proudhonized workers of the Latin countries" "stand more in the revolution" than the German workers, who, in any case, understand the meaning of German scientific socialism infinitely better than the workers of the Latin countries understand their Proudhon, we shall be able to answer when we have discovered what to "stand in the revolution" really means. We have heard talk of people who "stand in the Grace of God, in the true faith, in Christianity," etc. But "standing" in the revolution, in the most violent of all movements? Is then "the revolution" a dogmatic religion in which one must have faith?

Mülberger further accuses me of having asserted, in defiance of the express wording of his articles, that he had declared the housing question to be an exclusively working class question.

This time Mülberger is really right. I overlooked the passage in question. It was irresponsible of me to overlook it, for it is one of the most characteristic of the whole tendency of his articles. Mülberger writes actually in plain words:

"As we have been so frequently and largely exposed to the absurd accusation of pursuing a class policy, of striving for class domination, and such like, we wish to stress first of all and expressly that the housing question is by no means a question which affects the

proletariat exclusively, but that, on the contrary, it interests to a quite outstanding extent the actual middle classes, the small tradesmen, the petty bourgeoisie, the whole bureaucracy.... The housing question is precisely that point of social reform which more than any other appears calculated to reveal the absolute inner identity of the interests of the proletariat on the one hand, and the interests of the actual middle classes of society on the other. The middle classes suffer just as much as, and perhaps even more than, the proletariat under the oppressive fetters of the rented dwelling. Today the actual middle classes of society are faced with the question of whether... they can summon up sufficient strength... to participate in the process of the transformation of society in alliance with the youthful, vigorous and energetic workers party, a transformation whose blessings will be enjoyed above all by the middle classes."

Friend Mülberger, therefore, lays down the following points here:

1. "We" are not pursuing any "class policy" and are not striving for "class domination." But the German Social-Democratic Party, just because it is a working-class party, does inevitably pursue a "class policy," the policy of the working class. Since each political party sets out to win dominance in the state, so the German Social-Democratic Party is necessarily striving for its domination, that of the working class, hence a "class domination." Moreover, every real proletarian party, from the English Chartists onward, has put forward a class policy, the organization of the proletariat as an independent political party, as the primary condition of its struggle, and the dictatorship of the proletariat as the immediate aim of the struggle. By declaring this to be "absurd," Mülberger puts himself outside the proletarian movement and into the camp of petty-bourgeois socialism.

2. The housing question has the advantage that it is not an exclusively working class question, but a question which "interests to a quite outstanding extent" the petty bourgeoisie, in that, "the actual middle classes" suffer from it "just as much as, and perhaps even more than, the proletariat." If anyone declares that the petty bourgeoisie suffers, even if in one connection only, "perhaps even more than the proletariat," then he can hardly complain when one counts him among the petty-bourgeois socialists. Has Mülberger therefore any grounds for complaint when I say:

"It is with just such sufferings as these, which the working class endures in common with other classes, and particularly the petty bourgeoisie, that petty-bourgeois socialism, to which Proudhon belongs, prefers to occupy itself. And thus it is not at all accidental that our German Proudhonist occupies himself chiefly with the housing question, which, as we have seen, is by no means exclusively a working class question."

3. There is an "absolute inner identity" between the interests of "the actual middle classes of society" and the interests of the proletariat, and it is not the proletariat, but these actual middle classes who will "enjoy above all" the "blessings" of the coming transformation of society.

The workers, therefore, are going to make the coming social revolution "above all" in the interests of the petty bourgeoisie. And further, there is an absolute inner identity of the interests of the petty bourgeoisie and those of the proletariat. If the interests of the petty bourgeoisie have an inner identity with those of the workers, then the interests of the workers have an inner identity with those of the petty bourgeoisie. The petty-bourgeois standpoint has thus as much right to exist in the movement as the proletarian standpoint has, and it is precisely the assertion of this equality of right that is called petty-bourgeois socialism.

It is, therefore also perfectly logical when, on page 25 of the reprint, Mülberger extols "small enterprise" as the "actual buttress of society," because "in accordance with its own nature, it unites the three factors: labor - acquisition - property, and because in the unification of these three factors it places no bounds to the capacity for development of the individual," and when he reproaches modern industry in particular with destroying this

nursery for the production of normal human beings and “making out of a vigorous class continually reproducing itself, a helpless mass of human beings who do not know whither to direct their anxious glances.” The petty bourgeois is thus Mülberger’s model human being and small-scale enterprise is Mülberger’s model mode of production. Did I defame him therefore when I put him among the petty-bourgeois socialists?

As Mülberger rejects all responsibility for Proudhon, it would be superfluous to discuss here any further how Proudhon’s reform plans aim at transforming all members of society into petty bourgeois and small peasants. It will be just as unnecessary to deal here with the alleged identity of the interests of the petty bourgeoisie and the workers. What is necessary is to be found already in *The Communist Manifesto*. (Leipzig Edition, 1872, pp. 12, 21.)

The result of our examination is therefore that side by side with the “myth of the petty bourgeois Proudhon” appears the reality of the petty bourgeois Mülberger.

II

We now come to one of the main points. I accused Mülberger’s articles of falsifying economic relationships after the manner of Proudhon by translating them into legal terminology. As an example of this, I picked out the following passage of Mülberger:

“The house, once it has been built, serves as a perpetual legal title to a definite fraction of social labor although the real value of the house has already long ago been more than paid out in the form of rent to the owner. Thus it comes about that a house that, for instance, was built fifty years ago, during this period covers the original cost two, three, five, ten or more times over in its rent yield.”

Mülberger now complains as follows:

“This simple, sober statement of fact causes Engels to enlighten me to the effect that I should have explained how the house became a ‘legal title’ – something which was quite outside the scope of my task.... A description is one thing, an explanation another. When I say with Proudhon that the economic life of society should be pervaded by a conception of justice, then I am describing present-day society as one in which, it is true, not all conceptions of justice are absent, but in which the conception of justice of the revolution is absent, a fact which even Engels will admit.”

Let us keep for the moment to the house which has been built. The house, once it has been let, brings in for its builder ground rent, repairing costs, and interest on the building capital invested, as well as the profit made thereon in the form of rent, and, according to the circumstances, the rent installments can gradually amount to twice, thrice, five times, or ten times as much as the original cost price of the house. This, friend Mülberger, is the “simple, sober statement of fact,” an economic fact, and if we want to know “how it happens” that it exists, then we must conduct our examination on the economic field. Let us, therefore, look a little closer at the fact so that not even a child may misunderstand it any longer. As is known, the sale of a commodity consists in the fact that its owner relinquishes its use value and puts its exchange value into his pocket. The use values of commodities differ from one another among other things in the varying periods of time required for their consumption. A loaf of bread is consumed in a day, a pair of trousers will be worn out in a year, and a house, if you like, in a hundred years. Hence, in the case of commodities with a long period of wear, the possibility arises of selling their use value piecemeal and each time for a definite period, that is to say, to let it out. The piecemeal sale therefore realizes the exchange value only gradually. As a compensation for his renouncing the immediate repayment of the capital advanced and the profit earned on it, the seller receives an increased price, interest, whose rate is determined by the laws of political economy and not by any means in an arbitrary fashion. At the end of the hundred years the house is used up, worn out and no longer habitable. If we then deduct from the total rent paid for the house the following: 1. The ground rent together

with any increase that may have occurred to it during the period in question, and 2. the sums expended for current repairs, we shall find that the remainder is composed on an average as follows: 1. the building capital originally invested in the house; 2. the profit on this, and 3. the interest on the gradually maturing capital and on the profit. Now it is true that at the end of this period the tenant has no house, but neither has the house owner. The latter has only the site (provided that it belongs to him) and the building material on it, which, however, is no longer a house. And although in the meantime the house may have brought in a sum "which covers five or ten times the original cost price," we shall see that this is solely due to an increase of ground rent. This process is a secret to no one in such cities as London where the landowner and the house owner are usually two different persons. Such tremendous rent increases occur in rapidly growing towns, but not in a village, where the ground rent for building sites remains practically unchanged. It is indeed a notorious fact that, apart from increases in the ground rent, rents produce on an average no more than seven per cent per annum on the invested capital (including profit) for the house owner, and out of this sum, repair costs, etc., must be paid. In short, the rent agreement is quite an ordinary commodity transaction which is, theoretically speaking, of no greater and no lesser interest to the worker than any other commodity transaction, with the exception of that which concerns the buying and selling of labor power, and, practically, the worker comes face to face with the rent agreement as one of the thousand forms of bourgeois cheating which I dealt with on page 4 of the reprint, but even then, as I proved there, it is subject to economic regulation.

Mülberger, on the other hand, regards the rent agreement as nothing but pure "arbitrariness" (page 19 of the reprint) and when I prove the contrary to him he complains that I am telling him "all sorts of things which unfortunately" he "already knew."

But with all the economic investigations into house rent we are not able to turn the abolition of the rented dwelling into "one of the most fruitful and magnificent efforts which has ever sprung from the womb of the revolutionary idea." In order to accomplish this we must translate the simple fact from sober economics into the far more ideological sphere of legal talk. "The house serves as a perpetual legal title" to house rent, and "*thus it comes about*" that the value of a house can be paid back in rent two, three, five or ten times. In order to discover how it really comes about, the "legal title" does not help us in the least and therefore I said that Mülberger would have been able to find out how it "thus comes about" by first of all inquiring how the house becomes a legal title. We discover this only after we have examined, as I did, the economic nature of house rent, instead of getting angry at the legal expression under which the ruling class sanctions it. Whoever proposes the taking of economic steps to abolish rent ought surely, first of all, to know more about house rent than that it is "the tribute which the tenant must pay to the perpetual title of capital." But to this Mülberger answers, "a description is one thing, an explanation another."

We have, therefore, converted the house, although it is by no means everlasting, into a perpetual legal title to house rent. We find no matter how "it thus comes about," that by virtue of this legal title, the house brings in its original value several times over in the form of rent. By the translation into legal phraseology we are happily so far removed from economics that we can see no more than the phenomenon that a house can gradually get paid for in gross rent several times over. As we are thinking and talking in legal terms, we apply to this phenomenon the measure of equality and justice, and we discover that it is unjust, that it is not in accordance with the "conception of justice of the revolution," whatever kind of a thing that may be, and that therefore the legal title is no good. We find further that the same holds good for interest-bearing capital and leased agricultural land, and we now have the excuse for separating these classes of property from the others and subjecting them to exceptional treatment. This consists in the demands: 1. to deprive the owner of the right to give notice, the right to demand the return of his property; 2. to give the lessee, borrower or tenant the use without payment of the object handed over to him, but not belonging to him; and 3. to pay off the owner in installments over a long period without interest. And with this we have exhausted the Proudhonist "principles" from this angle. This is Proudhon's "social liquidation."

Incidentally, it is obvious that this whole reform plan is to benefit almost exclusively the petty bourgeois and the small peasants in that it consolidates them in their position as petty bourgeois and small peasants. Here we can observe that “the petty bourgeois, Proudhon,” who is a mythical figure according to Mülberger, suddenly takes on a very tangible historical existence.

Mülberger continues:

“When I say with Proudhon that the economic life of society should be pervaded by a conception of justice, then I am describing present-day society as one in which, it is true, not all conceptions of justice are absent, but in which the conception of justice of the resolution is absent, a fact which even Engels will admit.”

Unfortunately I am not in a position to do Mülberger this favor. Mülberger demands that society should be pervaded with a conception of justice, and calls that a description. If a court sends a bailiff to me with a summons for the payment of a debt, then, according to Mülberger, it is doing no more than describing me as a man who does not pay his debts! A description is one thing, and a presumptuous demand is another. And precisely therein lies the essential difference between German scientific socialism and Proudhon. We describe – and despite Mülberger every real description is at the same time an explanation – economic relationships as they are and as they are developing, and we provide the proof, strictly economically, that their development is at the same time the development of the elements of a social revolution, the development on the one hand of a class whose conditions of life necessarily drive it to social revolution, the proletariat, and on the other hand of productive forces which, having grown beyond the framework of capitalist society, must necessarily burst that framework, and which at the same time offer the means for abolishing class differences once and for all in the interests of social progress itself. Proudhon, on the contrary, demands from present-day society that it shall transform itself not according to the laws of its own economic development, but according to the prescriptions of justice (the “conception of justice” does not belong to him, but to Mülberger). Where we prove, Proudhon, and with him Mülberger, *preaches* and laments.

What kind of a thing “the conception of justice of the revolution” is, I am quite unable to guess. Proudhon, it is true, makes a sort of goddess out of “*the Revolution*,” the bearer and executor of his “Justice” in doing which he then falls into the peculiar error of mixing up the bourgeois revolution of 1739-94 with the coming proletarian revolution. He does this in almost all his works and particularly since 1848; I shall quote only one as an example, namely, the “*Idée générale de la révolution*,” pages 39 and 40 of the 1868 edition. As, however, Mülberger rejects all and every responsibility for Proudhon I am not allowed to explain “the *conception* of justice of the revolution” from Proudhon and remain therefore in Egyptian darkness. Mülberger says further:

“But neither Proudhon nor I appeal to an ‘eternal justice’ in order thereby to explain the existing unjust conditions, or even expect, as Engels imputes to me, the improvement of these conditions from the appeal to this justice.”

Mülberger apparently reckons on the fact that, “in Germany Proudhon is as good as unknown.” In all his works Proudhon measures all social, legal, political and religious propositions by the measure of “justice,” and condemns or recognizes them according to whether they conform or do not conform to what he calls “justice.” In the “*Contradictions économiques*” this justice is still called “eternal justice,” “justice éternelle.” Later on, nothing more is said about eternity, but the idea remains in essence. For instance, in “*De la Justice dans la Révolution et dans l’Eglise*,” 1858 edition, the following passage is the text of the whole three-volume sermon (Vol. 1, page 42):

“What is the basic principle, the organic, regulating, sovereign principle of all societies, the principle which subordinates all others to itself, which rules, protects, represses, punishes, and in case of need even suppresses all rebellious elements? Is it

religion, idealism or interest? In my opinion this principle is justice. What is justice? It is the essence of humanity itself. What has it been since the beginning of the world? Nothing. What should it be? Everything.”

Justice which is the essence of humanity itself, what is that if it is not eternal justice? Justice which is the organic, regulating, sovereign basic principle of all societies, which has nevertheless been nothing up to the present, but which ought to be everything – what is that if it is not the standard with which to measure all human affairs, if it is not the final arbiter to be appealed to in all conflicts? And did I assert anything else than that Proudhon cloaks his economic ignorance and helplessness by judging all economic conditions not according to economic laws, but according to whether they conform or do not conform to his conception of this eternal justice? And what is the difference between Mülberger and Proudhon when Mülberger demands that “all these exchanges in the life of modern society” should be “pervaded by a conception of justice, that is to say, if they took place always according to the strict demands of justice?” Is it that I can’t read, or that Mülberger can’t write?

Mülberger says further:

“Proudhon knows as well as Marx and Engels that the actual driving spirit in human society is the economic and not the juridical relations; he also knows that the given conceptions of justice of a people are only the expression, the impression, the product of the economic – and in particular the production relations.... In a word, for Proudhon justice is the historically evolved economic product.”

If Proudhon knows all this (I am prepared to let the unclear expressions used by Mülberger pass and take the good will for the deed), if he knows it all “as well as Marx and Engels,” what is there left to quarrel about? However, the situation is in fact somewhat different with regard to Proudhon’s science. The economic relations of a given society present themselves in the first place as interests. But in the passage which has just been quoted from his main work, Proudhon says in so many words that the “regulating, organic, sovereign basic principle of all societies, the principle which subordinates all others to itself” is not interest, but justice. And he repeats the same thing in all the decisive passages of all his works, although this does not prevent Mülberger from continuing:

“... the idea of economic justice, as it was developed by Proudhon most profoundly of all in *La Guerre et la Paix*, [War and Peace.-Ed.] completely coincides with that basic idea of Lassalle so excellently expressed by him in his foreword to the System of Acquired Rights.”

La guerre et la paix is perhaps the most schoolboyish of all the many schoolboyish works of Proudhon and I would not have expected it to be put forward as a proof for Proudhon’s alleged understanding of the German materialist conception of history which explains all historical events and ideas, all politics, philosophy and religion from the material, economic conditions of life of the historical period in question. The book is so little materialist that it cannot even construct its conception of war without calling in the help of the *creator*:

“However, the creator who chose this form of life for us had his aims.” (Vol. II, page 100, 1869 edition.)

On what historical knowledge the book is based can be judged from the fact that it believes in the historical existence of the Golden Age:

“In the beginning when the human race was thinly spread over the earth’s surface, nature supplied its needs without difficulty. It was the Golden Age, the age of peace and plenty.” (Ibid., page 102.)

Its economic standpoint is that of the crassest Malthusianism.

“When production is doubled, the population will soon be doubled also.” (Page 105.)

In what does the materialism of this book consist then? In that it declares the cause of war to have been always and still to be: “pauperism” (for instance, page 143). Uncle Brasig was just such a materialist when in his 1848 speech he launched the great truth into the world, “the cause of the great impoverishment is the great *pauvreté*.”

Lassalle’s *System of Acquired Rights* is caught in the trammels not only of the whole illusion of the jurists, but also in that of the Old-Hegelians. On page VII, Lassalle declares expressly that also “in economics the conception of acquired right is the driving force of all further development” and he seeks to prove that “justice is a reasonable organism developing out of itself” (and not therefore out of economic prerequisites). (Page IX.) For Lassalle it is a question of evolving justice not out of economic relations, but from

“the concept of will itself of which the philosophy of law is only the development and exposition.” (Page X.)

What therefore is the point of bringing in the book here? The only difference between Proudhon and Lassalle is that the latter was really a jurist and Hegelian, while in both jurisprudence and philosophy, as in all other matters, Proudhon was merely a dilettante.

I know perfectly well that Proudhon, who notoriously continually contradicts himself, occasionally made an utterance here and there which looked as though he explained ideas on the basis of facts, but such utterances are without any significance as against the basic tendency of his thought, and where they do occur they are extremely confused and inherently illogical. At a certain, very primitive stage of the development of society, the need arises to co-ordinate under a common regulation the daily recurring acts of production, distribution and exchange of products, to see to it that the individual subordinates himself to the common conditions of production and exchange. This regulation, which is at first custom, soon becomes law. With law, organs necessarily arise which are entrusted with its maintenance – public authority, the state. With further social development, law develops into a more or less comprehensive legal system. The more complicated this legal system becomes, the more its terminology becomes removed from that in which the usual economic conditions of the life of society are expressed. It appears as an independent element which derives the justification for its existence and the reason for its further development not out of the existing economic conditions, but out of its own inner logic, or, if you like, out of “the concept of will.” People forget the derivation of their legal system from their economic conditions of life, just as they have forgotten their own derivation from the animal world. With the development of the legal system into a complicated and comprehensive whole the necessity arises for a new social division of labor; an order of professional jurists develops and with these legal science comes into being. In its further development this science compares the legal systems of various peoples and various times, not as the expression of the given economic relationships, but as systems which find their justification in themselves. The comparison assumes something common to them all, and this the jurists find by summing up that which is more or less common to all these legal systems as natural law. However, the standard which is taken to determine what is natural law and what is not, is precisely the most abstract expression of law itself, namely, *justice*. From this point on, therefore, the development of law for the jurists, and for those who believe them uncritically, is nothing more than the striving to bring human conditions, so far as they are expressed in legal terms, into closer and closer conformity with the ideal of justice, eternal justice. And this justice is never anything but the ideologized, glorified expression of the existing economic relations, at times from the conservative side, at times from the revolutionary side. The justice of the Greeks and Romans held slavery to be just. The justice of the bourgeois of 1789 demanded the abolition of feudalism because it was unjust. For the Prussian Junker even the miserable Kreisordnung [legislation establishing distinct local authorities.-Ed.] is a violation of eternal justice. The conception of eternal justice therefore varies not only according to time and place, but also according to persons, and it belongs among those things of which Mülberger correctly says, “everyone understands something different.” While in everyday life, in view of the simplicity

of the relations which come into question, expressions like right, wrong, justice, conception of justice, can be used without misunderstanding even in relation to social matters, they create, as we have seen, hopeless confusion in any scientific investigation of economic relations, in fact, much the same confusion as would be created in modern chemistry if the terminology of the phlogiston theory were to be retained. The confusion becomes still worse if one, like Proudhon, believes in this social phlogiston, "justice," or if one, like Mülberger, declares that the phlogiston theory no less than the oxygen theory is perfectly correct.

[Before the discovery of oxygen the chemists explained the burning of substances in atmospheric air by assuming the existence of a special igneous substance, phlogiston, which escaped during the process of combustion. Since they found that simple substances on combustion weighed more after having been burned than they did before, they declared that phlogiston had a negative weight so that a substance without its phlogiston weighed more than one with it. In this way all the main properties of oxygen were gradually ascribed to phlogiston, but all in an inverted form. The discovery that combustion consists in a combination of the burning substance with another substance, oxygen, and the preparation of this oxygen disposed of the original assumption, but only after long resistance on the part of the older chemists. – Note by F. Engels.]

III

Mülberger further complains that I called his "emphatic" utterance,

"that there is no more terrible mockery of the whole culture of our lauded century than the fact that in the big cities 90 per cent and more of the population have no place that they can call their own"

– a reactionary jeremiad. Certainly, I did. If Mülberger had confined himself, as he pretends, to describing "the horrors of the present time" I should certainly not have said one ill word about "him and his modest words." In fact however, he does something quite different; he describes these "horrors" as the result of the fact that the workers "have no place that they can call their own." Whether one regrets "the horrors of the present time" as a result of the fact that the workers no longer own their own dwellings, or, as the Junkers do, as a result of the fact that feudalism and the guilds have been abolished, in both cases nothing more can come of it than a reactionary jeremiad, a song of sorrow at the coming of the inevitable, of the historically necessary. The reactionary character of Mülberger's attitude lies precisely in the fact that he wishes to re-establish individual house ownership for the workers – a matter which history has long ago put an end to – that he can conceive of the emancipation of the workers in no other way than by making everyone once again the owner of his own house.

And further:

"I declare most emphatically, the real struggle is to be waged against the capitalist mode of production; only by its transformation is an improvement of housing conditions to be hoped for. Engels sees nothing of all this.... I presuppose the whole solution of the social question in order to be able to proceed to the abolition of the rented dwelling."

Unfortunately, I still see nothing of all this even now. It is surely impossible for me to know what someone, whose name I did not even know, presupposes in the secret recesses of his mind. All I can do is to stick to the printed articles of Mülberger. And there I find even today (pages 15 and 16 of the reprint) that Mülberger, in order to be able to proceed to the abolition of the rented dwelling, presupposes nothing more than the rented dwelling itself. Only on page 17 does he take "the productivity of capital by the horns," and we shall come back to this later. Even in his answer he confirms this when he says:

“It was rather a question of showing how under existing conditions a complete transformation in the housing question can be achieved.”

Under existing conditions, and by the transformation (it should be abolition) of the capitalist mode of production, are surely things diametrically opposed.

No wonder Mülberger complains when I regard the philanthropic efforts of Dollfus and other manufacturers to assist the workers to obtain houses of their own as the only possible practical realization of his Proudhonist projects. If he were to realize that Proudhon's plan for social salvation is a fantasy resting completely on the basis of bourgeois society, then he would naturally not believe in it. I have never at any time called his good will into question. But why then does he praise Dr. Reschauer for proposing to the Vienna Town Council that it should imitate the projects of Dollfus?

Mülberger further declares:

“As far as the antithesis between town and country is particularly concerned. It is utopian to want to abolish it. This antithesis has become a natural, or more correctly, a historical one. The question is not one of abolishing this antithesis, but of finding political and social forms in which it would be harmless, indeed even fruitful. In this way it would be possible to expect a peaceful solution, a gradual balancing of interests.”

So the abolition of the antithesis between town and country is utopian, *because* this antithesis has become a natural, or more correctly, a historical one. Let us apply this same logic to other antitheses in modern society and see where we arrive then. For instance:

“As far as the antithesis between the capitalists and the wage workers is particularly concerned, it is utopian to want to abolish it. This antithesis has become a natural, or more correctly, a historical one. The question is not one of abolishing this antagonism, but of finding political and social forms in which it would be harmless, indeed even fruitful. In this way it would be possible to expect a peaceful solution, a gradual balancing of interests.”

And with this we have once again arrived at Schulze-Delitzsch.

The abolition of the antithesis between town and country is no more and no less utopian than the abolition of the antithesis between capitalists and wage workers. From day to day it is becoming more and more a practical demand of both industrial and agricultural production. No one has demanded this more energetically than Liebig in his writings on the chemistry of agriculture, in which his first demand has always been that man shall give back to the land what he takes from it, and in which he proves that only the existence of the towns, and in particular the big towns, prevents this. When one observes how here in London alone a greater quantity of manure than is produced by the whole kingdom of Saxony is poured away every day into the sea with an expenditure of enormous sums, and when one observes what colossal works are necessary in order to prevent this manure from poisoning the whole of London, then the utopian proposal to abolish the antithesis between town and country is given a peculiarly practical basis. And even comparatively insignificant Berlin has been wallowing in its own filth for at least thirty years.

On the other hand, it is completely utopian to want, like Proudhon, to transform present-day bourgeois society while maintaining the peasant as such. Only as uniform a distribution as possible of the population over the whole country, only an integral connection between industrial and agricultural production together with the thereby necessary extension of the means of communication – presupposing the abolition of the capitalist mode of production – would be able to save the rural population from the isolation and stupor in which it has vegetated almost unchanged for thousands of years. It is not utopian to declare that the emancipation of humanity from the chains which its historic past has forged will only be complete when the antithesis between town and country has been abolished; the utopia

begins when one undertakes “from existing conditions” to prescribe the form in which this or any other of the antitheses of present-day society is to be solved. And this is what Mülberger does by adopting the Proudhonist formula for the solution of the housing question.

Mülberger then complains that I have made him to a certain extent co-responsible for “the monstrous views of Proudhon on capital and interest” and declares:

“I presuppose the alteration of the production relations *as an accomplished fact*, and the transitional law regulating the rate of interest does not refer to production relations, but to the social turnover, to the conditions of circulation.... The alteration of production relations, or, as the German school says more accurately, the abolition of the capitalist mode of production. certainly does not result, as Engels *tries to make me say*, from a transitional law abolishing interest, but from the *actual seizure of all the instruments of labor*, from the seizure of industry as a whole by the working people. Whether in this the working people will pay allegiance (!) more to the idea of gradual redemption or immediate expropriation is not for either Engels or myself to decide.”

I rub my eyes in astonishment. I have read Mülberger’s article through once again from beginning to end in order to find the passage where he presupposes as an accomplished fact, “the actual seizure of all the instruments of labor... the seizure of industry as a whole by the working people,” as a prerequisite for redemption of the rented dwelling, but I have been unable to find it. It does not exist. There is nowhere mention of “actual seizure,” etc., but there is the following:

“Let us now assume that the productivity of capital *is really taken by the horns*, as it must be sooner or later, for instance *by a transitional law which fixes the interest on all capitals at one per cent*, but mark you, with the tendency to make even this rate of interest approximate more and more to the zero point.... Like all other products, houses and dwellings are naturally also included within the framework of this law.... We see, therefore, that from this angle the redemption of the rented dwelling *is a necessary consequence of the abolition of the productivity of capital in general.*”

Thus, it is said here in plain words, quite contrary to Mülberger’s latest about-face, that the productivity of capital, by which confused phrase he admittedly means the capitalist mode of production, is really “taken by the horns” by the law abolishing interest, and that precisely as a result of this law, “the redemption of the rented dwelling is a necessary consequence of the abolition of the productivity of capital in general.” Not at all, says Mülberger now. That transitional law “does not refer to *production* relations, but to the conditions of *circulation.*” In view of this crass contradiction, as Goethe would say, “equally mysterious for wise men as for fools,” all that is left for me is to assume that I have to do with two separate and distinct Mülbergers, one of whom complains with justification that I have “tried to make him say” what the other one caused to be printed.

It is certainly true that the working people will ask neither me nor Mülberger whether in the actual seizure it will “pay allegiance more to the idea of gradual redemption or immediate expropriation.” In all probability it will prefer not to “pay allegiance” at all. However, there was never any question of the actual seizure of all the instruments of labor by the working people, but only of Mülberger’s assertion (page 17) that “the whole content of the solution of the housing question is given in the expression: gradual redemption.” And if he now declares this gradual redemption to be extremely doubtful, what was the reason for giving ourselves and our readers all the unnecessary trouble?

For the rest, it must be pointed out that the “actual seizure” of all the instruments of labor, the seizure of industry as a whole by the working people, is the exact contrary of the Proudhonist theory of “gradual redemption.” Under the latter the individual worker becomes the owner of the dwelling, the peasant farm, the instruments of labor; under the former the “working people” remain the collective owners of the houses, factories and instruments of labor and would hardly permit their use, at least in a transitional period, by individuals or

associations without compensation for the cost. Just as the abolition of property in land is not the abolition of ground rent, but its transfer, although in a modified form, to society. The actual seizure of all the instruments of labor by the working people therefore does not at all exclude the retention of the rent relations.

In general, the question is not whether the proletariat when it comes to power will simply seize by force the tools of production, the raw materials and means of subsistence, whether it will pay immediate compensation for them, or whether it will redeem property therein by installments spread over a long period. To attempt to answer such a question in advance and for all cases would be utopia-making, and I leave that to others.

IV

It has been necessary to write very much in order to work our way finally through Mülberger's evasions and twistings to the real point at issue, a point which Mülberger carefully avoids touching on in his answer.

What were Mülberger's positive statements in his articles?

Firstly: that "the difference between the original cost price of a house, building site, etc., and its present value" belongs by right to society. In the language of economics, this difference is called ground rent Proudhon also wants to appropriate this for society, as one may read in his "*Idée générale de la révolution*," page 219 of the 1868 edition.

Secondly: that the solution of the housing question consists in everyone being the owner instead of the tenant of his dwelling.

Thirdly: that this solution takes place by the passing of a law turning rent payments into installment payments on the purchase price of the dwelling. These points 2 and 3 are both taken from Proudhon as anyone can see in the "*Idée générale de la révolution*," page 199 et seq., where on page 203 a project of the law in question is to be found already drafted.

Fourthly: that the productivity of capital is taken by the horns by a transitional law reducing the rate of interest temporarily to one per cent, subject to reducing it still further later on. This point has also been taken from Proudhon and can be read in detail on pages 182 to 186 of the *Idée générale de la révolution*.

With regard to each of these points I have cited the passage of Proudhon where the original of the Mülberger copy is to be found, and I ask now whether I was justified in calling the author of a series of articles containing completely Proudhonist and nothing but Proudhonist views, a Proudhonist or not? Nevertheless Mülberger complains about nothing more bitterly than that I call him a Proudhonist because I "came upon a few expressions such as are peculiar to Proudhon!" Quite the contrary. The expressions all belong to Mülberger, their content belongs to Proudhon. And when I then supplement the Proudhonist articles from Proudhon himself, Mülberger complains that I am ascribing to him "the monstrous ideas" of Proudhon!

What did I reply to this Proudhonist plan?

Firstly: that the transfer of ground rent to the state is identical with the abolition of individual property in land.

Secondly: that the gradual redemption of the rented dwelling and the transfer of property in the dwelling to the tenants does not at all affect the capitalist mode of production.

Thirdly: that with the present development of large-scale industry and towns, this proposal is as absurd as it is reactionary, and that the reintroduction of ownership of his dwelling by each individual would be a step backward.

Fourthly: that the compulsory reduction of the rate of interest on capital would by no means attack the capitalist Mode of production, and that, on the contrary, as the usury laws prove, the idea is as old as it is impossible.

Fifthly: that the abolition of interest on capital by no means abolishes the payment of rent for houses.

Mülberger has now admitted points 2 and 4. To the other points he makes no reply whatever. Nevertheless, these are just the points around which the whole debate centered. Mülberger's answer, however, is not a refutation; it carefully avoids dealing with all economic points, which are, of course, the decisive ones. It is a personal complaint, nothing more. For instance, he complains when I anticipate his promised solution of other questions, for instance, state debts, private debts and credit, and say that the solution would be the same in each case as his solution of the housing question, namely, the abolition of interest, the transformation of interest payments into installments for paying off the capital sum, and free credit. Nevertheless, I am still ready to bet that if these articles of Mülberger ever see the light of day, their essential content will coincide with Proudhon's *Idée générale de la révolution*: credit, page 182; state debts, page 186; private debts, page 196; just as his articles on the housing question coincided with the passages I have quoted from the same book.

Mülberger takes this opportunity of informing me that questions such as taxation, state debts, private debts and credit, to which is now added the question of municipal autonomy, are of the greatest importance to the peasant and for propaganda in the countryside. To a great extent I agree, but, 1. up to the moment there has been no mention of the peasant, and 2. Proudhon's "solutions" of all these questions are just as absurd economically and just as essentially bourgeois as his solution of the housing question. I need hardly defend myself against Mülberger's suggestion that I fail to appreciate the necessity of drawing the peasants into the movement. However, I certainly consider it folly to recommend to them for this purpose the Proudhonian quackery. There is still very much large-scale landed property in Germany. According to Proudhon's theory all this ought to be divided up into small peasant farms, which, in the present state of agriculture and after the experience of small landownership in France and in Western Germany, would be positively reactionary. The large-scale landed estates which still exist will rather afford us a welcome opportunity of conducting agriculture on a large scale – the only way which can utilize modern equipment machinery, etc. – by associated workers, and thus demonstrating to the small peasants the advantages of large-scale enterprise by means of associations. The Danish socialists, who in this respect are ahead of all others, have realized this long ago.

It is equally unnecessary for me to defend myself against the suggestion that I regard the existing infamous housing conditions as "an insignificant detail." As far as I know, I was the first to describe in German these conditions in their classical form as they exist in England. I did not do that, as Mülberger suggests, because they "violated my sense of justice" – whoever insisted on writing books about all the facts which violated his sense of justice would have a lot to do – but as can be read in the introduction to my book, by describing the social conditions created by modern large-scale industry, to provide an actual basis for German socialism, which was then arising and was expending itself in empty phrases. However, it does not occur to me to try to solve the so-called housing question any more than I occupy myself with the details of the still more important food question. I am satisfied if I can prove that the production of our modern society is sufficient to provide all its members with enough to eat, and that there are houses enough in existence to provide the working masses for the time being with roomy and healthy living accommodation. To speculate as to how a future society would organize the distribution of food and dwellings leads directly to utopia. The utmost we can do is to note, from an understanding of the basic conditions of all modes of production up to now, that with the downfall of the capitalist mode of production

certain forms of appropriation by society hitherto will become impossible. Even the transitional measures will everywhere have to be in accordance with the conditions in existence at the moment; in countries of small-scale landownership quite different from those in countries where large-scale landownership prevails, etc. Mülberger himself shows us better than anyone else where one arrives at if one attempts to find isolated solutions for so-called practical questions, such as the housing question, when he takes 28 pages to explain to us that, "the whole content of the solution of the housing question is given in the expression: gradual redemption," but who, when one presses him hard, begins to stammer in embarrassment that it is really very doubtful whether, when it comes to a question of the actual seizure of the houses, "the working people will pay allegiance more to the idea of gradual redemption" or to some other form of expropriation.

Mülberger demands that we should become practical, that we should not "come forward merely with dead and abstract formulas" when "faced with real practical conditions," that we should, "proceed beyond abstract socialism and *come close to the definite concrete conditions of society.*" If Mülberger had done this himself he might perhaps have rendered great service to the movement. The first step in coming close to the definite and concrete conditions of society is surely that one should learn what they are, that one should examine them according to their existing economic interrelations. But what do we find in Mülberger's articles? Two whole sentences, namely:

1. "As the wage worker in relation to the capitalist, so is the tenant in relation to the house owner."

I have already, proved on page six of the reprint that this is totally false, and Mülberger has not a word to say in reply.

2. "However, the bull which" (in any social reform) "must be taken by the horns is *the productivity of capital*, as the liberal school of political economy calls it, a thing which *in reality does not exist*, but which in its apparent existence serves as a cloak for all the inequality which burdens present-day society."

Thus, the bull which has to be taken by the horns "*in reality does not exist*," and therefore also has no "horns." Not the bull itself is the ; evil, but, its "*apparent existence.*" Despite this, "the so-called productivity" (of capital) "is able to conjure up houses and towns" whose existence is anything but "apparent." And a man who, although Marx's *Capital* "is familiar also to him," jabbars in this hopelessly confused fashion about the relation of capital and labour, takes on the task of showing the German workers a new and better path, and presents himself as the "master builder" who is

"clear about the architectural structure of the future society at least in its main outlines!"

No one has come closer "to the definite and concrete conditions of society" than Marx in *Capital*. He spent twenty-five years in investigating them from all angles, and the results of his criticism contain throughout the kernels of so-called solutions, in as far as they are possible at all today. But that is not enough for friend Mülberger. That is all abstract socialism, dead and abstract formulas. Instead of studying "the definite and concrete conditions of society" for himself, friend Mülberger contents himself with reading through a few volumes of Proudhon which, although they offer him next to nothing concerning the definite concrete conditions of society, do offer him very definite and concrete miraculous remedies for all social evils. He then presents this ready-made plan for social salvation, this Proudhonian system, to the German workers under the pretext that *he* wants "to say good-bye to the *systems*," while I "choose the opposite path." In order to grasp this I must assume that I am blind and Mülberger deaf so that any understanding between us is utterly impossible.

But enough. If this polemic serves for nothing else it has the value in any case of having provided proof of how impractical these so-called “practical” socialists really are. These practical proposals for the abolition of all social evils, these universal social panaceas, have always and everywhere been the work of sectarians who appeared at a time when the proletarian movement was still in its infancy. Proudhon also belongs among them. The development of the proletariat soon casts aside these swaddling-clothes and produces in the working class itself the understanding that nothing is less practical than these “practical solutions,” concocted in advance and universally applicable, and that practical socialism consists rather in a correct knowledge of the capitalist mode of production from all its various sides. A working class which is secure in this knowledge will never be in doubt in any given case against which social institutions, and in what manner, its main attacks should be directed. **72 to 97**

Written: 1872; Published: (and re-published) as a pamphlet. Reprinted by the Co-operative Publishing Society of Foreign Workers; Transcribed: Zodiac, June 1995.