

Mallock and the "Most Elaborate Answer"

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The publication of *Progress and Poverty* exerted an early and enormous effect upon opinion in the British Isles. One of George's first English theoretical critics was the litterateur and publicist William Hurrell Mallock (1849-1923), whose book *Property and Progress* was based on earlier essays, and published as a complete work in 1884. Mallock's attentions were not directed at George alone, but George was his most serious target. One twentieth-century commentator has gone so far as to describe *Property and Progress* as "the most elaborate answer to Henry George ever written."¹ Although Mallock's criticisms were essentially destructive in character, he was concerned to reason rather than indulge in empty polemics, and—unlike many of George's critics—genuinely sought to understand the gravamen of George's arguments and in places made important concessions to them. Above all, Mallock refused to accept the almost hysterical and highly personal denunciations which were much in vogue among the more comfortable social classes at the time: "There has been a strong disposition among certain English critics to regard Mr. George as though he were nothing more than a charlatan, and to think, upon that ground, that a passing sneer will dispose of him. In both these views we consider them wholly wrong: but even were the first of them never so well founded, we shall fail to see in it the least support for the second."² Mallock sought to meet George's principal economic arguments by an implied defence of the status quo.

The dialogue between George and Mallock was partly, though by no means entirely, concerned with the arguments advanced by T. R. Malthus. "Malthusianism" in its most sweeping form is seldom advanced by serious disputants today; but many people are still prone to adopt attitudes which contain a substantial Malthusian element, particularly when they are considering—for example—very poor people or societies.

All creatures, the Malthusian argument runs, tend to increase in geometrical progression. The lives of most wild animals will be terminated by violence, by starvation, or by disease. Man also tends to reproduce at an exponential rate, and the natural forces which keep his reproductive proclivities in check are similar to those which apply to the rest of nature. Whatever technological or

economic improvements we make, the great mass of mankind will continue to live at around the level of subsistence. As we find ways of growing more corn, so do more mouths appear to consume it. If the Malthusian view is correct, then any argument—whether of George or anyone else—which turns on the contention that the economic condition of the mass of mankind is susceptible of prolonged improvement, appears to be in vain.

Mallock quoted the apparently devastating reply which George delivered to Malthus:

Of all living things, man is the only one who can give play to the reproductive forces, more powerful than his own, which supply him with food. Both the jay hawk and man eat chickens, but the more jay hawks the fewer chickens, while the more men the more chickens. . . . Within the limits of the United States alone, there are now forty-five millions of men, where there were only a few hundred thousand; and yet there is now within that territory much more food *per capita* for the forty-five millions than there was for the few hundred thousand. It is not the increase of food that has caused the increase of men, but the increase of men that has brought about the increase of food. . . . In short, while all through the animal and vegetable kingdoms the limit of subsistence is independent of the thing subsisted, with men the limit of subsistence is, within the final limits of earth, water and sunshine, dependent upon man himself.³

Mallock was compelled to admit the force of much of George's argument. With one small exception, he confessed, "Mr. George is as true as he is lucid." The fault of George's reasoning, in Mallock's view, was a "sin not of commission but of omission."

Mallock suggests that the limits of subsistence may be compared with the bow of Odysseus: a bow which may indeed be drawn, but only with great difficulty and by a man of exceptional strength. "Many men starve in their own country," he declared, "because they love it too well to leave it, or because they are too weak to make the effort required to do so. Many men starve, not because there is no work to be done, but because they do not know where the work is. . . . In extending the indiarubber rings, some pressure has to be always exerted, and . . . on the average a certain proportion of people are always injured by the pressure before they are able to release it."⁴

Here is something not really very different from the challenge-and-response theory of history, developed so impressively in our own day by Toynbee.

Where, then, are the victims of these population pressures to be seen, in actual experience? Mallock quotes without confutation George's assertion that "the globe may be surveyed and history may be reviewed in vain for any evidence of a considerable country in which want can be fairly attributed to an increasing population."⁵ Yet George is also quoted in his admission that, in some isolated communities—he suggests Pitcairn Island—which are "cut off from communication with the rest of the world," Malthusian pressures may exist. The present author has examined much evidence which suggests that such pressures did indeed exist in parts of the Scottish Hebrides in the late nineteenth century—in communities where the people suffered from the considerable disadvantages of bad communications with the mainland, an incapacity to speak any language but Gaelic, an intense emotional attachment

to a group of beautiful but barren islands, and the ruin of their economy through technological changes elsewhere.

This seems to suggest the kind of limits within which the Malthusian view possesses a degree of validity. There may well be, indeed, there certainly are, some particular areas where conditions of living would be better if the population within that area were smaller. People are deterred from leaving those places and migrating to others for a variety of reasons: sentiment, linguistic difficulties, ignorance, bad or expensive communications, or by action of the organs of government in their own states or others. Even within places where these general disadvantages are absent, there will be isolated examples where poverty contains a certain Malthusian element in a family of exceptional size, or among people with exceptionally low physical or mental capabilities, among people suffering from disease or pathological addictions, and so on. In such cases, an extra child may very well mean serious economic distress, for an extra child will present a demanding mouth long before the accompanying hands are able to produce food.

Where the Malthusian argument falls down is in its general application. As George argued so cogently, there is no evidence whatever which suggests that human reproduction has outstripped the supply of materials which man requires—or of his capacity to utilise those materials. Indeed, there is much evidence which shows the very reverse: the general effect of increasing the number of human beings has been and will probably continue to be, to increase the per capita productivity of all. In spite of the anxieties of our own time, there seems no reason to rehabilitate Malthusianism except within the very limited field which George was disposed to leave to it. Yet even if we were inclined to accept Mallock's contention on the Malthusian question as valid, he certainly had in no way demonstrated that it was inherently impossible to introduce great improvements in the condition of the mass of mankind; and perhaps he did not even seek to do so. It is one thing to say that the population pressures may harm some human individuals; it is a very different thing indeed to say that they foredoom to failure all devices for improving the lot of the great mass of mankind.

While Mallock's defence of Malthus is much less than wholehearted, he is disposed to set a good deal more weight on another "pessimistic" economic theory, which is not unrelated to Malthusianism, although either theory may be defended independently of the other. This is the "wage-fund" theory: an idea which seems at first sight rather collateral to George's most important economic contentions, but which is really highly relevant to the question whether public policy may be called into action to deal with poverty.

Mallock summarises the wage-fund theory in the following terms: "Wages [are] fixed by the ratio between (a) the number of labourers and (b) the amount of capital devoted to the employment of labour."⁶

Like Malthusianism, the wage-fund theory will probably find few defenders today; nevertheless discredited economic theories have a curious habit of reviving themselves later in a new form, and so it is perhaps worth giving the matter some attention.

If the wage-fund theory is correct, then any substantial change in the remuneration of labour can result only from variations in either the number of labourers or the quantity of capital devoted to their employment; therefore, nothing can vary wages except insofar as it varies one or both of those factors. From this Mallock deduced that it would be futile for workers to anticipate any benefit from the application of George's proposals, evidently not realizing (or perhaps refusing to believe) that such application would stimulate investment in productive enterprise. No doubt the validity of that deduction would be challenged today, even if the wage-fund theory were accepted; but it probably would have secured general acceptance in the nineteenth century, when few people envisaged the possibility that the state would deploy either capital or labour on a modern scale. The wage-fund theory is defended not only by Mallock but also by such prominent thinkers of the period as T. H. Huxley, and Émile de Laveleye. Huxley's more strictly "biological" criticisms of George are examined in chapter 9, but it is convenient here to consider the arguments of the three men together insofar as they relate to the wage-fund theory. Huxley introduces some arguments which Mallock did not employ but his most powerful contributions seem to be drawn, directly or indirectly, from what Mallock had to say.

Huxley challenges George's definition of *capital*, while the criticisms by Mallock, and perhaps by Laveleye too, are applicable to *capital* as George understood the term. It is, of course, always futile to argue over definitions; the only essential requirement of a definition is that it should be as clear as possible, and that it should be rigorously adhered to by the disputants. As different usages of the word *capital* exist, however, we need to discover in what sense George used it, in order to perceive the substance of the disagreement between him and his critics.

Capital, as George used the term, is a species of "wealth," which in turn he defines as "natural products that have been . . . modified by human exertion, so as to fit them for the gratification of human desires."⁷ Thus "wealth" excludes natural resources ("land"). George, like other economists, had more difficulty in finding a satisfactory definition of *capital*, and finally arrived at a double definition. It included wealth used to produce further wealth, and also "wealth in course of exchange, understanding exchange to include not merely the passing from hand to hand, but also such transmutations as occur when the reproductive or transforming forces of nature are utilised for the increase of wealth."⁸ *Capital* being a species of wealth, must necessarily contain an element of modification or translocation by human activity.

George recognizes three factors in production: "land" (i.e., nature), "labour" (by which he means all human effort), and "capital." Huxley's attack on George is in many places rhetorical, but his most serious argument on that score is that "capital" may sometimes grade into "land." For this reason Huxley refuses to accept the distinction between the words. An example suggested by Huxley may perhaps be modified somewhat to illustrate this point. Suppose that a stone-age man picks up the nearest pebble, hurls it at an animal, and thereby kills that animal for his dinner. Is the pebble "capital"? When it falls to the ground, it becomes indistinguishable from all the other pebbles lying around, which we should not hesitate—following George—to call "land." Yet suppose that the man instead flakes the pebble into a stone

dart before aiming it at the animal. The dart is certainly "capital" and will remain "capital" after it has struck the animal for it may be used repeatedly for a similar purpose. How many blows, the sophist might ask, are needed to turn a stone from "land" into "capital"? We are back at the ancient question about how many hairs a man must have on his chin in order to possess a beard! It is probably best to give Huxley his point, for what it is worth: that truly marginal cases exist, whose allocation between "land" and "capital" is arbitrary. Such minor concessions, however, certainly do not warrant Huxley's triumphant assertion: ". . . There really is no fundamental distinction between land and capital."

In the great majority of cases there can be little doubt into which category a thing should be allocated, just as the existence of a few intersexes does not derogate from the convenience of dividing humans into males and females. To avoid argument over marginal cases—and to avoid discussing the possibility that certain forms of capital do exist which are not used in production—we may give the word *capital* a somewhat narrower sense than George employed, and—for the purposes of the present discussion only—confine the term to kinds of wealth (as defined above) which are designed for use to facilitate the production of other kinds of wealth. This definition does not cover all the things which George called capital, nor does it meet all the points where Huxley disagreed with George's definition; nevertheless, it is useful so to define capital in order to investigate the substantial questions at issue between George on one side and Mallock, Huxley, and Laveye on the other.

Huxley seems to add nothing to the understanding of the problem by further taking issue over the definition of *wages*: "As 'child' implies 'mother,' so does 'hire' or 'wages' imply a 'hirer' or 'wage giver.' Therefore, when a man in 'the original state of things' gathered fruit or killed game for his own subsistence, the fruit or the game could be called his wages only in a figurative sense."¹⁰ The word *wages* may, of course, be employed however one wishes; but if we use it in the sense that Huxley requires, then neither George nor the main defenders of the wage fund were talking about *wages*, but about something else. For convenience of discussion it is far better to follow the technical usage of the word which George and most other economists seem to adopt, and comprehend within it all the reward which labour draws from its activity, whether the "wages" be paid by another or directly drawn by the labourer himself.

We may now return to the main point at issue: whether wages are drawn from capital or not. Mallock studies the process of constructing a ship, and Huxley somewhat embellished the same example. Suppose, Mallock argues, the whole operation takes two years, and costs £10,000. Each week, the shipowner is advancing £100 in wages, and it is only right at the end of the whole construction process that the vessel is of the slightest use as a piece of capital—for carrying freight or passengers. Wages, on this argument, are therefore drawn from the shipowner's financial capital before new capital—the ship—is created. If, for some reason, the ship proves unseaworthy at the end, a useless vessel may scarcely be said to have been the source of the 70,000 dinners which the workmen have already eaten, which they purchased from their wages. Thus, Mallock contends, wages have been drawn from capital.

This argument requires examination from several angles. In the first place, the capital of the shipowner, in the shape of the new vessel, is in fact developing in value throughout the construction process. While it is true that a half-built ship would not be navigable, it would probably be saleable to another shipowner. If the shipowner died at that stage, his executors would assuredly be required to declare its existence as an asset of the estate for taxation purposes. The labour exerted upon the ship has been adding to the shipowner's capital throughout the process of construction. The labour, in fact, was employed for the sole purpose of adding to his capital. Of course, there is always the possibility that the whole venture will fail: that the shipowner will end by having paid for a lot of dinners, and with only a more-or-less worthless lump of timber to show for it. To say that is no more than to say that the purpose of any business transaction may be frustrated by some miscalculation.

Another way of looking at the same case is to consider shipbuilding as a process of exchange which is going on daily. The employer, notionally, gives the workman an unshaped plank of wood, and receives in return a plank which has been sawn and nailed. For this augmentation of his capital, the employer might give the workman bread and beer; but instead—for mutual convenience—he gives the workman money, which may then be exchanged for bread and beer. Whether we go with George in his assertion that the payment of wages cannot even temporarily diminish capital, really turns on our exact definition of capital; but in any case it scarcely matters. What does matter is that wages (in the economist's sense of the term) may be earned—and in some societies they assuredly are earned—with the use of little or no capital; that capital, which ultimately derives from the action of labour upon land, tends to increase the productivity of labour, and therefore the wages which labour may draw; and that if labour has access to land it may generate its own capital therefrom.

A rather different form of the wage-fund argument is adduced by Émile de Laveleye (" 'Progress and Poverty,' A Criticism," *Contemporary Review* [1882], pp. 790-91):

Even if I pay a workman by giving him a share in the harvest, capital has made the advance to him of the food and nourishment necessary to enable him to plant and gather it in. If I pay him at the expiration of a week or a fortnight, he has been obliged to live in the meantime, and he has lived either on provisions of his own, or, as is more frequently the case, he has purchased on credit. Either he or the tradesman, therefore, has advanced capital, and the wages paid go to repay the capital advanced. . . . The strength which the worker expends on his work has been drawn from the produce of previous labour; that is to say, from capital.

This argument is apparently more attractive and incisive than Mallock's case of the shipbuilders. Yet, on reflection, it is not really any more satisfactory. Suppose, we may ask, the traders refused to advance credit, and the workers had no capital of their own. Would the whole operation of wage-earning described by Laveleye become impossible? Surely not. The master might be compelled to pay the first instalment of wages after a few hours rather than at the end of a week, and then further instalments at very short intervals. This

would be annoying and inconvenient for master and servant alike, but it would not make the operation impossible, as one would expect to be the case if the wage-fund theory were true. The advance of capital to the worker is a convenience to him, for which he may find it worth while to pay interest; but it is not essential for the earning of wages.

How, we might ask, were men as intelligent as Mallock, Huxley, and Laveleye led into such an unsatisfactory theory as the wage-fund? Perhaps the answer runs like this. If one could imagine a situation in which access to land was unrestricted and taxation nonexistent, then the reward of labour over a short period might be related quite closely to the amount of capital available at the commencement.

Even within this narrow context, though, the wage-fund theory would not really be valid, for labour could secure some wages without using capital at all, and increase of capital beyond a certain point would not increase the productivity of labour. A more fundamental objection to the wage-fund theory, however, is that it fails to account for the power of labour to generate its own capital.

Objectionable as the wage-fund theory appears when we define *capital* and *wages* in terms broadly consistent with those employed and understood by both George and Mallock, we are led into further errors of understanding if we do not stick to a single definition of *capital* and *wages* but vacillate between the definitions employed by George and those employed by Huxley. By the verbal sleight-of-hand which uses the word *capital* to include "land," Huxley tries to bring the "landlord"—who assuredly has not created land—on to the same moral and economic footing as the "capitalist," in the usual sense of the term, who *has* created capital—either himself or through a predecessor in title. The labourer, who (by Huxley's astonishing definition) cannot draw "wages" without the assistance of another person, is apparently constrained to be equally grateful to the man who has truly advanced the productive powers of labour, and to the man whose sole contribution to the transaction has been to require labour and capital alike to pay a ransom for access to something which no man produced.

We now pass to the next limb of Mallock's criticism: directed, oddly enough, to a matter on which (though for utterly different reasons) George and Malthus agree. This is the proposition that most human beings are now, and will remain "unless something is done about it," at a very low level of existence. More precisely, Mallock sees George to be arguing that "as the proportion of wealth increases, the share to the labouring class grows less."¹¹ This matter is examined by Mallock, but it is also discussed—sometimes rather better—by W. E. H. Lecky. It will be convenient here to refer to the arguments of the two men in conjunction.

Lecky summarizes George's views in slightly different terms from those of Mallock:

That all the profits of production of every kind must ultimately centre on the possessors of land (who must in consequence be reaping the most enormous wealth) is a doctrine which belongs more distinctly to Mr. George; but

his statements that wages are steadily tending to the minimum of subsistence, the conditions of the working class steadily deteriorating, and society rapidly dividing into the enormously rich and the abjectly poor, have been abundantly made in Europe, and will, no doubt, continue to be repeated, in spite of the clearest demonstrations of their falsehood.¹²

This seems on its face one of the most telling arguments which could possibly be set against George. In Britain, at least, there could be no serious doubt that the general trend of wages was upwards during the second half of the nineteenth century, although this progress was by no means uninterrupted. If George's argument led to a contrary view, then this seems to demonstrate a fundamental defect in the proposition which he sought to maintain.

Some of George's assertions may fairly be cited in support of the summaries which Mallock and Lecky recorded. Lecky, for example, was able to draw this extract from *Progress and Poverty*: "Every increase in the productive power of labour but increases rent. . . . All the advantages gained by the march of progress go to the owners of land, and wages do not increase. Wages cannot increase."¹³

Yet when we seek the place in *Progress and Poverty* where this contention is first introduced, we discover the astonishing fact that it is not set forth as a matter of debate at all, but as a proposition which George could expect his readers to take as self-evident from their own experience, and to require no further proof: "The cause which produces poverty in the midst of advancing wealth is evidently the cause which exhibits itself in the tendency, everywhere recognized, of wages to a minimum. Let us, therefore, put our inquiry into this compact form: *Why, in spite of increase in productive power, do wages tend to a minimum that will give but a bare living?*"¹⁴

George and Mallock were both writing books aimed, not at the "faithful" but at unconvinced, and even hostile readers. Why, then, do we find this remarkable disparity on a simple point of fact? The answer is revealing, and will need further consideration later; but for the moment it is important to note the word *tend*.

In economics, as in all social sciences, it is seldom possible to perform the sort of "controlled experiment" which is available in—say—physiology. It is therefore far more difficult in the social sciences to demonstrate convincingly that a particular effect is owing to a certain cause. By the same token, the prophecies which the social scientist may make are far less certain of fulfillment than those of most natural scientists, since innumerable uncontrolled and uncontrollable factors may intervene and destroy or even reverse the anticipated conclusion. Thus, we might assert, on either a priori or a posteriori grounds, that scarcity of a commodity will tend to produce a rise in its price. Yet, for a variety of reasons, this tendency may be overborne, and the anticipated rise not observed. Perhaps something better has come on to the market. Perhaps a general economic depression has made the people who normally buy that commodity so poor that they have no money left to buy it, and the vendor finds it exceedingly difficult to sell. Perhaps the commodity is put on rations, or its sales are subsidized. Other possible factors may be imagined, almost without limit, which could prevent the anticipated price rise. All economic prophecies must therefore be hedged with the implicit or explicit

qualification, "other things remaining unchanged." The economist is a scientist, not a soothsayer.

Still retaining Mallock's and Lecky's criticisms in mind, let us now look at the real point which George was trying to make: a point which he sets down in terms substantially different from the passages to which they take exception:

When land is all monopolised . . . rent must drive wages down to the point at which the poorest paid class will be just able to live and reproduce, and thus wages are forced to a minimum fixed by what is called the standard of comfort—that is, the amount of necessaries and comforts which habit leads the working classes to demand as the lowest on which they will consent to maintain their numbers. This being the case, industry, skill, frugality and intelligence can avail the individual only in so far as they are superior to the general level.¹⁵

The difference between that statement and those to which Mallock and Lecky quite reasonably take exception is no mere quibble. On the assumption that our real concern is with the substance of George's message and not with whether he always expressed himself to the best effect, it is better now to concentrate on the passage just quoted, and later to examine the more sweeping statements, mainly to understand why some of his assertions, or prophecies, were proved wrong.

George, in the latest quotation, was avowedly considering the situation which would arise "when all land is monopolised." The supply of land is inelastic. The productivity of a piece of land may be vastly increased; the quantity of land is virtually unalterable. The word *monopolised*, however, admits of two possible meanings. In the first sense it may be taken as a synonym for "owned privately," in which case most of the highly productive land certainly is monopolised. The word may also be read in another way. My own motor car is assuredly "monopolised," for I am its absolute owner; but I do not monopolise motor cars. If I seek to sell or hire my car, I am in competition with many other people who are willing to sell or hire theirs, and this sets me in a very different position indeed from that which I should occupy if mine were the only motor car in the world. In that sense, land is not "monopolised," for there is often a great deal of competition between landowners, which necessarily reduces the reward which a particular landowner may secure for the sale or hire of his land. If, for example, a mineral is discovered on one man's land, it is likely that the same mineral will also be found on the land of many other men, and as a result each of them will be able to claim a reward which is far less than he could obtain if he were the sole provider. Again, one urban landlord may indeed "monopolise" the most favoured site in town; but if that landlord makes demands which are too exorbitant, the man who would like to build a shop or an office upon that land will reluctantly turn to another site somewhat less favoured; and the knowledge that this is likely to happen will operate to reduce the rent which the landlord may demand.

It would seem likely (although this is not the place to attempt proof of such a proposition) that the districts where poverty is most severe would correspond closely with those where—for all practical purposes—the labourer has no choice but to hire land from a specific landowner; while wages tend to be much

higher in societies where there are many moderate-sized landowners in competition with each other.

George's "standard of comfort" point is also important. During boom conditions—when labour is scarce—the "standard of comfort" will tend to rise; and if economic depression then supervenes, it will not prove possible to depress wages to the level at which they had stood before the boom. The "standard of comfort" will vary from age to age; but, as technology advances, that standard will tend steadily to rise. Not least of the operative considerations here will be the rising education of the workers. Because they are literate, because they have access to "the media," they are aware of the standards which other people enjoy, and are unwilling to assume that the order which their own predecessors accepted is fixed immutably for all time. They are conscious of the power which collective organization gives them. All of these factors must tend to raise the "standard of comfort" which workers are prepared to accept—even those workers whose "industry, skill, frugality and intelligence" are not "superior to the general level."

Education and technological improvement have also produced a further and even more important effect, which evidently comes within the ambit of George's assertions. Increased industrial sophistication and complexity have increased the demand for specialized skills, and placed a premium upon the services of those possessing them. A nineteenth-century employer who sought (say) a farm labourer, or a factory hand, might well have been free to enroll almost any unhired man in his district to do the job. A modern employer who seeks (say) a research chemist, or a computer operator, will find that only a very small number of the unemployed workers in his area could possibly do the job without weeks, months, or even years of training—if, indeed, they could ever be trained to do the job at all. Even the so-called unskilled jobs would not be within the capacity of all—or even the majority—of the workers who are on the lists at the local Labour Exchange. The activities of trade unions, prescribing both terms of employment and also who may be employed, have reduced the employer's choice even further. There are indeed places in the world where the recompense of labour is still miserably small; where it often stands at around the subsistence level, in the narrowest sense of that term. These are the places where there is little job specialization; where one worker is interchangeable with any other; where trade union activities are minimal or absent; where the habitual expectation of workers—their "standard of comfort"—is, and always has been, exceedingly low.

We are now free to examine the astonishing paradox noted earlier: that George could not only regard any substantial augmentation of real wages as impossible without some kind of radical land reform, but also call his readers to witness that this proposition was confirmed in their own experience; while, with equal confidence, Mallock and Lecky could affirm the contrary, and also appeal to their readers' experience as the most telling possible evidence.

Lecky provides some hint of how this disparity of experience arose, by reference to what might be called the "prepauperisation" stage in America and other places: "Mr. George . . . thought of the high wages in some new countries The explanation of those high wages, is, surely, that the labourers are few, and that, if they do not wish to work for an employer, they have other and easy ways of acquiring a comfortable subsistence."¹⁶ The

operative point, however, is not that labourers were few (for labourers even then were far more numerous than they had been in pre-Columbian times, yet their remuneration per capita was far greater). The essential difference between the "pioneer" days and the later period of "pauperisation" was that land was available for the taking in the first period but not in the second. "Pauperisation" coincided closely with the point where land ceased to be freely available.

George, writing not merely as an American, but as a Californian, at the end of the eighth decade of the nineteenth century, could validly point out that the technological improvements of the previous quarter or half century had not been accompanied by improved wages. This was exactly the result which would be expected on his analysis when on the one hand land was becoming privately owned, while on the other hand labour was undifferentiated and unorganized. Broadly, this was also the experience of other "new" countries, and among undifferentiated working classes, such as the peasantry, in "old" countries at that time.

The British experience, however, was markedly different. In that connection I may note that another book by Mallock, entitled *Social Reform*,¹⁷ which appeared thirty years after *Property and Progress*, devotes several pages to criticisms of George; but these pages are exclusively concerned with one argument: to show that the income of landowners relative to other persons in the United Kingdom had not increased, but had greatly declined; while the income of the poorer members of the community had greatly increased. Mallock contends, for example, that in 1801 the land rent of England and Wales was 20 percent of the total income of £180 millions; while in 1914 the land rent was only four percent of a total income of £2,000 millions.¹⁸ In the same period, he declared, the per capita income of the poorer classes had more than doubled.¹⁹ At times it is difficult to trace Mallock's sources, and one suspects that his figures are open to the severest criticism; but even if we take them at face value they prove only that devices appeared which mitigated the exactions of the landlords, not that those exactions were innocuous.

The reason for the striking difference between George's experience and that of Mallock appears therefore to be that British labour differentiation and industrial organization were both exceptionally advanced, particularly in the industrial districts. George may be fairly criticised for not giving as much attention as he should have done to such considerations; although it may be said in extenuation that he did not entirely ignore them, and in any event they lay largely outside his experience.

The most deleterious effect of landlordism may well derive not so much from the quantity of rent which landlords are able to extract from the activities of other people, but from the economic distortion which "landlordism" causes. In nineteenth-century Ireland, for example, it was widely believed that a peasant who improved his holding would be likely to face a demand for more rent. The actual quantity of extra rent extracted by landlords in consequence of tenant improvements was probably quite tiny; yet the knowledge, or even the suspicion, that landlords could behave in that way if they wished had a profoundly deleterious effect on the whole economy of the country, for tenants frequently refrained from making improvements. In the same way, there were doubtless innumerable cases in Britain where—for example—men

decided not to make building developments because they were convinced that the landlord would soon soak up most of the benefit through increased rent. The proposition that landlords were not enormously enriched may well be sustained; the proposition that the rest of the community was not impoverished by their presence would be far harder to defend. Another apparent discrepancy between George's argument and actual experience was noted by Lecky, who called him to task for the following passage: "Wherever you may find land relatively low, will you not find wages relatively high? And whenever land is high, will you not find wages low? As land increases in value, poverty deepens and pauperism appears."²⁰ The historian's retort seemed crushing: "It is obvious that, according to this law, wages must be far lower in London than in Dorsetshire or Connemara; far lower in England and France than in Hungary, or Poland, or Spain!"²¹

This state of affairs manifestly did not apply. Here again the "tendency" of landlordism was not merely overcome but reversed by other processes. In the late nineteenth century, labour was far more differentiated, more sophisticated, and more organized in London than in Dorset or Connemara; more organized and differentiated in England and France than in Hungary, Poland, or Spain.

There remains one further line of argument advanced by Mallock which calls for attention. Henry George had contended that the taxation of land values would produce four benefits:

1. Taxation of labour products could be abolished, thus making living cheaper.
2. A surplus would be produced, over the current requirements of the state, which could be returned in some form or other to the community.
3. It would cease to be profitable to hold land out of use in the expectation of a rise in value, and thus the community would benefit by more land becoming available.
4. Rents would be reduced.

The first two advantages relate to the "single-tax" theory, which was eagerly advanced by George and his supporters in the late nineteenth and early twentieth centuries. At the scale of public expenditure which then existed, a one hundred percent land value tax might well have sufficed to meet all government requirements, and perhaps leave a substantial surplus for distribution. Mallock and the other contemporary critics of George did not confute that assertion.

Mallock's answer to George's first anticipated advantage was that the fall in living costs would prove of only brief benefit; for wages would soon fall as well, and things would revert to their previous condition. If this proposition is to be taken as argument rather than mere assertion, then it seems to be founded on the demonstrably invalid Malthusian or wage-fund theories.

The second point is so unlikely to apply today that it may seem unnecessary to examine it; nevertheless, for the sake of completeness it may be useful to do so. Mallock replied that the distribution of land-value surplus would take the form of providing either new public amenities—like libraries and museums—or, alternatively, the issue of general largesse. In the former case

poverty would not be alleviated, while in the second he feared those baleful results which comparable eleemosynary activities are alleged to have produced on the "city mob" of ancient Rome. To what extent the Romans were truly corrupted by the "corn dole" would be best to leave to today's social historian of classical antiquity—whose assertions on the subject may perhaps be somewhat less dogmatic than those of his nineteenth-century predecessor. Be that as it may, it appears unlikely that the problem will arise; and if it should do so, there is not likely to be any difficulty in devising useful public works, whose provision would be generally appreciated.

George's third argument, that land could not be withheld for speculative purposes, is met by Mallock with the somewhat weak reply that this would not benefit people who sought land in a district already fully occupied, or those who were too poor to pay rent at all. There can be few districts of any size where substantially all land is set to productive use—or, indeed, to any use. Mallock does not dispute the argument that a tax on land values would tend to force land into the most productive use, which would presumably redound to the general advantage. As for the second limb of his reply, it depends on the fallacy that the quantity of rent demanded is related to the wealth or poverty of the individual tenant. A poor man is driven on to marginal land; he is not suffered to live on good land at a low rent. George's proposals would bring unused, or underused good land into productive use, and would thus make more of it available, which would be of particular benefit to the poor man. The added productivity of other land would also benefit him, as, indeed, it would benefit other people too.

The final argument, that rents would be reduced, is not really met at all, although Mallock does contend that "the State would be harder than the landlords and middlemen would be harder than the State." A "landlord" usually performs two quite distinct functions: he receives rent for land, and he controls the use of that land. George demanded that the state should receive rent, but not that it should control land use. The "harshness" or otherwise of the state would therefore apply exclusively in the state's function as *rentier*.

The present author confesses himself quite incapable of understanding why or how the activities of middlemen would be increased. And since the state's capacity as landlord would be limited to its receipt of rent, its "harshness" could scarcely consist in anything other than the insistence that it receive full market value—that is, the refusal to give something for nothing. But such behaviour is normative in economic life; to call it harshness is to indict the market concept and indeed the whole idea of reciprocity upon which that concept rests.

We are now in a position to examine the overall effect of Mallock's arguments upon the thesis which George sought to maintain. I have noted that there are ways in which the bad effects which (George argued) "tended" to follow from landlordism have in fact been reduced. These points are not only sound and valid in themselves; they are also salutary warnings to George's less-critical adherents that little good is done to any cause by repeating assertions which run counter to experience. The followers of Henry George were correct in recognizing and emphasizing the universal relevance of his essential

teachings, but they would have served their purpose better if they had shown a clearer understanding of the work of men like Mallock.

Surely the most important contribution which Mallock made to the discussion was to draw attention obliquely to devices which have reduced the adverse tendencies of landlordism. In our own century devices which performed that function in the late nineteenth century have been enormously multiplied. Proposals designed to deal with poverty which springs ultimately from the land system range from socialism, fascism, and communism to the welfare state, trade union restrictive practices, and state economic planning.

These multitudinous devices function much like analgesic drugs in pharmacy. They reduce the pain suffered by the patient, but do not touch the core of his disease. They frequently produce side effects which may be even more deleterious than the original affliction. They require frequent and expensive application, and are often addictive.

Where Mallock assuredly failed was in the main task which he set himself. He failed to show that there was any overriding economic law which would make it impossible for workers to secure a great increase in their own rewards through political action. Mallock failed to disprove that the application of George's proposals would be of great benefit to the community as a whole, and to its poorest members in particular. He won some battles, but he lost the war.²²

Notes

1. C. A. Barker, *Henry George* (New York: Oxford University Press, 1955), p. 393.
2. W. H. Mallock, *Property and Progress* (London: John Murray, 1884), p. 1.
3. Henry George, *Progress and Poverty*, quoted by Mallock, *Property and Progress*, pp. 37-38.
4. Mallock, *Property and Progress*, p. 46.
5. Henry George, *Progress and Poverty*, quoted by Mallock, *Property and Progress*, p. 42.
6. Mallock, *Property and Progress*, p. 23.
7. Henry George, *Progress and Poverty*, 75th anniversary ed. (New York: Robert Schalkenbach Foundation, 1954), pp. 41-42.
8. *Ibid.*, p. 48.
9. T. H. Huxley, *Collected Essays* (1890; London: Macmillan, 1894), 9:176.
10. *Ibid.*, p. 180.
11. Mallock, *Property and Progress*, p. 17.
12. W. E. H. Lecky, *Democracy and Liberty* (London: Longman, 1896), 2: 292.
13. *Ibid.*, p. 296.
14. George, *Progress and Poverty*, p. 17.
15. *Ibid.*, p. 304.
16. Lecky, *Democracy and Liberty*, p. 296.
17. W. H. Mallock, *Social Reform as Related to Realities and Delusions* (London: John Murray, 1914).
18. *Ibid.*, p. 203.
19. *Ibid.*, p. 207.
20. George, *Progress and Poverty*, p. 288.
21. Lecky, *Democracy and Liberty*, p. 296.
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