

## CHAPTER VII

### “ PROGRESS AND POVERTY ”

THE writing of *Progress and Poverty* occupied George during the eighteen months from September 1877 to March 1879. The external incidents of his life during this period were few and unimportant. He lectured from time to time. He addressed the Young Men's Hebrew Association on "Moses," painting a glowing picture of the great Jewish lawgiver, and eulogizing his provision for a jubilee redistribution of land which cut at the root of monopoly. This later became one of his most popular lectures, and was frequently redelivered in after years. He also attended the meetings of the Land Reform League, which had been founded by a small group of journalists and lawyers interested in his ideas and anxious to spread a knowledge of them. Under the auspices of the League, George spoke in the Metropolitan Temple on "Why Work is Scarce, Wages Low, and Labour Restless." The meeting was intended to be the first of a series in favour of land reform. But the great hall was half empty, and the enthusiasm of the audience tepid. The press treated the movement with contempt, and the campaign fizzled out.

In 1879 George made another excursion into the political field. The Californian legislature had decided on a revision of the State constitution. George offered himself as a candidate to the special convention to be elected for this purpose. This time his chances were good. He had the Democratic nomination. And his anti-Chinese articles commended him to the Californian Working-men's Party, whose leader Dennis Kearney, drayman and demagogue, was then at the height of his influence. George, however, took a high line regarding the independence of candidates,

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and when asked at a meeting whether he subscribed to the programme of the Working-men's Party, shouted an indignant "No." His reply was received with a storm of hisses. Kearney at once struck him off his list of candidates and his chances were gone. A little more pliability would have saved him. Nearly all Kearney's men were elected. But George was constitutionally indisposed to compromise. He went to the poll and did better than the other Democratic candidates. But he was not elected.

A light purse, says the Arabian proverb, makes a heavy heart, and George's despondency at this time was deepened by financial troubles. The income from the gas inspectorship had fallen away to nothing. George had tested nearly all the available gas meters in California. Writing and lecturing brought in a little, but not sufficient to meet the deficit in the household budget. George was driven to borrow from his friends. He started the year 1878 in debt to the tune of \$450, and shortly afterwards was compelled to pawn his watch to raise some ready money. In these distressing circumstances, harassed by duns and tormented by worldly cares, George wrote the book that made him famous.

Most of it was composed in a house in First Street, near the harbour. For his study George had a comfortable three-windowed room with a fine view of the bay. Furniture as usual was scarce, but the walls were lined with the eight hundred volumes he had managed to collect since his marriage. Here day after day he wrestled with the difficulties of the written word. His son has left a pleasant picture of him at work :

" Entering his library, one might witness the author, slightly inclined over an ample table in the centre of the room, writing on his book. Perhaps wearing a little house jacket, he sat, one hand holding the paper, the other moving a soft gold pen over it. And as he roused at sound of your entrance and turned and sank back, with one arm still on the table, the other thrown over the back of his chair, he raised a countenance not to be forgotten—a slight smile on the lips, a glow in the cheeks, tense thought in the brow and a gleam in the deep blue eyes that looked straight through and beyond you, as if to rest on the world of visions of the pure in heart."

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To one of George's nervous temperament, prolonged sedentary labour was a trial. But by sheer force of will he kept himself at his task. He rose each morning at seven and had a cold bath. After breakfast he smoked a cigar, scanned the newspapers, and read some poetry to refresh his mind. Then he retired to his study and applied himself to the labours of the day. Most of his reading and thinking he did reclining on a couch, a favourite position of his, but sometimes under the stress of intellectual excitement he would jump to his feet and pace up and down the room. As a reader, he practised the art of skimming, so invaluable to the intellectual worker, and in this way he was able to tear the heart out of many volumes. For the first time he went systematically through the classics of the orthodox political economy, and made himself familiar with the great principles of the science. The labour of composition cost him much effort. He found it hard to shake off the desultory habits of the journalist. But as a writer he did not spare himself. Unremittingly he applied the labour of the file. He polished and repolished. He wrote and rewrote. Portions of the manuscript were circulated among the members of the Land Reform League, and their criticisms were carefully weighed and considered. For help of this kind George was indebted most of all to his closest friend in California, Dr. Edward Taylor, a lawyer whose acquaintance he had made during the Haight campaign. Taylor read all the manuscript, and all the proofs when the book was printed. On the flyleaf of his complimentary copy George wrote that it was presented “ in token of feelings which it could but poorly symbolize were it covered with gold and crusted with diamonds.”

As the work progressed George became convinced that he was writing a book that would make history. He had always regarded his task as a religious mission. Years before, he had resolved to dedicate himself to the service of mankind.

“ Once,” he wrote in an intimate letter, “ in daylight and in a city street, there came to me a thought, a vision, a call— give it what name you please. But every nerve quivered. And there and then I made a vow. Through evil and through

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good, whatever I have done and whatever I have left undone, to that I have been true. It was that that impelled me to write *Progress and Poverty*."

The incident to which George referred occurred in New York in 1869. His conversion was as sudden as that of St. Paul's on the road to Damascus, and like the great apostle he was not disobedient to the heavenly vision. He felt he had a truth to reveal, a gospel to preach, a way of salvation to make plain. It had been reserved for him to lead his fellow-men out of economic bondage, and in *Progress and Poverty* he was tracing the route to the Promised Land. The thought went to his brain. In a mood of growing exaltation he brought the work to a conclusion, and when it was finished his excitement was almost uncontrollable. On a March evening, at midnight, he wrote the last lines in the solitude of his study. Deep waves of emotion swept over him, till at last his nerves snapped beneath the strain. Throwing himself on his knees, he buried his head in his hands, and the grown man sobbed and wept like a child.

The issue of George's travail was that rare thing in the publishing world, an economic best-seller. Since its publication over two million copies of *Progress and Poverty* have been sold, and it has been translated into at least a dozen languages. It owed this unprecedented success to the vigour of its style, the clearness of its exposition, and the attractiveness of its message. The "rhetorical confectionery" which Huxley declared to be the chief blemish of the book did not detract from its popularity. George, it is true, carried into his writing some of the tricks and artifices of the public speaker. Like Burke, he was an orator with a pen in his hand. His purple passages are better suited to the platform than to the cold pages of print. But the majority of his readers were not sufficiently instructed to detect these lapses from taste, or if they did, readily forgave them in consideration of the ease and lucidity with which George made plain the abstruse truths of economics. In this respect *Progress and Poverty* set a new fashion. It was one of the earliest and best popu-

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larizers of political economy. It made the dismal science interesting, rescued it from the charge of being a mere gospel of despair, and brought it from the study and the lecture-room into the street and the market-place. George's services in this connection have rarely received from professional economists the recognition which they deserve.

At the same time, *Progress and Poverty* has its faults. The order of exposition leaves something to be desired. Somewhat pedantically, George set off by considering and refuting explanations of poverty opposed to his own. Thus the impatient reader is led through page after page on Malthusianism and the Wages Fund Theory before he reaches the kernel of the book and learns what George is really after. This was running a serious risk. So few authors are read after their first chapter. A more prudent writer would have put the original part of the book under the reader's nose, and not left him to discover it after a weary journey through a wilderness strewn with the bones of dead economic theories.

Another defect of the book is its length. The vice of George's style was prolixity. He did not always realize the difference between the written and the spoken word. Moreover, he had the rationalist's ambition to leave nothing unexplained. "The art of writing," said Montesquieu, "is to skip the intermediate ideas." George never acquired the invaluable tact of omission. The book contains much irrelevant matter. It was hardly necessary to introduce chapters on the theory of human progress and the ethics of conduct into what was primarily an economic treatise. He had given his readers quite enough to think about without bemusing them with these hoary problems.

The object of *Progress and Poverty* was to prove, by an appeal to the principles of economic science, the thesis already asserted in *Our Land and Land Policy*; namely, that "land being necessary to labour and being reduced to private ownership, every increase in the productive power of labour increases rent—the price that labour must pay for the opportunity to utilize its powers; thus all the advantages gained by the march of progress go to the

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owners of land, and wages do not increase.”<sup>1</sup> This contention had been little more than stated in *Our Land and Land Policy*. It was now to be buttressed by an exposition of the laws of political economy. The real significance of these laws had escaped the professional economists. They, simple men, had believed that their science justified the existing order. They were to be roughly disillusioned. Like Marx, George turned the guns of the classical economy on the fortress they were supposed to defend. Like Marx, he marched against the established order over the imposing bridge of the Ricardian economics. And like Marx, he found that the weapons which he wrested from the champions of capitalism broke in his hands.

The theory of *Progress and Poverty* takes as its starting-point the Ricardian law of rent, according to which “the rent of land is determined by the excess of its produce over that which the same application can secure from the least productive land in use.”<sup>2</sup> Thus if in a country there are two qualities of land, A and B, and if it costs 20s. to raise a bushel of wheat on B and only 15s. on A, then farms on A will earn a surplus of 5s. a bushel. But the farmers will not be allowed to retain this. It will be collared by the landowner. If there is competition for farms on A land, then farmers bidding against each other will offer higher and higher rents until the whole surplus has been transferred to the landlord. According to Ricardo, the surplus is the rent. If an acre of A land produces 20 bushels of wheat, then the rent is £5 per acre. B land pays no rent, because it earns no surplus. Ricardo was wrong here, but George did not detect the error. To his own undoing, he followed blindly in the footsteps of the classical economist. Rent, then, is determined by the margin of cultivation. If population increases in our hypothetical country and inferior land C has to be ploughed up, where it costs 25s. to raise a bushel of wheat, then the price must rise to 25s. and B land will earn a surplus of 5s. a bushel, while the surplus on A land will rise to 10s. a bushel. Thus increasing population pushes out the margin

<sup>1</sup> *Progress and Poverty* (52nd Anniversary Edition), p. 201.

<sup>2</sup> *Ibid.*, p. 121.

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of cultivation and swells the rent of the landowner. This, said George, has “ the self-evident character of a geometric axiom.”<sup>1</sup>

Next, parting company here with Ricardo, George tried to prove that the margin of cultivation fixed not only rent but wages, profits, and interest as well; in other words, it determined the distribution of the whole national income. First, as regards wages. The labourer’s remuneration is fixed by what he can earn on land to which he has access without paying rent; that is, on land on the margin of cultivation. As the margin extends to inferior lands, wages must fall. They therefore move in the opposite direction to rent. The labourer in a modern industrial community may well ask where is the free land to which he has access. To George the unreality of this hypothesis was concealed by the fact that in the America of his time land could still be had for nothing—if the industrial worker was prepared to travel some hundreds or thousands of miles to it from his factory. Next, as regards profits. George solved this problem in a simple way. Profits are merely the employer’s wages, his wages of superintendence. They differ in degree but not in kind from the worker’s earnings, and therefore, like them, they are determined by the margin of cultivation. In this summary fashion he reconciled the interests of capital and labour, and disposed of the theory of the class war. The question of interest was a harder nut to crack. George’s explanation of it is one of the most curious pieces of reasoning in the book. Briefly, his theory is that interest is paid because some forms of wealth have reproductive power. If I buy a herd of cattle, I will probably have more cattle after twelve months than when I began. But if I buy a steam hammer it will not produce a brood of little steam hammers. Why then should capital invested in steam hammers earn interest? Because, says George, wealth is interchangeable. If I have £1,000, I can buy either steam hammers or cattle, but I will not buy steam hammers unless I can get as big a return on my money as if I had bought cattle. Therefore the owners of reproductive capital must sacrifice some of their surplus in

<sup>1</sup> *Progress and Poverty* (52nd Anniversary Edition), p. 121.

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order that the owners of dead capital may receive an income. Why? George does not explain, except to say that in some mysterious way there is a general averaging out of benefits so that the owners of reproductive capital get less than they should and the owners of dead capital get more. Apparently, this takes place like the averaging out of profits in Marx's theory—"behind the backs of the producers." George does not condescend to details. But he regards this as a satisfactory explanation why all kinds of capital, unproductive as well as reproductive, earn interest. He does not stop here. Capital, he alleges, is the product of labour. It is stored up labour, so to speak. And so interest is just another form of wages, and like wages, is determined by the margin of cultivation.

George, then, has done what he set out to do. He has proved the identity of interest of labourers, employers, and capitalists. Their remuneration is in every case a reward of effort, and in every case they are robbed by the landowner.

"The wealth produced in every community is divided into two parts by what may be called the rent line, which is fixed by the margin of cultivation, or the return which labour and capital could obtain from such natural opportunities as are free to them without the payment of rent. From the part of the produce below this line, wages and interest must be paid. All that is above goes to the owners of land." <sup>1</sup>

It follows that, as population increases and the margin of cultivation shoots out, rent rises but wages, profits, and interest fall. Labour and capital are not antagonists. They are partners in affliction.

"The Boston collar manufacturer who pays his girls two cents an hour may commiserate their condition, but he, as they, is governed by the law of competition, and cannot pay more and carry on his business." <sup>2</sup>

It is the landlord not the capitalist who is the enemy.

<sup>1</sup> *Progress and Poverty* (52nd Anniversary Edition), pp. 123-24.

<sup>2</sup> *Ibid.*, pp. 253-54.



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The nineteenth century was an age of invention. Did improvements in production and the cheapening of goods not ease the lot of the labourer? George says “No.” Inventions merely increase the demand for land and send up rent. It is true that, theoretically, the extension of the margin may sometimes be less than the increase in productive power, and in that case the benefits of improvement will be shared between landowner and labourer. But this will seldom happen because of *land speculation*. Speculators hold up land for a rise, and thus the margin of cultivation is carried past good land to inferior land. Rents are artificially raised and wages artificially decreased. Incidentally, this is the cause of industrial depressions. Employers and labourers, disgusted by the fall in their remuneration, cease to produce, and the depression does not lift until the normal rent line and the speculative rent line come together again.

George’s analysis is now complete. The cause of poverty is rent, which sucks up like a sponge the wealth produced by the industrious classes.

“ It is not from the produce of the past that rent is drawn ; it is from the produce of the present. It is a toll levied on labour constantly and continuously. Every blow of the hammer, every stroke of the pick, every thrust of the shuttle, every throb of the steam-engine, pay it tribute. It levies upon the earnings of the men who, deep underground, risk their lives, and of those who over white surges hang to reeling masts ; it claims the just reward of the capitalist and the fruits of the inventor’s patient effort ; it takes little children from play and from school, and compels them to work before their bones are hard or their muscles are firm ; it robs the shivering of warmth ; the hungry of food ; the sick of medicine ; the anxious of peace. It debases and embrutes and embitters. It crowds families of eight and ten into a single squalid room ; it herds like swine agricultural gangs of boys and girls ; it fills the gin palace and groggery with those who have no comfort in their homes ; it makes lads who might be useful men candidates for prisons and penitentiaries ; it fills brothels with girls who might have known the pure joy of motherhood ; it sends greed and all evil passions prowling through society as a hard winter drives the wolves to the abodes of men ; it darkens faith in the human soul, and across the reflection of a

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just and merciful Creator draws the veil of a hard and blind and cruel fate." <sup>1</sup>

Having discovered the cause of poverty, the remedy is obvious.

"Poverty deepens as wealth increases, and wages are forced down while productive power grows, because land, which is the source of all wealth and the field of all labour, is monopolized. To extirpate poverty, to make wages what justice commands they should be, the full earnings of the labourer, we must therefore substitute for the individual ownership of land a common ownership. Nothing else will go to the cause of the evil—in nothing else is there the slightest hope." <sup>2</sup>

How is this remedy to be applied? To begin with, are the dispossessed landowners to be compensated? "No," said George, and that for two reasons. First, private property in land is a social evil comparable to slavery and has no moral claim to compensation. Second, to indemnify the landowner would mean perpetuating the evil which it is sought to abolish.

"To buy up individual property rights would merely be to give the landholders in another form a claim of the same kind and amount that their possession of land now gives them; it would be to raise for them by taxation the same proportion of the earnings of labour and capital that they are now enabled to appropriate by rent." <sup>3</sup>

In George's view the landlords absorb all the surplus wealth of society. It would therefore be clearly impracticable to compensate them in the proper sense of the word without perpetuating the spoliation of the other classes of society.

One practical difficulty is thus cleared out of the way. The expropriation of the landlords will cost the State nothing. Now we approach the most original and ingenious part of George's scheme. The destruction of private

<sup>1</sup> *Progress and Poverty* (52nd Anniversary Edition), p. 259.

<sup>2</sup> *Ibid.*, p. 234.

<sup>3</sup> *Ibid.*, p. 256.

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property in land had hitherto seemed necessarily to involve some scheme of land nationalization, with a State department managing the land and a host of administrative difficulties. Nothing of this would be necessary, said George. Let the government levy a hundred per cent. tax upon rent, and the landowners' sponge would be squeezed dry into the coffers of the State. The wealth of which society is unjustly deprived would be restored to it. Such a tax would yield so large a revenue that other taxes could be dispensed with. It would then become a *single tax*, payable only by landowners, and trade and industry would be relieved from heavy burden. Exploitation would become impossible. There would be no opportunity to draw an income without working for it. Poverty and social injustice would disappear from modern civilization.

Where is the weak link in this chain of reasoning? It is in the assumption that land is the only form of wealth that can be monopolized. What about capital? Capital is scarce as well as land, and the capitalist is a monopolist. Interest is the toll that he levies on producers. The employer too is a monopolist, because he owns or controls that scarce commodity, capital, without which modern industry could not be carried on. His profits represent more than the wages of superintendence. If they did not, few employers would care to continue in business. The presumption that labour and capital have exactly the same interests is utterly false, as the records of industrial warfare abundantly prove. The *reductio ad absurdum* of George's theory, of course, is the conclusion to which it logically leads, that only landowners can become rich men. What of the Vanderbilts, Carnegies, and Rockefellers? What of the millions made out of steel and oil, railways and steamships? George could hardly deny that there were sources of great fortunes other than land. He remembered how the Californian railways had bled the community. But he assumed that such monopolistic enterprises were few and could be taken over easily by the State. He did not realize that he was living in a society honeycombed with monopoly. He did not foresee that the trusts were about to become the masters of America.

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George's diagnosis and remedy are both far too simplistic. But it was their simplicity which made them so captivating. The establishment of social justice seems to most people a formidable, almost an impossible task. George made it a mere matter of taxational reform. The social machine need not be taken to pieces and put together again. All that was necessary was a little tinkering, like the pulling over of a lever or the adjustment of a carburettor. By a simple fiscal device, all the benefits of socialism could be obtained—without bloodshed, without civil tumult, without the risks that attend the uprooting of superannuated social systems.

“Destroy this monopoly (in land),” said George, “and competition could only exist to accomplish the end which co-operation aims at—to give to each what he fairly earns. Destroy this monopoly and industry must become a co-operation of equals.”<sup>1</sup>

Is it any wonder that such a doctrine made converts? Is it any wonder that its author regarded himself as a social prophet?

“On the night on which I finished the final chapter of *Progress and Poverty*,” wrote George towards the end of his life, “I felt that the talent entrusted to me had been accounted for—felt more fully satisfied, more deeply grateful than if all the kingdoms of the earth had been laid at my feet.”<sup>2</sup>

This was the tragedy of George's life. He pursued a chimera. He thought he saw from afar the shining steeples of a fair city. He never realized that he was gazing on the unsubstantial creations of his own brain.

<sup>1</sup> *Progress and Poverty* (52nd Anniversary Edition), p. 227.

<sup>2</sup> Preface to the *Science of Political Economy*.