

CHAPTER III.

ANSWERS THE RIDDLE OF THE SPHINX.

1871.

AGE, 32.

I CANNOT play upon any stringed instrument, but I can tell you how of a little village to make a great and glorious city." Thus spake Themistocles, the Athenian, when asked if he could play the lyre. It was a reply seemingly arrogant enough; for was this not beyond the powers of any mortal man? Do not communities have their birth, their thriving to maturity, their decline and death, as regularly and immutably as the individual man himself?

Yet there have arisen those in the history of the world who have dreamed of a reign of justice and of the prolonged, if not indeed continuous life of the community. Such a dreamer was this Californian—this small, erect young man; with full, sandy beard; fresh, alert face; shining blue eyes; who, careless of dress, and wrapped in thought, rode a mustang pony about San Francisco. In the streets of the great Eastern city he had seen the want and suffering that accompany civilisation. It had made him who came "from the open West sick at heart." He knew nothing of the schools, but this that he saw he could not believe was the natural order. What was that order?

He vowed that he would find it. And afterwards as he rode in the Oakland foothills came the flash-like revelation—the monopoly of the land, the locking up of the storehouse of nature! There was the seat of the evil. He asked no one if he was right: he *knew* he was right. Had he not come into the new country and grown up with the phases of change? Had he not seen this young community develop the ills from which the older communities suffered? He did not need to go to books or to consult the sages. There the thing lay plainly to view for any who would see.

On Sunday night, March 26, in his work-room in the second story of the Stevenson Street house, Henry George sat down to write out the simple answer to the riddle of the Sphinx. When ultimately finished it made a pamphlet of forty-eight closely printed pages, equivalent to one hundred and fifty pages of an ordinary book. To it he gave the title, "Our Land and Land Policy, National and State." He divided his subject into five parts, which we shall briefly review, following the author's language wherever possible.

I.

THE LANDS OF THE UNITED STATES.

The secret of the confidence of Americans in their own destiny and the reason of their cheerful welcome to the down-trodden of every nation, lay in the knowledge of the "practically inexhaustible" public domain spreading over the great Western country that would provide farms and homes for all. But beginning with the Civil War period, a policy of dissipation of the public lands commenced, and

so great have been the various kinds of grants, especially to the railroads, up to 1870, that continuing at the same rate, all the available arable land will be given away by 1890.¹ To a single railroad—the Northern Pacific—25,600 acres have been given for the building of each mile of road²—land enough to make 256 good sized American farms or 4,400 such as in Belgium support families in independence and comfort. Nor was this given to the corporation for building a railroad for the government or for the people, but for building it for itself.

II.

THE LANDS OF CALIFORNIA.

In California, twenty-four times as large as Massachusetts and with but 600,000 inhabitants, free land should be plentiful; yet the notorious fact is that so reckless has been the land policy that the immigrant in 1871, has, as a general thing, to pay a charge to middlemen before he can begin to cultivate the soil. Already individuals hold thousands and hundred of thousands of acres apiece. Across many of these vast estates a strong horse cannot gallop in a day, and one might travel for miles and miles over fertile ground where no plow has ever struck, but which is all owned, and on which no settler can come to make himself a home, unless he pay such a tribute as the lord of the domain may choose to exact.

¹This was verified, resort being made at about 1890 to lands (since Oklahoma Territory) which in Indian Territory had been set apart for the Indian tribes.

²Twenty sections in the States and forty sections in the Territories.

III.

LAND AND LABOUR.

Land, that part of the globe's surface habitable by man, is the storehouse from which he must draw the material to which his labour must be applied for the satisfaction of his desires. It is not wealth, since wealth is the product of human labour. It is valuable only as it is scarce. Its value differs from that of, say a keg of nails, for the nails are the result of labour, and when labour is given in return for them the transaction is an exchange; whereas, land is not the result of labour, but the creation of God, and when labour must be given for it, the result is an appropriation.

The value of land is not an element in the wealth of a community. It indicates the distribution of wealth. The value of land and the value of labour must bear to each other an inverse ratio. These two are the "terms" of production, and while production remains the same, to give more to the one is to give less to the other. The wealth of a community depends upon the product of the community. But the productive powers of land are precisely the same whether its price is low or high. In other words, the price of land indicates the distribution of wealth, not the production. The value of land is the power which its ownership gives to appropriate the product of labour, and as a sequence, where rents (the share of the land-owner) are high, wages (the share of the labourer) are low. And thus we see it all over the world: in the countries where land is high, wages are low, and where land is low, wages are high. In a new country the value of labour is at its maximum, the value

of land at its minimum. As population grows and land becomes monopolised and increases in value, the value of labour steadily decreases. And the higher land and the lower wages, the stronger the tendency towards still lower wages, until this tendency is met by the very necessities of existence. For the higher land and the lower wages, the more difficult is it for the man who starts with nothing but his labour to become his own employer, and the more he is at the mercy of the land-owner and the capitalist.

According to the doctrine of rent advanced by Ricardo and Malthus, the value of land should be determined by the advantage which it possesses over the least advantageous land in use. Where use determines occupancy, this may be called the *necessary* or real value of land, in contradistinction to the *unnecessary* or fictitious value which results from speculation in land.

The difference between the *necessary* value of the land of the United States and the aggregate value at which it is held is enormous and represents the unnecessary tax which land monopolisation levies upon labour.

Now the right of every human being to himself is the foundation of the right of property. That which a man produces is rightfully his own, to keep, to sell, to give or to bequeath, and upon this sure title alone can ownership of anything rightfully rest. But man has also another right, declared by the fact of his existence—the right to the use of so much of the free gifts of nature as may be necessary to supply all the wants of that existence, and which he may use without interfering with the equal rights of anyone else; and to this he has a title as against all the world.

To permit one man to monopolise the land from which the support of others is to be drawn, is to permit him to appropriate their labour.

IV.

THE TENDENCY OF OUR PRESENT LAND POLICY.

The same causes which have reduced 374,000 land-holders of England in the middle of the last century to 30,000 now are working in this country. Not only are large bodies of new lands being put in the hands of the few, but a policy is pursued causing the absorption of the small farms into large estates.

The whole present system, National and State, tends to the concentration of wealth and the monopolisation of land. A hundred thousand dollars in the hands of one man pays but a slight proportion of the taxes that are paid by the same sum distributed among fifty; a hundred thousand acres held by a single landholder is assessed for but a fraction of the amount assessed upon the hundred thousand acres of six hundred farms.

Concentration is the law of the time. The great city is swallowing up the little towns; the great merchant is driving his poorer rivals out of business; a thousand little dealers become the clerks and shopmen of the proprietor of the marble fronted palace; a thousand master workmen, the employes of one rich manufacturer; and the gigantic corporations, the alarming product of the new social forces which Watt and Stephenson introduced to the world, are themselves being welded into still more titanic corporations.

In the new condition of things what chance will there be for a poor man if the land also is monopolised? To say that the land of a country shall be owned by a small class, is to say that that class shall rule it; to say that the people of a country shall consist of the very rich and the very poor, is to say that republicanism is impossible.

V.

WHAT OUR LAND POLICY SHOULD BE.

When we consider what land is; the relations between it and labour; that to own the land upon which a man *must* gain his subsistence is practically to own the man himself, we cannot remain in doubt as to what should be our policy in disposing of our public lands.

They should be given to actual settlers, in small quantities without charge.

But this policy would affect only the land that is left. It would still leave the great belts granted to railroads, the vast estates—the large bodies of land everywhere the subject of speculation. Still would continue the tendency that is concentrating ownership in the older settled States.

When our 40,000,000 of people have to raise \$800,000,000 per year for public purposes¹ we cannot have any difficulty in discovering the remedy in the adjustment of taxation.

The feudal system annexed duties to privileges. One portion of the land defrayed the expenses of the State; another portion, those of the army; a third, those of the Church, and also relieved the sick, the indigent and the wayworn; while a fourth portion, the commons, was free to all the people. The great debts, the grinding taxation, are results of a departure from this system. A recent English writer² has estimated that had the feudal tenures been continued, England would now have had at her command a completely appointed army of six hundred thousand men, without the cost of a penny to the public treasury.

¹ Estimate of Commissioner David A. Wells.

² "The Strength of Nations," by Andrew Bisset.

Why should *we* not go back to the old system, and charge the expense of government upon our lands?

Land taxation does not bear at all upon production; it adds nothing to prices, and does not affect the cost of living. As it does not add to prices, it costs the people nothing in addition to what it yields the Government; while as land cannot be hid or moved, this tax can be collected with more ease and certainty, and with less expense than any other tax; and the land-owner cannot shift it to any one else.

A tax upon the value of land is the most equal of all taxes, because the value of land is something that belongs to all, and in taxing land values we are merely taking for the use of the community something which belongs to the community. By the value of land is meant the value of the land itself, not the value of any improvement which has been made upon it—what is sometimes called in England the *unearned* value.

The mere holder would be called on to pay just as much taxes as the user of land. The owner of a vacant lot would have to pay as much as his neighbour who is using his. The monopoliser of agricultural land would be taxed as much as though his land were covered with improvements, with crops and with stock.

Land prices would fall; land speculation would receive its death-blow; land monopolisation would no longer pay. Millions and millions of acres from which settlers are now shut out, would be abandoned by their present owners, or sold to settlers on nominal terms.

The whole weight of taxation would be lifted from productive industry. The million dollar manufactory and needle of the seamstress, the mechanic's cottage and the grand hotel, the farmer's plow and the ocean steamship, would be alike untaxed. All would be free to buy or sell, to make or save, unannoyed by the tax-gatherer.

Imagine this country with all taxes removed from production and exchange! How demand would spring up; how trade would increase; what a powerful stimulus would be applied to every branch of industry; what an enormous development of wealth would take place. Imagine this country free of taxation, with its unused land free to those who would use it! Would there be many industrious men walking the streets, or tramping over our roads in the vain search for employment? Would there be in such a city as New York a hundred thousand men looking for work; such festering poverty and breeding vice as make the man from the open West sick at heart?

This was the nature of the little book to the writing of which this Californian, not yet thirty-two, devoted himself during the four months and three days between March 26 and July 29, 1871, though in the meantime came the Haight convention and other interruptions. He printed it in small type and in pamphlet form, for he had no money to present it in a better way. At first it made only thirty-one pages and in that form was printed; but when only a few copies were off, he stopped the press and expanded the last part, so that as published the pamphlet made forty-eight pages and had attached to it a folding map of California showing the extent of the railroad land grants.

Perhaps the first question to arise is, how much was Henry George indebted to others for the comprehensive views of political economy as set down in his little book? He answered this himself in later years:¹

“When I first came to see what is the root of our social difficulties, and how this fundamental wrong might be cured in the easiest way, by concentrating taxes

¹ “The Standard,” New York, October 19, 1889.

on land values, I had worked out the whole thing for myself without conscious aid that I can remember, unless it might have been the light I got from Bisset's 'Strength of Nations' as to the economic character of the feudal system. When I published 'Our Land and Land Policy,' I had not even heard of the Physiocrats and the *impot unique*. But I knew that if it was really a star I had seen, others must have seen it too."

While Ricardo and Malthus are credited with the formulation of the law of rent; while John Stuart Mill's proposal to compensate land-owners is deprecated, and his phrase "uncarned increment," is spoken of as "the unearned value of land," it is not necessary to assume that Henry George was indebted to others further than this, even at points where there chanced to be a similarity of thought. In his last book,¹ discussing the concurrent writings of Adam Smith and the French Physiocrats and the probably independent thought of Smith, where his utterances closely resembled that of the latter, Mr. George has drawn the instance of his own case.

"It is a mistake to which the critics who are themselves mere compilers are liable, to think that men must draw from one another to see the same truths or to fall into the same errors. Truth is, in fact, a relation of things, which is to be seen independently because it exists independently. Error is perhaps more likely to indicate transmission from mind to mind; yet even that usually gains its strength and permanence from misapprehensions that in themselves have independent plausibility. Such relations of the stars as that appearance in the North which we call the Dipper or Great Bear, or as that in the South which we call the Southern Cross, are seen by all who scan the starry

¹ "The Science of Political Economy." Book II, Chap. v., pp. 162-164.

heavens, though the names by which men know them are various. And to think that the sun revolves around the earth is an error into which the testimony of their senses must cause all men independently to fall, until the first testimony of the senses is corrected by reason applied to wider observations.

"In what is most important, I have come closer to the views of Quesnay and his followers than did Adam Smith, who knew the men personally. But in my case there was certainly no derivation from them. I well recall the day when, checking my horse on a rise that overlooks San Francisco Bay, the commonplace reply of a passing teamster to a commonplace question, crystallised, as by lightning-flash, my brooding thoughts into coherency, and I there and then recognised the natural order—one of those experiences that make those who have had them feel thereafter that they can vaguely appreciate what mystics and poets have called the 'ecstatic vision.' Yet at that time I had never heard of the Physiocrats, or even read a line of Adam Smith.

"Afterwards, with the great idea of the natural order in my head, I printed a little book, 'Our Land and Land Policy,' in which I urged that all taxes should be laid on the value of land, irrespective of improvements. Casually meeting on a San Francisco street a scholarly lawyer, A. B. Douthitt, we stopped to chat, and he told me that what I had in my little book proposed was what the French 'Economists' a hundred years before had proposed.

"I forget many things, but the place where I heard this, and the tones and attitude of the man who told me of it, are photographed on my memory. For, when you have seen a truth that those around you do not see, it is one of the deepest of pleasures to hear of others who have seen it. This is true, even though these others were dead years before you were born. For the stars that we of to-day see when we look were here to be seen hundreds and thousands of years ago. They shine on. Men come and go, in their generations, like the generations of the ants."

Ex-State Senator John M. Days of California became acquainted with Mr. George soon after the pamphlet was written and bears testimony on the subject:

"In 1871 I was elected a member of the Legislature and introduced a set of resolutions in favour of the land of the United States being held for the people thereof. In preparing my speech I came across Henry George's pamphlet 'Our Land and Land Policy' and I quoted two whole pages. I first met Henry George personally in the month of May, 1872, and I loaned him all the writings of Bronterre O'Brien, together with Gamage's history of chartism. He returned them within so short a time that he could not have had time to read them carefully, let alone study them. He told me that when he wrote the pamphlet he had never read or seen any work on the land question."

But without direct or indirect statements from Mr. George or any one else as to the independence of his thought, a striking proof of it might be found in his writings themselves. He has frankly stated¹ that in the spring of 1869, when writing the Chinese article, "wishing to know what political economy had to say about the causes of wages," he "went to the Philadelphia Library, looked over John Stuart Mill's 'Political Economy,' and accepting Mill's view without question," based his article upon it. Yet in "Our Land and Land Policy," in dealing with the cause of wages, he rejected Mill's view and gave a different explanation to the one assumed in the Chinese article. He, in fact, took up and developed something he had perceived months before the Chinese article was thought of and which he had set forth in his "Overland Monthly" article, "What the Railroad Will Bring Us," in the fall of

¹ "The Science of Political Economy." Book II,
Chap. viii, pp. 200, 201.

1868. Passages from his former and his later work set side by side, show the development of his thought:

“Overland” Article, 1868.

“For years the high rate of interest and the high rate of wages prevailing in California have been special subjects for the lamentation of a certain school of political economists, who could not see that high wages and high interest were indications that the natural wealth of the country was not yet monopolised, that great opportunities were open to all.”

“Land Policy,” 1871.

“The value of land and of labour must bear to each other an inverse ratio. These two are the ‘terms’ of production, and while production remains the same, to give more to the one, is to give less to the other. The value of land is the power which its ownership gives to appropriate the product of labour, and, as a sequence, where rents (the share of the landowner) are high, wages (the share of the labourer) are low. And thus we see it all over the world, in the countries where land is high, wages are low, and where land is low, wages are high. In a new country the value of labour is at first at its maximum, the value of land at its minimum. As population grows and land becomes monopolised and increases in value, the value of labour steadily decreases.”

The truth is that primitive conditions were all about Henry George. The miners throughout the early California placers commonly spoke of washing their “wages”

out of the soil, and there was a universal if unwritten law among them that "claims" should be limited in size and that ownership should be conditioned upon use. In the agricultural regions, and even in some of the towns, "squatters" had constantly asserted the principle commonly recognised through the whole frontier country that any man was free to use land that was not already actually in use. The passage of statutes permitting the adding of mining claim to claim and promoting monopolisation in the agricultural regions, accompanied by enormous grants to comparatively few individuals, brought a keen sense of scarcity of land to a people who had been accustomed to think of practically "all out-doors" as being free.

With a fresh young people, full of self-confidence and free from restraints and traditions, here were all the conditions needed to quicken original thought—thought that should go back to first principles. Henry George did not therefore have to go to books for his political economy. His keen perception, and active, analytical mind found what he hailed as the fundamental and eternal truths of social order written so that all might read them in the primary conditions of the new country. His political economy he got from nature herself.

But there was one small passage in the pamphlet which should not be overlooked. Of this Ex-Senator Days has since said:

"In 'Our Land and Land Policy' Henry George made a plea for private property in land. In August, 1872, I became president of a Lyceum in San Francisco which discussed various questions every Sunday afternoon. I invited him to open on the land question. In his speech he still favoured private property in land. In closing the meeting I made a few remarks in which I observed that Mr. George said that he favoured private property

in land, but that he made a mistake in so saying, for every argument he made on the question showed that he was opposed to it. From that day to the day of his death Mr. George openly opposed by word as well as argument private property in land."

The passage of the pamphlet to which the Senator refers runs:

"It by no means follows that there should be no such thing as property in land, but merely that there should be no monopolisation—no standing between the man who is willing to work and the field which nature offers for his labour. For while it is true that the land of a country is the free gift of the Creator to all the people of that country, to the enjoyment of which each has an equal natural right, it is also true that the recognition of private ownership in land is necessary to its proper use—is, in fact, a condition of civilisation. When the millennium comes, and the old savage, selfish instincts have died out of men, land may perhaps be held in common; but not till then."

The idea that Mr. George wished to convey was the necessity of securing improvements, which could not be the case if titles were to be confiscated and the State were to resume actual possession of all the land. But seeing in the instance of Senator Days the wrong idea his language expressed, when writing "Progress and Poverty" he changed it materially, to wit:

"What is necessary for the use of land is not its private ownership, but the security of improvements.
 . . . The complete recognition of common rights to land need in no way interfere with the complete recognition of individual right to improvements or produce.
 . . . I do not propose either to purchase or to cou-

fiscate private property in land. The first would be unjust; the second, needless. Let the individuals who now hold it still retain, if they want to, possession of what they are pleased to call *their* land. Let them continue to call it *their* land. Let them buy and sell, and bequeath and devise it. We may safely leave them the shell, if we take the kernel. *It is not necessary to confiscate land; it is only necessary to confiscate rent.*"¹

This Days incident and others like it bringing to Mr. George a realisation of obscurities of his language in some instances and of his thoughts in others, made him henceforward most patient with those who, sincerely striving to comprehend his ideas, floundered around in self-made confusions; for with all his powers, no one more fully appreciated the difficulty of clear expression, and before that, of clear thinking, than Mr. George himself.

If "Our Land and Land Policy" was sent to John Stuart Mill, the acknowledged master political economist of the day, there is nothing to show it. But E. T. Peters, of the Bureau of Statistics at Washington, whom George had quoted and to whom he presented a copy, wrote strongly commending it; Horace White of the "Chicago Tribune" wrote that George was "entitled to be ranked as an economist"; while David A. Wells, New York Commissioner for the Revision of the Revenue Laws, whose report had been cited, said, "I see you have enunciated a principle relative to value of land and pauperism which strikes me as original and well put." But beyond a few such letters as these, the pamphlet got little attention. Nor even in California did it awaken the public recognition for which he may have looked. "Something like a thousand

¹ "Progress and Poverty." Book VIII, Chaps. i and ii,
(Memorial Edition, pp. 396, 397 and 403).

copies were sold," he said towards the end of his life,¹ "but I saw that to command attention the work must be done more thoroughly." The work was done more thoroughly eight years later when "Progress and Poverty" was written.

Two articles by Henry George appeared in the "Overland Monthly" during this year of 1871, one in February entitled, "How Jack Breeze Missed Being a Pasha," and the other in December entitled, "Bribery in Elections," in which, pointing at the shameless corruption at the polls in the fall election when Haight was overwhelmed by railroad money, George advocated the adoption in California of the Australian ballot system. But these efforts were trifling compared with the pamphlet, "Our Land and Land Policy." This latter was set aside for a time in a new era of newspaper activity.

¹ "The Science of Political Economy." Book II, Chap. viii, p. 201.