

## Chapter 23

# The Persistence of Poverty Despite Increasing Wealth

THE GREAT PROBLEM IS SOLVED. We are able to explain social phenomena that have appalled philanthropists and perplexed statesmen all over the civilized world. We have found the reason why wages constantly tend to a minimum, giving but a bare living, despite increase in productive power:

*As productive power increases, rent tends to increase even more—constantly forcing down wages.*

Advancing civilization tends to increase the power of human labor to satisfy human desires. We should be able to eliminate poverty. But workers cannot reap these benefits because they are intercepted. Land is necessary to labor. When it has been reduced to private ownership, the increased productivity of labor only increases rent. Thus, all the advantages of progress go to those who own land. Wages do not increase—wages *cannot* increase. The more labor produces, the more it must pay for the opportunity to make anything at all.

Mere laborers, therefore, have no more interest in progress than Cuban slaves have in higher sugar prices. Higher prices may spur their masters to drive them harder. Likewise, a free laborer may be worse off with greater

productivity. Steadily rising rents generate speculation. The effects of future improvements are discounted by even higher rents. This tends to drive wages down to the point of slavery, at which the worker can barely live. The worker is robbed of all the benefits of increased productive power.

These improvements also cause a further subdivision of labor. The efficiency of the whole body of laborers is increased, but at the expense of the independence of its constituents. Individual workers know only a tiny part of the various processes required to supply even the commonest wants.

A primitive tribe may not produce much wealth, but all members are capable of an independent life. Each shares all the knowledge possessed by the tribe. They know the habits of animals, birds, and fishes. They can make their own shelter, clothing, and weapons. In short, they are all capable of supplying their own wants. The independence of all of the members makes them free contracting parties in their relations with the community.

Compare this savage with workers in the lowest ranks of civilized society. Their lives are spent in producing just one thing or, more likely, the smallest part of one thing. They cannot even make what is required for their work; they use tools they can never hope to own. Compelled to oppressive and constant labor, they get no more than the savage: the bare necessities of life. Yet they lose the independence the savage keeps.

Modern workers are mere links in an enormous chain of producers and consumers. The very power of exerting their labor to satisfy their needs passes from their control. The worse their position in society, the more dependent

they are on society. Their power may be taken away by the actions of others. Or even by general causes, over which they have no more influence than they have over the motion of the stars.

Under such circumstances, people lose an essential quality: the power of modifying and controlling their condition. They become slaves, machines, commodities. In some respects, they are lower than animals.

I am no sentimental admirer of the savage state. I do not get my ideas of nature from Rousseau. I am aware of its material and mental lack, its low and narrow range. I believe that civilization is the natural destiny of humanity, the elevation and refinement of our powers.

Nevertheless, no one who faces the facts can avoid the conclusion that—in the heart of our civilization—there are large classes that even the sorriest savage would not want to trade places with. Given the choice of being born an Australian aborigine, an arctic Eskimo, or among the lowest classes in a highly civilized country such as Great Britain, one would make an infinitely better choice in selecting the lot of the savage.

Those condemned to want in the midst of wealth suffer all the hardships of savages, without the sense of personal freedom. If their horizon is wider, it is only to see the blessings they cannot enjoy. I challenge anyone to produce an authentic account of primitive life citing the degradation we find in official documents regarding the condition of the working poor in highly civilized countries.

I have outlined a simple theory that recognizes the most obvious relations. It explains the conjunction of poverty with wealth; of low wages with high productivity; of

degradation amid enlightenment; of virtual slavery in political liberty. It flows from a general and unchanging law. It shows the sequence and relation between phenomena that are separate and contradictory without this theory.

It explains why interest and wages are higher in new communities, even though the production is less. It explains why improvements that increase the productive power of labor and capital do not increase the reward of either. It shows that what is commonly called a conflict between labor and capital is, in fact, a harmony of interests between them. It proves the fallacies of protectionism, while showing why free trade fails to benefit the working class.

It explains why want increases with abundance, and why wealth tends to greater and greater concentration. It explains periodic recessions and depressions—and why large numbers of potential producers stand idle, without the absurd assumption that there is too little work to do or too many hands to do it. It explains the negative impact of machinery, without denying the natural advantages it gives. It explains why vice and misery appear among dense populations, without attributing to the laws of God those defects arising only from the shortsighted and selfish decrees of humans.

This is an explanation in accordance with all the facts. Look at the world today. The same conditions exist in different countries—regardless of the type of government, industries, tariffs, or currency. But everywhere you find poverty in the midst of wealth, you will find that land is monopolized. Instead of being treated as the common property of all the people, land is treated as the private property of individuals. And before labor is allowed to use

it, large sums are extorted from the earnings of labor.

Compare different countries. You will see that it is not the abundance of capital, nor the productiveness of labor, that makes wages high or low. Rather, wages vary with the extent to which those who monopolize land can levy tribute in the form of rent.

It is well-known, even among the most ignorant, that new countries are always better for workers than rich countries. In new countries, although the total amount of wealth is small, land is cheap. Whereas in rich countries, land is costly. Wherever rent is relatively low, you will find wages relatively high. Wherever rent is high, wages are low. As land values increase, poverty deepens and beggars appear. In the new settlements, where land is cheap, any inequalities in condition are very slight. In great cities, where land is so valuable it is measured by the foot, you will find the extremes of poverty and luxury.

The disparity between the two extremes of the social scale may always be measured by the price of land. Land is more valuable in New York than San Francisco; and in New York, the squalor and misery would make the San Franciscan stand aghast. Land is more valuable in London than in New York; and in London, the squalor and destitution is worse than in New York.

The same relation is obvious if you compare the same country in different times. The enormous increase in the efficiency of labor has only added to rent. The rent of agricultural land in England is many times greater than it was 500 years ago.\* Yet wages, measured as a proportion

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\*Prof. James Rogers (1823-1900) estimated the increase in rent at fourteen times, if measured in wheat, or 120 times if measured in money.

of total production, have decreased everywhere.

The Black Death brought a great rise in wages in England in the fourteenth century. There can be no doubt that such an awful decline in population decreased the effective power of labor. However, less competition for land lowered rent to an even greater extent. This allowed wages to rise so much that land holders enacted penal laws to keep them down.

The reverse effect followed the monopolization of land during the reign of Henry VIII. The commons were enclosed, and church lands divided among parasites who were thus enabled to found noble families. The result was the same as from a speculative increase in land values. According to none other than Malthus, a worker in the reign of Henry VII would get half a bushel of wheat for about one day's common labor. By end of Elizabeth's reign, it would take three days of labor to purchase the same amount. The rapid monopolization of land carried the speculative rent line beyond the normal rent line, and produced tramps and paupers. We have lately seen similar effects from similar causes in the United States.

We may as well cite historical illustrations of the attraction of gravity; the principle is just as universal and just as obvious. Rent must reduce wages. This is as clear as an equation: the larger the subtractor, the smaller the remainder.

The truth is self-evident. Put this question to anyone capable of consecutive thought:

“Suppose some land should arise from the English Channel. This land will remain unappropriated—like the commons that once comprised a part of England. An unlimited number of workers can have free access to it.

Here, a common laborer could make ten shillings a day. What would be the effect upon wages in England?"

They would at once tell you that common wages throughout England must soon rise to ten shillings a day.

Ask, "What would be the effect on rents?"

After a moment's reflection, they would tell you, "Rents must fall."

If they thought out the next step, they would tell you that all this would happen without much labor being diverted to the new natural opportunities. Nor would the forms and direction of industry change much. The only loss would be the kind of production that now yields, to labor and landlord together, less than labor could secure on the new opportunities.

The great rise in wages would be at the expense of rent.

Next take some hardheaded business owners who have no theories, but know how to make money. Say to them: "Here is a little village. In ten years, it will be a great city. The railroad and the electric light are coming; it will soon abound with all the machinery and improvements that enormously multiply the effective power of labor."

Now ask: "Will interest be any higher?"

"No!"

"Will the wages of common labor be any higher?"

"No," they will tell you. "On the contrary, chances are they will be lower. It will not be easier for a mere laborer to make an independent living; chances are it will be harder."

"What, then, will be higher?" you ask.

"Rent, and the value of land!"

"Then what should I do?" you beg.

"Get yourself a piece of ground, and hold on to it."

If you take their advice under these circumstances, you need do nothing more. You may sit down and smoke your pipe; you may lie around like an idler; you may go up in a balloon, or down a hole in the ground. Yet without doing one stroke of work, without adding one iota to the wealth of the community—in ten years you will be rich!

In the new city you may have a luxurious mansion. But among its public buildings, will be an almshouse.

In all our long investigation, we have been advancing to this simple truth:

*Land is required for the exertion of labor in the production of wealth. Therefore, to control the land is to command all the fruits of labor, except only enough to enable labor to continue to exist.*

We have been advancing as through enemy country, in which every step must be secured, every position fortified, and every bypath explored. This simple truth, and its application to social and political problems, is hidden from the masses—hidden partly by its very simplicity. And in greater part by widespread fallacies and erroneous habits of thought. These lead us to look in every direction but the right one for an explanation of the evils that oppress and threaten the civilized world.

In back of these elaborate fallacies and misleading theories is an active, energetic power. This is the power that writes laws and molds thought. It operates in every country, no matter what its political forms may be. It is the power of a vast and dominant financial interest.

But this truth is so simple and clear, that to fully see it once is to recognize it always. There are pictures that, though looked at again and again, present only a confused



pattern of lines. Or, perhaps they seem to be only a landscape, trees, or something of the kind. Then, attention is called to the fact that these things make up a face or a figure. Once this relation is recognized, it is always clear. It is so in this case.

In the light of this truth, all social facts group themselves in an orderly relation. The most diverse phenomena are seen to spring from one great principle. It is not the relations of capital and labor, not the pressure of population against subsistence, that explains the unequal development of society.

*The great cause of inequality in the distribution of wealth is inequality in the ownership of land.*

Ownership of land is the great fundamental fact that ultimately determines the social, the political, and consequently the intellectual and moral condition of a people. And it must be so.

For land is the home of humans, the storehouse we must draw upon for all our needs. Land is the material to which we must apply our labor to supply all our desires. Even the products of the sea cannot be taken, or the light of the sun enjoyed, or any of the forces of nature utilized, without the use of land or its products.

On land we are born, from it we live, to it we return again. We are children of the soil as truly as a blade of grass or the flower of the field. Take away from people all that belongs to land, and they are but disembodied spirits. Material progress cannot rid us of our dependence on land; it can only add to our power to produce wealth from land.

Hence, when land is monopolized, progress might go on to infinity without increasing wages or improving the

condition of those who have only their labor. It can only add to the value of land and the power its possession gives.

Everywhere, in all times, among all peoples, possession of land is the base of aristocracy, the foundation of great fortunes, the source of power. As the Brahmins said, ages ago:

“To whomsoever the soil at any time belongs, to him belong the fruits of it. White parasols and elephants mad with pride are the flowers of a grant of land.”