

**Sixth Part:**  
**The Remedy**

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**Chapter 24**  
**Ineffective Remedies**

OUR CONCLUSIONS point to a solution. It is so radical that it will not be considered if we believe less' drastic measures might work. Yet it is so simple that its effectiveness will be discounted until more elaborate measures are evaluated. Let us review current proposals to relieve social distress. For convenience, we may group them into six categories:

1. More efficient government
2. Better education and work habits
3. Unions or associations
4. Cooperation
5. Government regulation
6. Redistribution of land

*1. More efficient government*

Social distress is largely attributed to the immense burdens of government: huge debts, military establishments, and general extravagance (which is especially characteristic of large cities). We must also include the robbery of protective tariffs, which take a dollar or more out of the

pockets of consumers for every quarter they put in the treasury.

The connection between these immense sums, taken from the people, and the privations of the lower classes seems obvious. From a superficial viewpoint, we might naturally suppose that reducing this enormous burden would make it easier for the poor to make a living. However, considering the economic principles we have identified, we can see that this would not be the effect.

Reducing taxes taken from production would be equivalent to increasing productivity. It would, in effect, add to the productive power of labor—just as increasing population and technological improvements do. As it does in those cases, any advantage would go to landlords in higher rents. The great advances of power and machinery have not alleviated poverty—they have only increased rent. And so would this.

I will not dispute that if these things could be done suddenly, without the destruction of a revolution, there might be a temporary improvement in the condition of the lowest classes. Unfortunately, such reform is clearly impossible. Yet even if it were possible, any temporary improvement would ultimately be swallowed up by increased land values. Ultimately, the condition of those who live by their labor would not be improved.

A dim consciousness of this is beginning to pervade the masses, and it constitutes a grave political difficulty closing in around the American republic. Those with nothing but their labor care little about the extravagance of government. Many—especially in the cities—are disposed to look upon it as a good thing, “furnishing employment” and “putting money in circulation.”

“Boss Tweed”\* robbed New York as a guerrilla chief might a captured town. He was one of the new banditti grasping control of government in all our cities. His thievery was notorious, his spoils blazoned in big diamonds and lavish personal expenditure. Yet he was undoubtedly popular with a majority of the voters.

Let me be clearly understood. I am not saying economy in government is not desirable. I am simply saying that reducing the cost of government will have no direct effect on eliminating poverty or increasing wages—*as long as land is monopolized.*

Nonetheless, every effort should be made to reduce useless expenditures. The more complex and extravagant government becomes, the more it becomes a power distinct from, and independent of, the people. We face momentous problems, yet the most important questions of government are barely considered. The average American voter has prejudices, party feelings, and general notions of a certain kind. But he or she gives as much thought to the fundamental questions of government as a streetcar horse gives to the profits of the line. Were this not the case, so many hoary abuses could not have survived, nor so many new ones been added.

Anything that tends to make government simple and inexpensive tends to put it under control of the people. But no reduction in the expenses of government can, of itself, cure or mitigate the evils arising from a constant tendency toward unequal distribution of wealth.

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\* William Marcy Tweed (1823-1878), political leader of the infamous Tammany Hall, an organization that stole millions from the citizens of New York City. Tweed held several public offices, and died in prison.

## 2. *Better education and work habits*

Many believe that poverty is due to lack of industry, frugality, and intelligence. This soothes any sense of responsibility and flatters by its suggestion of superiority. They attribute their better circumstances to superior industry and superior intelligence—to say nothing of a superior lack of conscience, which is often the determining quality of a millionaire.

Yet anyone who has grasped the laws determining the distribution of wealth, which we discovered in previous chapters, will see the mistake. It is true that any one of several competitors may win a race, but it is impossible that every one can.

This being the case, industry, skill, frugality, and intelligence can help the individual only in so far as they are superior to the general level. Just as in a race, speed benefits a runner only if it exceeds that of the competitors. If one person works harder or with superior skill or intelligence than ordinary people, that person will get ahead. But if the average is brought up to this higher point, the extra effort will bring only average wages. To get ahead, one must then work harder still.

For once land acquires value, wages do not depend upon the real earnings or product of labor—they depend on what is left after rent is taken out. When all land is monopolized, rent will drive wages down to the point at which the poorest class will consent to live and reproduce.

Life might be more comfortable for many poor families if they were taught to prepare cheap dishes. But if the working class generally came to live like that, wages would ultimately fall proportionally. If American workers came down to the Chinese standard of living, they

would ultimately come down to the Chinese standard of wages. The potato was introduced into Ireland to improve the condition of the poor by lowering their cost of living. The actual result was to raise rents and lower wages. When the potato blight came, the population had already reduced its standard of comfort so low that the next step was starvation.

So if one individual works longer, that one may earn more. But the wages of all cannot be increased this way. It is well-known that occupations with longer hours do not have higher wages. In fact, the longer the working day, the more helpless the laborer generally becomes. Likewise, in industries where it has become common for a wife and children to supplement earnings, the wages of a whole family rarely exceed that of an individual in other occupations. Bohemian cigar makers of New York employ men, women, and children in their tenements. They have thus reduced wages to less than the Chinese were getting in San Francisco.

These general facts are well known, and are fully recognized in standard economics texts. However, they are explained away by the Malthusian theory of the supposed tendency of population to multiply to the limit of subsistence. The true explanation, as I have sufficiently shown, is in the tendency of rent to reduce wages.

As to the effects of education, it may be especially worthwhile to say a few words, for there is a prevailing tendency to attribute some magical influence to it. College graduates often think no better, and sometimes not as well, as those who have never been to college. Be this as it may, education can operate on wages only by increasing the effective power of labor. (At least until it enables the

masses to discover and remove the true cause of unequal distribution of wealth.)

Education, therefore, has the same effect as increased skill or industry. It can raise the wages of an individual only in so far as it renders one superior to others. When reading and writing were rare accomplishments, a clerk commanded high wages. Now that they are nearly universal, they give no advantage. The Chinese are virtually all literate; yet wages in China are the lowest possible.

The diffusion of intelligence cannot raise wages generally, nor in any way improve the condition of the lowest class. One senator called them the "mudsills" of society: those who must rest on the soil, no matter how high the superstructure is built. The only hope of education is that it may make people discontented with a state that condemns producers to a life of toil while non-producers loll in luxury.

No increase in the power of labor can increase general wages—*so long as rent swallows up all the gain*. This is not merely a deduction from principles; it is a fact proven by experience. The growth of knowledge and the progress of invention have multiplied the effective power of labor over and over again without increasing wages.

It is true that greater prudence and higher intelligence are associated with better material conditions. But this is the effect, not the cause. Wherever conditions have improved, improvement in personal qualities has followed. Wherever conditions have worsened, these qualities have decayed. Yet, nowhere do we find that increased industry, skill, prudence, or intelligence have improved conditions among those condemned to toil for a bare living.

Qualities that raise people above animals are superimposed on those they share with animals. Only when we

are relieved from the wants of our animal nature can our intellectual and moral nature grow. Condemn people to drudgery for the necessities of an animal existence, and they will do only what they are forced to do.

Improvements may not show immediately. Increased wages may first be taken out in idleness and dissipation. But ultimately they will bring industry, skill, intelligence, and thrift. If we compare different countries, or different classes in the same country, or different periods for the same people, we find an invariable result: personal qualities appear as material conditions are improved.

To make people industrious, prudent, skillful, and intelligent, they must be relieved from want. If you would have a slave show the virtues of a free person, you must first make the slave free.

### 3. *Unions or associations*

The laws of distribution show that combinations of workers actually can advance wages—and not at the expense of other workers, as is sometimes claimed; nor at the expense of capital, as is generally believed. Ultimately, it is at the expense of rent. The misconceptions arise from the erroneous idea that wages are drawn from capital.

Unions have secured higher wages in particular trades without lowering wages in other trades or reducing the rate of profits. Wages affect an employer in comparison to other employers. The first employer who succeeds in reducing wages gains an advantage; the first compelled to pay more is put at a disadvantage. But the differential ends when the competitors are also included in the change. Any gain or loss is purely relative, and disappears when the whole community is considered.

If the change in wages creates a change in relative

demand, then capital fixed in machinery, buildings, or other things may become more (or less) profitable. But a new equilibrium is soon reached. If there is too little capital in a certain form, the tendency to assume that form soon brings it up to the required amount. If there is too much, reduced production soon restores the level.

A change in wages in any particular occupation may cause a change in the relative demand for labor—but it cannot produce a change in total demand. Suppose a union raises wages in a particular industry in one country. Meanwhile, wages go down in the same industry in another country. If the change is great enough, part of the demand in the first country will now be supplied by imports from the second. Higher imports of one kind cause a corresponding decrease in imports of other kinds, or else a corresponding increase in exports. For one country can obtain the products of another country only by exchanging the products of its own labor and capital.

If all wages in any particular country were doubled, that country would continue to export and import the same things, and in the same proportions. Exchange is determined by the relative, not the absolute, cost of production. If wages in some industries doubled while others increased less, there would be a change in the proportion of the various things imported. Still, there would be no change in the proportion between exports and imports.

Therefore, most of the objections to trade unions are groundless. Their success cannot reduce other wages, nor decrease the profits of capital, nor injure national prosperity. Nevertheless, the difficulties confronting effective combinations of workers are so great that the good they can accomplish is limited. In addition, there are inherent dis-



advantages in the process. All any union has done is to raise wages in a particular occupation. This is a task that grows in difficulty. As wages of any particular kind rise above the normal level of other wages, there is a strong tendency to bring them back.

For instance, say a union can raise wages for typesetters by ten percent. Immediately, relative supply and demand are affected. On the one hand, there will be less demand for typesetting. On the other, higher wages will tend to increase the number of typesetters. This occurs in ways even the strongest combination cannot prevent. If the increase were twenty percent, these tendencies would be stronger still.

As a practical matter, unions can do relatively little to raise wages, even when supporting each other. They do not affect the lower strata of unorganized laborers, who need help the most. And those wages ultimately determine all above them. The effective approach would be by a general combination including workers of all kinds. Unfortunately, such a combination is practically impossible. The difficulties of combination are hard enough in the smallest and most highly paid trades. They become greater as we go down the industrial scale.

The only method unions have, the strike, is a struggle of endurance. And do not forget who is really pitted against whom. It is not labor against capital; it is labor on one side, and landowners on the other. For wages cannot increase unless rent decreases. But landowners can sit and wait. While landowners are inconvenienced, capital is destroyed, and laborers starve.

Land is absolutely necessary for production. It is certain to increase in value in all growing countries. These

facts alone produce among landowners—without any formal alliance—the same effect that the most rigorous federation of workers or capitalists would. The struggle of endurance involved in a strike is really what it has often been compared to: war. Like all war, it reduces wealth. Like war, the organization for a strike must be tyrannical. Those who would fight for freedom give up their personal freedom on entering the army. They become a mere cog in a great machine. So it must be with workers who organize for a strike. Unions are, therefore, necessarily destructive of the very things that workers seek to gain through them: wealth and freedom.

#### 4. *Cooperation*

It has become the fashion to preach cooperation as a remedy for the grievances of the working class. Since these evils do not arise from any conflict between labor and capital, cooperation cannot raise wages nor relieve poverty.

Two kinds of proposals have been made: cooperation in supply and cooperation in production. Cooperation in supply is simply a device to save labor and eliminate risk. No matter how many middlemen it eliminates, it only reduces the cost of exchange. Its effect upon distribution is the same as improvements and inventions. These have wonderfully facilitated trade in modern times—yet the effect is only to increase rent.

Cooperation in production is simply the substitution of proportional wages for fixed wages. There are occasional instances of this in almost all occupations. Sometimes management is left to the workers, and the capitalist only takes a fixed proportion of net production. All that is claimed for cooperation in production is that it makes the worker more active and industrious. In other words, it in-

creases the efficiency of labor. Its effect, therefore, is in the same direction as other forms of material progress. It can produce only the same result—higher rent.

It is striking proof of how basic principles are ignored that cooperation is proposed as a means of raising wages and relieving poverty. It can have no such general tendency. Imagine that cooperation of supply and cooperation of production replaced present methods. Cooperative stores connect producer and consumer with a minimum of expense. Cooperative factories, farms, and mines abolish capitalist employers who pay fixed wages.

All this greatly increases the efficiency of labor. What of it? It becomes possible to produce the same amount of wealth with less labor. Consequently, owners of land—the source of all wealth—could command a greater amount for the use of their land. This is not just theory; it is proven by facts. Experience has shown that improvements in the methods and machinery of production and exchange have no tendency to improve the condition of the lowest class. Wages are lower and poverty is deeper where trade goes on at the least cost, and where production has the best technology. The advantage only adds to rent.

But what if there were cooperation between producers and landowners? That would simply amount to the payment of rent in kind. Call it cooperation, if you choose, but the terms would still be fixed by the laws that determine rent. Wherever land is monopolized, any increase in productive power simply gives landowners the power to demand a larger share.

Nonetheless, in many instances where it has been tried, it seems that cooperation has noticeably improved the condition of those immediately engaged in it. This is

due to the fact that these cases are isolated. Industry or skill may improve the condition of those who possess them in superior degree. When these improvements become widespread, however, they cease to have the same effect. Likewise, one may benefit from a special advantage in procuring supplies or a special efficiency given to some labor. But these benefits would be lost as soon as the improvements became so prevalent as to affect the general relationships of distribution.

Increased productive power does not add to the reward of labor. This is not because of competition, but because competition is one-sided. There can be no production without land—and land is monopolized. Producers must compete for its use, and this forces wages to a minimum. It gives all the advantage of increasing productive power to landowners—in higher rents and increased land values. Destroy this monopoly, and competition would accomplish what cooperation attempts: giving everyone what they fairly earn. Destroy this monopoly, and industry must become the cooperation of equals.

#### *5. Government Regulation*

Space will not permit a detailed examination of proposals to alleviate poverty by government regulation of industry and accumulation. In their most comprehensive forms, we generally call these methods socialism. Nor is analysis necessary, for the same defects apply to all of them. They substitute governmental control for the freedom of individual action. They attempt to secure by restraint what can better be secured by freedom. We should not resort to them if we can achieve the same ends any other way.

For instance, a graduated income tax aims to mitigate the immense concentration of wealth. The end is good;

but look at the means required. It employs a large number of officials with inquisitorial powers. There are temptations to bribery, perjury, and all other means of evasion, which beget a demoralization of opinion. It puts a premium upon unscrupulousness and a tax upon conscience. Finally, in proportion to accomplishing its effect, it weakens the incentive to accumulate wealth, one of the driving forces of industrial progress.

If these elaborate schemes for regulating everything and finding a place for everybody could be carried out, we would have a state of society resembling that of ancient Peru. Modern society cannot successfully attempt socialism in anything approaching such a form. The only force that has ever proved effective for it, a strong religious faith, grows fainter every day. We have passed out of the socialism of the tribal state. We cannot enter it again, except by retrogression that would involve anarchy and perhaps barbarism.

The ideal of socialism is grand and noble. I am convinced it is possible to achieve. But such a state of society cannot be manufactured—it must grow. Society is an organism, not a machine. It can live only by the individual life of its parts. In the free and natural development of all its parts, the harmony of the whole will be secured. All that is necessary is “Land and Liberty.”\*

#### 6. *Redistribution of Land*

Many suspect that possession of land is somehow connected with our social problems. Most propositions look toward a more general division of land. Some seek to restrict the size of individual holdings. Grants to assist in the settlement of public lands have even been sug-

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\* Motto of Russian revolutionaries, called Nihilists, in 1878.

gested. Such measures would merely allow ownership of land to more quickly assume the form to which it tends.

Ownership in Great Britain and the United States has been steadily concentrating. While statistical tables are sometimes quoted to show a decrease in the average size of holdings, ownership of land may still be concentrating.

As land passes to more intense use, the size of holdings tends to diminish. A stock range becomes a large farm, a small farm becomes a vegetable garden, a patch of land too small for even this makes a large property in the city. Thus, growing population naturally reduces the size of holdings by putting lands to higher or more intense uses. This process is very conspicuous in new countries. Average holdings of one acre in a city may show a much greater concentration of ownership than average holdings of 640 acres in a new township.

I refer to this to show the fallacy of assertions that land monopoly is an evil that will cure itself. On the contrary, it is obvious that the proportion of landowners to the whole population is constantly decreasing.

We clearly see a strong tendency toward concentration in agriculture. Small farms are being combined into larger ones. Only a few years ago, 320 acres would have made a large farm anywhere. In California there are now farms up to sixty thousand acres, while Dakota farms embrace a hundred thousand acres.

The reason is obvious. The use of machinery causes a general tendency towards large-scale production. Agriculture is beginning to exhibit the same trend that replaced independent hand weavers with factories. Therefore, any measure that merely allows a greater subdivision of land would be ineffective. Further, any measure to force it would

reduce productivity. If land can be cultivated more cheaply in large parcels, restricting ownership to small ones will reduce the aggregate production of wealth.

Therefore, any effort to achieve a fairer division of wealth by such restrictions is subject to the drawback that it lessens the amount to be divided. It would be like the story of the monkey dividing cheese between cats, who equalized matters by taking a bite off the biggest piece. A further and fatal objection is that restriction will not secure the only end worth aiming at: a fair division. It will not reduce rent. Therefore it cannot increase wages. It may make the comfortable classes larger, but it will not improve the condition of the lowest class. Thus, subdivision of land does nothing to cure the evils of land monopoly. It may even discourage adoption of more sweeping measures. It strengthens the existing system by interesting a larger number of people in its maintenance.

Let us abandon all attempts to eliminate land monopoly by restricting ownership. An equal distribution of land is impossible. Yet anything short of that would be only a relief, not a cure. Indeed, it would be a relief that would prevent the adoption of a cure.

Nor is any remedy worth considering that does not flow with the natural direction of social development. There can be no mistaking that concentration is the order of development. The concentration of people in large cities, of handicrafts in large factories, of transportation by railroad and steamship lines, and of agricultural operations in large fields, all affirm this. To successfully resist this trend we would have to banish steam and electricity from human service.