

American Utopian Reformer:

From:

American Political Thought

By

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HENRY GEORGE

The prevailing political and economic theory in America in the post-Civil War period was Manchester liberalism, modified by the acceptance of social Darwinism, interpreted and expounded by academicians, such as Sumner, and writers with university training, such as E.L. Godkin. Henry George (1839-1897) lacked this formal academic training, and it is possible that the originality of his insight into economic and social problems was partly due to his education having been undertaken outside the received and respected categories of thought. His insight into the relation of progress and poverty was the result of personal observation, after much travel and experience, rather than reading. Born in Philadelphia in 1839, the second of ten children, he had no more than ten years of schooling before he went to work at a seemingly endless variety of occupations. In the space of three years he sailed before the mast to Australia, to India, to Boston; then for a time he served as a typesetter in Philadelphia; next to sea again via the Straits of Magellan to Oregon; gold-placing in Canada followed; finally he settled down at twenty-one years of age to typographical work in San Francisco. In the course of his travels he read promiscuously but observed much. It was when he settled in San Francisco, however, that he undertook in earnest to educate himself through disciplined study.

As a young man George had experienced unemployment and a rather incoherent sense of dissatisfaction with the existing economic arrangements. This dissatisfaction, indeed general restlessness, was coupled with a tinge of missionary zeal to right existing wrongs, to bring a little more of the perfect into the present. Some indication of the turn of his thoughts is found in his youthful letters from San Francisco to a sister in Philadelphia. "What a constant reaching this life is, a constant stretching forth, and a longing after something...and so it will be until we reach the perfect...."¹ This reaching outward is further expressed as he observed:

How I long for the Golden Age, for the promised Millennium, when each one will be free to follow his best and noblest impulses, unfettered by the restrictions and necessities which our present state of society imposes upon him; when the poorest and the meanest will have a chance to use all his God-given faculties and not be

1 Quoted in George Raymond Geiger, *The Philosophy of Henry George* (New York: The Macmillan Co., 1933), p.33

*forced to drudge away the best part of his time in order to supply wants but little above those of the animal....*²

As George became more aware of the pervasiveness of squalor and poverty, whether in backward India or advanced New York, in old Philadelphia or New San Francisco, his thoughts turned increasingly to the causes and possible cures of this basic social ill. His own experiences in attempting to raise a family on a precarious income undoubtedly intensified his desire for a solution to the problem of poverty.³

By 1868 George, now doing occasional writing for the local periodicals, had come to the conclusion that material progress did not guarantee prosperity. This was the beginning of his basic insight into the nature of poverty. For instead of assuming that with an increase in population, in capital, in business enterprise, in all the material evidences of a progressing culture would come a greater prosperity for all, George reasoned that without a basic change in the distribution of wealth the increased production of wealth would be but a mixed blessing. Writing on "What the Railroad Will Bring Us" (1868), in the anticipation of the completion of the transcontinental railroad linking the frontier West with the urban East, George argued,

*The truth is, that the completion of the railroad and the consequent great increase of business and population, will not be a benefit to all of us, but only to a portion.... Those who have, it will make wealthier; for those who have not it will make it more difficult to get....*⁴

Already George had discovered the impact of advancing civilization upon the land values and business generally. With the coming of the railroad and the increase in population, it would take more capital to buy land or go into business. Yet, at the same time, the increase in population would increase the competition in the labor market, which would tend to drive wages down. As a result, venture capital would be harder for the laborer to acquire at the very time that the land and business prices were tending to rise. Thus those who "had" could enjoy the rise in values, while those who "had not" would find it more difficult to improve their positions. Here was the kernel of George's basic idea that material progress did not alleviate poverty.

A year or so after he had arrived at his basic idea as to the inability of progress to do away with poverty, George was riding through the California countryside at a point where a land boom was taking place. He had been to this place before the speculative boom had materially affected land prices. Now he was startled by the change that had occurred in land values. Later, reconstructing this experience, George noted:

Like a flash it came upon me that here was the reason of advancing poverty with advancing wealth. With the growth of population, land grows in value, and the

2 Ibid., pp. 33-34

3 Once he was reduced to such financial straits that he later recounted: "I walked along the street and made up my mind to get money from the first man whose appearance might indicate that he had it to give. I stopped a man-a stranger-and told him I wanted \$5. He asked what I wanted it for. I told him that my wife was confined and that I had nothing to give her to eat. He gave me the money. If he had not, I think I was desperate enough to have killed him." Geiger, op. cit., p. 36.

4 Geiger, op. cit., p. 40.

*men who work it must pay more for the privilege. I turned back amidst quiet thought, to the perception that then came to me and has been with me ever since.*⁵

Possessed of this insight George turned in earnest to a study of political economy to understand why such a condition should be. And with consummate zeal he turned to political participation, lecturing, and publishing to point up this condition and its possible remedies. Again and again in lectures and in newspaper articles he emphasized the problem of poverty in modern society, its full social implications, and its relationship to land values. While others talked of individualism and the survival of the fittest, George attacked a social system that would push the weak and helpless to the wall. In 1871 he brought out a pamphlet which brought together his ideas at that time on the land question. It was entitled *Our Land and Land Policy, National and State*. Here he pointed up the desirability of a tax on the unearned increment of land as a mean of bringing to society the benefits of a social product whose value was created by society itself. Here he first elaborated on his idea that land, like air, was intended for all mankind to enjoy and could not rightfully be monopolized for the benefit of the few. And here he developed his idea of the relationship of land and labor, of rent to wages.

*The value of land and the value of labour must bear 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.... The value of land is the power which its ownership gives to appropriate the product labour, and so a sequence, where rents (the share of the land-owner) are high, wages (the share of the labourer) are low.... The higher land and 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.*⁶

Even as George developed and reiterated this basic theme, this economic theory, his fundamental concern was with the ethical problem of eliminating or at least alleviating poverty because of its degenerating effect upon society. To a large degree the success of Henry George rested not merely upon his economic ideas but upon his larger views of social organization, and the place and rights of the individual. He combined in effect an understanding of what he considered to be the way in which society was organized—the personal motivations involved—with a belief in a value concept of how society ought to be. He wrote in causative terms within a clear and discernible framework of normative ideas. As a political campaigner as well as a writer, he insisted upon associating political, economic, and social questions. For instance, while campaigning for Tilden in 1876 he declared:

Food, raiment and lodging are essential not merely to animal existence but to mental development, to moral growth, to the life of the affections. Personal independence, the ability to get a living without trembling in fear of any man, is the basis of all manly virtues. Ignorance is the companion of poverty; want is the

⁵ Ibid., pp. 42-43

⁶ Quoted in Henry George, Jr., *Life of Henry George* (Toronto: The Poole Publishing Co., 1900), pp. 222-223

parent of crime. These are the grand questions...yet these are the questions to which we have been paying the least attention.

George looked far beyond subsistence living to the good life, for it was his contention that mere subsistence living, inevitably accompanied by anxiety and insecurity, denied a man his true sense of humanity, which indeed separated man from beasts.

Although George did not begin the writing of *Progress and Poverty* until 1877, the basic fabric of the work had already been developed and expressed by him in his various speeches and articles. He felt, however, the urge to appeal to a wider audience and to state his argument in as systematic a fashion as possible, and with a full awareness of orthodox thinking in political economy. He therefore set about a systematic presentation of the subject, tediously studying and countering conventional political economy where it interfered with the noble purpose he endeavored to achieve. The resulting work was far more than a treatise on political economy, even though it has surpassed in sales any other work in that field; it was a glowing work in the humanitarian tradition.

PROGRESS AND POVERTY

P*rogress and Poverty, an Inquiry into the Cause of Industrial Depressions and of Increase of Want with Increase of Wealth, the Remedy* (1879) was the imposing title of Henry George's ambitious work. The nature of his inquiry, timely in the nineteenth century, had not entirely lost its appeal some three quarters of a century later, for George stated what appears to be a perennial problem in social organization. His initial statement of this inquiry is indeed suggestive: In the nineteenth century, a century of progress, in which steam replaced sail and supplanted human labor in factories, in which the railroad replaced the wagon, in which the extraordinary energies released by modern science had removed so much of the drudgery from human labor, might not an observer from an earlier age expect something akin to utopia in mankind's condition of living? Yet utopia was as far away in the nineteenth century as it had been a century earlier.

From all parts of the civilized world come complaints of industrial depression; of labor condemned to involuntary idleness; of capital massed and wasting; of pecuniary distress among business men; of want and suffering and anxiety among the working classes.

Material progress under existing social organization clearly did not eradicate depressions, want, anxiety, and suffering. Indeed, with civilization, with progress, came poverty as an unfortunate by-product. If San Francisco in the late nineteenth century was less subject to acute poverty than New York, it was only because it was less civilized, had less of progress to boast of. "When San Francisco reaches the point where New York now is, who can doubt that there will also be ragged and barefooted children on her streets?" Thus George posed as the "great enigma" of the times the association of progress and poverty.

While George dealt with this enigma in numerous subsequent publications, it was in *Progress and Poverty* that he first formulated the broad social philosophy for which he became famous. This book was indeed his major work, comprehending in its scope

economic, political and social theory, and throughout his life he remained faithful to the ideas expounded in it. Thus to understand Henry George's thought it is necessary to comprehend in some detail the depth and scope of *Progress and Poverty*. Such comprehension requires in turn some familiarity with the prevailing economic theory at the time of George's writing.

In his inquiry into the association of progress and poverty, George was himself led into an examination of existing economic theory and its inner assumptions. For under conventional theory this lamentable condition was inevitable and therefore could not be altered. It was George's argument that poverty and depression were not inevitable and that they could be eradicated by thoughtful changes in the organization of society. Thus George struck at some of the central assumptions of existing social theory. To do this he felt it necessary to rewrite economic theory.

Under existing theory there were two main lines of argument which served as explanations for the inevitability of poverty: the wages-fund theory, and Malthus' theory of population. Either of these theories condemned the masses of mankind to a subsistence level of existence; taken together they served as an apparently insurmountable barrier to any well-intentioned effort to improve the living conditions of labor. Under classical economics, wages were fixed by ratio between the amount of capital set aside for the payment of labor and the number of workers seeking employment. That is, it was assumed that an employer set aside, or advanced, a fixed fund to be applied as wages of labor; workers, competing for employment were paid out of this fund. Since the competition for employment was assumed, under normal conditions, to be rather intense, the share or wages each worker would receive would inevitably tend downward to the subsistence level.

Thus, under the wages-fund theory, the competition of workers for employment would cause wages to hover close to the subsistence level, or that maximum of poverty in which a man might still be able to live. Accepting the basic features of this theory of wages, the Manchester liberals decried artificial efforts to raise wages through trade unionism or minimum wage laws. For the amount which went into the wages-fund was necessarily fixed by the money market while the number of workers who sought employment was determined by the existing labor supply. To the Manchester liberal, nothing short of a genuine scarcity of labor could effect a rise in wages without upsetting the entire economic system. There was thus no salvation for labor, no hope for more than a subsistence level of wages, and poverty was assumed to be a necessary fact of economic life.

The Malthusian theory of population was equally grim in its condemnation of the masses of labor to poverty. "For poverty, want, and starvation are by this theory not chargeable either to individual greed or to social maladjustments; they are the inevitable results of universal laws, with which, if it were not impious, it were as hopeless to quarrel as with the law of gravitation." Malthus' "Essay on Population" held, in effect, that the constant tendency of population to increase, unless held in check by war, disease or prudence, would inevitably cause it to press against the limits of the food supply, making food more difficult to procure and causing famine to set the outer limits to the increase of population. Assuming that population increased at a geometrical ratio and food supply only at an arithmetical ratio, poverty and famine were inevitable and were nature's check upon the growth of population. This theory, basically

accepted in America and strongly fortified by the survival-of-the-fittest doctrine which was built upon it, made efforts to alleviate the distress of the poor not only futile but imprudent. Some inevitably had to starve and many had to barely manage to survive in order to keep population growth within bounds.

The wages-fund theory and the Malthusian theory of population being the two major obstacles to any reasoned effort to eradicate poverty, George in his argument devoted Books I and II of His *Progress and Poverty* to their attack. Essentially George's refutation of the wages-fund theory consisted of his argument that wages are not derived from advanced capital, but are payment for work already performed. That is, he maintained that wages are not drawn from capital, but "drawn from the product of the labor for which they are paid." Labor, in other words, created a product of value and it was from this product that wages were paid. "Production is always the mother of wages. Without production, wages would not and could not be. It is from the produce of labor, not from the advances of capital, that wages come." As a result, he argued, the fixed limits of wages under existing theory were invalid, for wages were not dependent upon a static capital-labor relationship, but were payments deriving from the dynamics of production in which there were no foreseeable limits.

In his attack upon the pessimistic expectations of Malthus, George countered essentially with the argument that poverty and increasing population were not necessarily related at all; that indeed the fundamental enigma was that poverty came with an advance in productive power, though Malthus had attributed it to a decrease in productive power. With every mouth, argued George, came two hands able to provide more goods in any accelerating and progressive society. Indeed, he argued, the greater the population, under an equitable distribution of wealth, the greater the comfort each might enjoy.

I assert that in any given state of civilization a greater number of people can collectively be better provided for than a smaller. I assert that the injustice of society, not the niggardliness of nature, is the cause of the want and misery which the current theory attributes to over-population.

The attack George made upon the wages-fund theory and the conclusions of Malthus were only preliminary discussions to the advancement of his own thesis. If continued poverty was not related either to the prevailing theories of wages and population growth how did one account for its existence? Furthermore, how might one draw up a theory of economics which would explain the current existence of poverty on the one hand, but on the other would clearly indicate the path of reform which would lead to its eradication? In answering these questions, George was led into a major undertaking: the reconstruction of economic and social theory.

Under accepted economic theory there were three major factors involved in production: land, labor, and capital. Each received rewards for, or returns on, production. Thus land received rent, labor received wages, and capital received interest. However, under classical doctrine, the laws governing the distribution of returns or rewards for production were not directly interrelated or synthesized. Thus in classical theory rent was determined by the margin of cultivation of a given piece of land as compared with the poorest land in use. In other words, given an equal application of labor and capital to land, the difference between the produce of one piece of land and the produce of

the poorest land in cultivation was the amount which went to the landowner in the form of rent. This was the law of rent formulated by Ricardo. Labor, under the laws of classical economics, received wages which were determined by the ratio between the fund of capital set aside to pay wages and the number of laborers seeking employment. Finally, interest under the prevailing theory was determined by the equation between the demands of the borrowers and the supply of the capital made available by lenders. Such was the classical economic theory of the laws of distribution. It should be observed, however, that these laws had no unifying principle; that is, they were separate unrelated laws. The law of rent, for example, was independent of the law of interest.

Having recapitulated these basic laws, George set out to modify them and bring them into an interdependent relationship. His starting place, and the key to his system, was Ricardian law of rent.

"The rent of land," George wrote, following Ricardo, "is determined by the excess of its produce over that which the same application can secure from the least productive land in use." This concept of rent George applied to all land in use, rather than merely to agricultural land as had Ricardo. Thus, George argued, that return for production which is greater than that which an application of labor and capital could have received for themselves from the poorest land in use will go to the landowner in the form of rent. While this reasoning had always been present in economic theory, George's emphasis, together with his modification of the law of wages, gave it a new importance and turned it in a new direction. In classical theory it was mildly suggested that the owner of land who contributed neither capital nor labor to its improvement received a reward greater than was commensurate with his efforts. For classical theory was concerned primarily with the rewards due to the capitalist, the entrepreneur, who was engaged in manufacturing and trade and risked capital available for productive or exchange use, rather than land. In his writings of Malthus, as well as Ricardo, the landowner contributed least to the productive process and the rewards he received were at the expense of labor and capital. It was this line of reasoning George developed and emphasized to the point where the landowner was a highwayman who deprived, unjustifiably, the laborer and the capitalist from the full returns for their efforts.

Labor and capital, George argued, are instruments of production, for they require use to bring about benefits. Land has use only as labor and capital are applied to it. Thus the rewards in the distribution process for labor expended or capital invested are socially desirable, while rent is the tribute paid for the mere permission of labor and capital to produce. If this theory was sound, George reasoned, then the laws of rent, wages, and interest were directly related and dependent, for the laws of wages and interest were dependent on the law of rent. Putting this argument in another form, George held that land, in all its forms, was the basic factor in production; there could be no production without land. Since, however, landownership brought as rent the margin between the cultivation possibilities of a given piece of land compared to the poorest land in use, the basic return to labor and capital would always approximate that return that would come from cultivation of the poorest land. In other words, labor and capital could expect as their share in the distributive process only that amount which they would receive if they were applied to the poorest land in cultivation, for substantially the difference in return between good land and poor land would go to the landowner as rent. The surplus increment of good land over poor land was the tribute extorted by the landowner. Thus George's explanation of the economic laws found that

under the existing system, labor and capital could receive in effect only that return which would come from an application of their productive powers to poorest land in cultivation. Putting his theory into a simple formula, he wrote:

$$\text{As Produce} = \text{Rent} + \text{Wages} + \text{Interest}$$

$$\text{Therefore, Produce} - \text{Rent} = \text{Wages} + \text{Interest}$$

Land was the first essential of production. Land, however, is of limited supply and faced with an increasing demand. After land came labor, for to George, it was labor applied to land that created capital. Capital, created by labor, assisted labor in the further production. There was therefore no antagonism between labor and capital; the real conflict was between the landowner on one side and labor and capital on the other. Thus, by reconstructing economic theory, George was able to explain why poverty continued in spite of increased productivity. "If, with an increase of production the laborer gets no more and the capitalist no more, it is a necessary inference that the landowner reaps the whole gain." Rent, wages and interest were each related to the margin of cultivation of land. However, as poor lands were forced into cultivation, the margin between good land and poor land increased and rents rose accordingly. But as rents increased, wages and interest were forced down. As material progress increased, poorer land was brought into cultivation and accordingly rents increased while wages and interest declined.

The increase of rent explains why wages and interest do not increase. The cause which gives to the land-holder is the cause which denies to the laborer and capitalist. That wages and interest are higher in new than in old countries is not, as the standard economists say, because nature makes a greater return to the application of labor and capital, but because land is cheaper, and, therefore, as a smaller proportion of the return is taken by rent, labor and capital can keep for their share a larger proportion of what nature does return. It is not the total produce, but the net produce, after rent has been taken from it, that determines what can be divided as wages and interest. Hence, the rate of wages and interest is everywhere fixed, not so much by the productiveness of labor as by the value of land. Wherever the value of land is relatively low, wages and interest are relatively high; wherever land is relatively high, wages and interest are relatively low.

Having thus separated out rent as the factor which tended to hold wages and interest to a minimum, George turned to an examination of why rent tended to increase along with material progress. Here George departed from a strictly economic approach to consider the broader social impact of advancing civilization on land values. An increase in population, one of the tangible factors in material progress, caused land values to rise as an increase in population brought poorer land into cultivation. Still the increased population, rather than pressing against the subsistence margin of cultivation as Malthus suggested, actually increased the productive power of the community so as to maximize the variations in land productivity. However, under his theory of rent, the increased benefits from this increased productivity would rebound to the advantage of the landowner.

Furthermore, and this was one of the most important of George's insights, a community simply by its presence created value. For with a community came improvements in the arts of production and exchange, as well as knowledge, education, government, morals. It was these social values which made "poor" land in the city infinitely more valuable than "rich" land in the frontier forest. It was the presence of communities, of society, which gave value to land. For land increased in value with an increase in the community. Society, in other words, created land value; land value was thus a measure of progress and civilization. Therefore, even without an increase in population, land would increase in value when a community advanced in its scientific and cultural ideas and institutions. The rise in land values was thus the measure of the community's improvement either in population, productive power or art. Finally, given the above factors, rent increased, due to the speculation of the landowners that the community would advance and land would become more valuable in the future. It was indeed the speculative advance in land values which decreased the earning power of labor and capital and ultimately brought on economic depressions.

Thus did Henry George develop his explanation of the association of progress with poverty. Having developed this causative theory, this explanation, the remedy was clearly indicated. If land rents absorbed the increased returns that civilization and progress brought to a community; if land value was created by society and not by the landowner; if the landowner actually contributed nothing to the production beyond merely giving for a fee permission to produce, then, George argued, poverty could never be abolished as long as land was held as a private monopoly. All proposed remedies which did not deal directly with the land question, he maintained, must ultimately fail. Land must be made free for the use of all if progress was to rid itself of poverty. "The equal right of all men to the use of land is as clear as their equal right to breathe the air - it is a right proclaimed by the fact of their existence. For we cannot suppose that some men have a right to be in this world and others no right."

To make possible the "equal right of all men to the use of land" George proposed to make the land common property, yet in such a fashion that the existing landownership system would not be radically disturbed. He did not wish to confiscate private property, nor even for the state to purchase back the land. On the contrary, he felt that private ownership of land might well continue if people liked to think of land as *their* own. "It is not necessary to confiscate land," George wrote, "it is only necessary to confiscate rent." Thus society, through taxation of rent, would take back the value increment which society had created. No new machinery of the state need be created, George argued; actually the private ownership of land would save the state the problem of administering the rental of land. "We already take some rent in taxation," he wrote; "we have only to make some changes in our modes of taxation to take it all."

So convinced was George of the economic and ethical justification of his panacea that he believed that the rent tax need be the only tax, that would supply all the revenue needs of government. By abolishing all other forms of taxation, taxes which were not only restrictions on trade but were inequitable as they lay on earned value, the community would enjoy heretofore unknown prosperity. With progress, with prosperity, land values would increase, thus increasing the government's revenue. This revenue in turn would redound to the benefit of society through the operation of governmental functions heretofore felt to be too costly or too cumbersome for governmental con-

trol. By eliminating other forms of taxation the necessary machinery of government would be greatly simplified and complete laissez faire would govern all private economic activities. Under such an economic system, George felt the distribution of wealth would be channelled into the hands of those who earned it. Labor and capital would now receive their full rewards. With progress now, all would enjoy the fruits of prosperity. There seemed to be no limits to George's glowing expectations of his panacea. By appropriating rent through taxation, he believed that his "simple yet sovereign remedy" would "raise wages, increase the earnings of capital, extirpate pauperism, abolish poverty, give remunerative employment to whoever wished it, afford free scope to human powers, lessen crime, elevate morals, taste, and intelligence, purify government and carry civilization to yet nobler heights. . . ." To George it was clear that his solution would bring about utopia.

George might have concluded his work at this point, for the basic problem was stated, his explanation of its causative nature clearly formulated, and his remedy was fully described. He felt, however, that it was necessary to develop a law of human progress to indicate that his solution was fully in accord with it. The current theory of progress was associated with Darwinism, with competition between individuals and races and nations. From this competition it was asserted that the fittest survived and civilization moved forward another step in its evolutionary path. Such a theory discounted the effects of social organization and social control as it emphasized individual variation, inequality and the competitive struggle. For George's solution to be in keeping with human progress it was evident that he would have to rewrite the law of human progress. In the last book (Book X) of *Progress and Poverty* he undertook this ambitious assignment.

First, George took issue with the automatic and inevitable theory of human progress. In an age of extraordinary scientific achievement it was not unnatural to believe that progress would automatically come about through the evolutionary improvement of the racial stock. In such a view, progress was evolutionary, automatic, and necessary. Imbued with the concept of progress as a causal necessity of his condition on earth, man need fear no serious retrogressions or declines in the course of civilization. Conflicts, distress, and strife were not indications of man's decline or falling away from the path of progress but were rather the necessary goads which brought mankind to still a higher elevation in its upward climb. Thus, George noted of the current theory of progress:

War, slavery, tyranny, superstition, famine and pestilence, the want and misery which fester in modern civilization, are the impelling causes which drive man on by eliminating poorer types and extending the higher, and hereditary transmission is the power by which advances are fixed, and past advances made the footing for new advances.

Such a view of history, George maintained, overlooked the fact that civilizations actually did decline and die, and that the key to an understanding of a civilization was the study of its social organization. The rise and fall of civilizations, not automatic progress, marked the course of history; "what has destroyed all previous civilizations has been the conditions produced by the growth of civilization itself." Indeed it was a universal rule of history that every past civilization which had been noted for its conspicuous progress had ultimately declined and fallen. Our civilization, warned

George, would follow the same dismal path unless a better understanding were had of the nature of progress and how it might be perpetuated.

George, therefore, rejecting the theory of automatic progress, focused attention on the social conditions which made progress possible. He shifted the emphasis from individual heredity to social organization in order to understand the causative forces behind progress and retrogression. Indeed, George revealed a keen understanding of the nature of social organization, of the community composed of a web of interlocking little societies with their customs, languages, tastes, and knowledge. It was in such communities that "the individual is received at birth and continues until his death. This is the matrix in which mind unfolds and from which it takes its stamp." Progress, he argued, resulted from the transmission of knowledge and culture from the reposer of the community to a new generation of individuals. But progress, like land value, represented the accumulated achievements of the community, and unless the matrix of society was properly developed, decline would take the place of progress.

Once George had developed his criticism of the existing theory of progress, he then formulated his own. The incentives to progress were the incentives characteristic of human nature itself--

The desire to gratify the wants of the animal nature, the wants of the intellectual nature, and the wants of the sympathetic nature; the desire to be, to know, and to do--desires that short of infinity can never be satisfied, as they grow by what they feed on.

This endless reaching out of man--for that which was not--required imagination and intelligence, that is, mental power. Mental power, however, might be devoted to such progressive purposes as the extension of knowledge, improved methods of activity, and social betterment. On the other hand mental power might be expended on such non-progressive purposes as maintenance and conflict. By maintenance George meant not merely physical existence but "the keeping up of the social condition and the holding of advances already gained." By conflict George meant not merely war and the preparation for war, but "all expenditure of mental power in seeking the gratification of desire at the expense of others and in resistance to such aggression." Now, George argued, where mental power was not exhausted by expenditure on non-progressive purposes, it would turn to man's progressive purposes, and progress would be achieved. But where the social organization was so deficient that mental power was exhausted in its non-progressive purposes, then in the long run, decline and decay would be the result. Where the inherent conflicts in society were reduced so that man's energies might be free to work toward improvement, then one might look for an advance in civilization. Improvement was thus possible only when the major sources of conflict were removed and men lived together in peaceful association. However, one of the major sources of conflict was inequality of rights, for George reasoned, the moral law declared that all mankind ought to possess equal rights. Inequality thus bred conflict, and conflict monopolized man's efforts in non-progressive purposes. "Thus association frees mental power for expenditure in improvement, and equality, of justice, or freedom--for the terms here signify the same thing, the recognition of the moral law--prevents the dissipation of this power in fruitless struggles."

As opposed to a competitive struggle for the survival of the fittest, George thus postulated a law of progress which was dependent upon equality rather than inequality; on cooperation rather than competition; on association rather than individualism. He posited, in other words, a law of progress in which all might not only survive but prosper.

Here is the law of progress, which will explain all diversities, all advances, all halts, and retrogressions. Men tend to progress just as they come closer together, and by co-operation with each other increase the mental power that may be devoted to improvement, but just as conflict is provoked, or association develops inequality of condition and power, this tendency to progression is lessened, checked and finally reversed.

He likened his law of progress to the exertions of men in a boat. The progress of the boat depended not so much on the exertions of the crew as on the effort expended to propel it through the water. Energy expended in bailing, in fighting among the crew, or in pulling in different directions clearly would not accelerate the forward motion of the craft for all the expenditure of power.

His law of progress formulated, George turned back to his major thesis that private monopoly in land was inequitable in itself and promoted inequality and conflict in society. The advance of society was being hindered by conflict due to the inequities of the land system. Thus, he argued that only by accepting his remedy could the conflicting and destructive element of poverty be removed from society so that progress might continue unimpeded. The association of men in society tended to bring about and perpetuate conditions of inequality which, if not checked, would eventually destroy society itself. Furthermore, without a basic condition of equality, a democratic government could not long remain a democracy, for to put political power in the hands of men degraded with poverty was to invite destruction. The new barbarians were those condemned to poverty in the city slums. However, George argued, such poverty, inequality and conflict were not the inevitable results of natural laws, but the results of an unenlightened social organization which failed to follow the moral law of equality for all. Equality in politics without an equal right to land was a shallow and meaningless form of equality.

Between democratic ideas and the aristocratic adjustments of society there is an irreconcilable conflict. We cannot go on permitting men to vote and forcing them to tramp. We cannot go on educating boys and girls in our public schools and then refusing them the right to earn an honest living. We cannot go on prating of the inalienable rights of man and then denying the inalienable right to the bounty of the Creator

Thus Henry George sent out his plea for a basic reconstruction of society, which would stimulate progress and bring about the "Golden Age." Here was his call to utopia.

That it was a utopian vision there can be no doubt, for George expected from his panacea, if properly tried, no less than human perfectibility. And, of course, such a vision invited criticism on grounds of impracticability; the simple panacea appeared to its critics too simple. To suggest that the cure for socio-economic conflict in a high-

ly interdependent economy which was rapidly becoming industrialized was to be found in a simple tax measure was obviously to leap the boundaries of the assumptions of the age. Yet the increasing emphasis upon taxation as a means of social control, from George's day to the present, may well have been fostered in part by the wide acclaim eventually given to *Progress and Poverty*.

George wrote in an age when classical economics had achieved its fullest bloom and the entrepreneur had gained ascendancy over the landlord. Like Ricardo before him, George saw a basic conflict in society between the landlord and the producing capitalist and laborer. In effect, George sought to eliminate this conflict by eliminating the landlord, as Karl Marx would eliminate the conflict between the bourgeoisie and the proletariat by eliminating the bourgeoisie. That is, the landlord would lose his place in the traditional sense and would receive a pecuniary return for his existence only as he became a capitalist or a worker. George expected that the elimination of the landlord in his traditional role would necessarily free funds which would make higher the returns of capitalist and worker. But to believe that the elimination of one competing group in the productive process would necessarily bring about a reconciliation of interests between the remaining two (capitalist and workers) required an extraordinary degree of faith, for George's argument is hardly convincing on this point. Even with the interferences of the landlord eliminated, wages were, in the final analysis, still determined by the capitalist. Thus this source of conflict continued. Finally, it may be asked, why did George limit his conception of unearned increment to land? Unearned increment, like Marx's "surplus value," is an invidious term. George attacked unearned increment as a stigma on the landlord as Marx labeled surplus value a stigma on the capitalist. George was clearly aware of the impact of society on land values; by the same reasoning, however, it was evident that society had an impact on all values, and unearned increment was not restricted to land alone. He was, however, so convinced of the rightness of his panacea that he failed to broaden his conception of unearned increment even when this matter was called to his attention.

George had some difficulty in finding a publisher for *Progress and Poverty*. Political economy had always been thought of as a forbidding subject, and George's reconstruction of the "dismal science" appeared not only controversial but downright radical. Finally, however, a publisher agreed to bring out an edition of *Progress and Poverty* if the author would assume the major expense, the cost of making the original plates. Soon thereafter George's name was known across America, and beyond, as *Progress and Poverty* went into successive editions and translations. There seems to be no doubt that no other book in political economy has equaled it in sales, now estimated at around three million copies. While George never basically altered his ideas, he continued to popularize them in successive writings- *The Irish Land Question* (1881); *Social Problems* (1883), which was his rejoinder to William Graham Sumner's *What Social Classes Owe to Each Other; Protection or Free Trade* (1886), in which he reaffirmed his faith in a governmental policy of *laissez faire* combined with a tax on land rent; *The Condition of Labor* (1892), in rebuttal to Pope Leo XIII's encyclical letter which implied criticism with a tax on land reform; *A Perplexed Philosopher* (1892) which attacked Herbert Spencer for his departure from his early position (in *Social Statics*, 1850) in favor of land nationalization. Finally, George set about what he considered to be his most ambitious work, a full and complete formulation of *The Science*

of *Political Economy*. Unfortunately, he did not live to complete this; it was edited by a son who published it in 1898.

George's fame did not rest upon his writings alone, for from his earliest days in California he had been active in politics, campaigning and lecturing for reform along the lines of his rent theory. Following the publication of *Progress and Poverty*, he went to Ireland to support the movement there for land nationalization. Altogether he made five trips to the British Isles, and he seems to have had no little influence on English politics. George Bernard Shaw and J.A. Hobson, William Morris, and H.M. Hyndman, reformers of varying political persuasions, credited George with stimulating their thinking along the lines of basic economic reform. In the United States, as a political candidate (he pulled second in New York mayoralty election of 1886; Theodore Roosevelt came in third) and as a lecturer he found a wide audience for his ideas and many leaders of the coming progressive movement were brought under his spell.

George's contribution to American thought lay primarily in his reconstruction of social theory rather than in his redesign of economics. In economics he drew heavily upon existing beliefs. He accepted Locke's labor theory of value and the right of all man to the produce of his labor, together with Locke's implied right of all men to the gifts of nature. While subsequent economists interpreted Locke's labor theory of value to bring title to private ownership of land, there is sufficient ambiguity in Locke that he might be read in either sense. George was unacquainted with Locke at the time he wrote *Progress and Poverty*. The labor value theory of value, however, was accepted by the classical economists and so was used as an ethical claim which made economic return for human effort justifiable. George accepted the Malthusian and Ricardian doctrine of rent; he reversed, however, the priorities of capital and labor as essentials to production and thus upset the wages-fund theory. And while he emphasized the importance of social concepts, he also held firmly to a belief in individual natural rights. But it was his broad humanitarianism in an age in which natural laws decreed the inevitability of poverty, panics, and industrial strife which gave hope to men. His message of equality in association gave promise that intelligence and social control might eradicate evils heretofore accepted as the necessary concomitants of the frailty of man. In a sense he took the guilt away from personal poverty as he put the emphasis upon social conditions that were beyond the control of any individual, but were subject to control by a cooperative society. In an age of diminishing public land - the public domain was being bartered or given away at an astonishing pace - in which the frontier was vanishing, George focused attention on land as the nub of the economic problem. He comforted labor without attacking capital, for in the spirit of the early classical economists he found the landholder to be the scoundrel who deprived the laborer and the capitalist of their full return for their expended efforts. Finally he brought to light the relationship of society and value, and while some socialists accused him of not carrying his reasoning far enough, he did make clear that land value was created by the community and was increment that came with increasing civilization. He stands as one of America's few original social Philosophers, and his ideas undoubtedly altered the working concepts in which subsequent political thinking was done.