

SOCIALISM VS. THE SINGLE TAX

Henry George

To the Independent of December 22, Professor Richard T. Ely of Johns Hopkins University contributes another article of his series on "Land, Labor and Taxation." Having in his first article admitted the main grounds of the single tax theory, and then rejected it on the plea that society, having acquiesced in the private ownership of land, could not in justice tax the unearned increment without compensating land owners, Professor Ely now drifts into the mild type of socialism which seems to have such attractions for the cultured men who have become conscious of the existence of great social wrongs, yet who shrink from, as "not to be considered," any remedy which would run counter to the prejudices and interests of the powerful class upon whose favor most of them are dependent.

"What guarantees are we now able to offer to labor that it can always find employment?" asks Professor Ely: —

"There is, in fact, nothing which gives cause of greater uneasiness, anxiety and discomfort to the general public than to know that thousands upon thousands of men seek work in vain. It troubles our conscience in spite of all our protests. When the unemployed of London gather together and in parade exhibit their gaunt and distressed faces, this bare fact in itself is telegraphed all over the civilized world and produces a universal feeling of restlessness."

This is putting the case very mildly — so mildly indeed as to make it evident that Professor Ely does not comprehend the importance of his own question. That thousands upon thousands of men seek work in vain is not merely a painful and disquieting fact; it is the great fact from which proceed all our social difficulties and dangers. From this difficulty of finding employment comes that fierce competition that in all vocations tends to force wages to a mere living rate, and against which trades unions try to shelter themselves by the establishment of semi-monopolies, sustained by strikes and boycotts. From it come pauperism, tramps, beggars, over-crowded and filthy tenements. From it comes the need for charities, which, while they temporarily relieve the most pressing wants of the body, kill self-respect and all the manly virtues. From it come poverty, and all its attendant evils — ignorance, drunkenness, disease and premature deaths. From it come that fear of want and that worship of wealth, which, even in Christian churches, make "Thou shall not steal!" mean little more than "Thou shall not get into the penitentiary!"

"Thousands upon thousands of men seek work in vain!" This is the truth that makes the stupid fallacies of protection plausible; that leads a nation that boasts of its freedom to fear free trade; that justifies restrictions upon our intercourse with other peoples as necessary to keep our work for our own workers, and gives

support to knavish and foods schemes for creating work by building forts and ironclads with taxes wrung from labor. This is the hell that yawns beneath us all, ready to engulf whosoever loses his foothold in the struggle to escape. If every one who wanted work could find it, then, if all our industrial, social and political difficulties did not vanish, the most important and pressing of them would be gone.

Proceeding with his inquiry as to what guarantees of employment society can give to labor, Professor Ely says:

“The requisites of production are land, labor and capital, and labor in itself can, without suitable implements, no more produce values for exchange than oxygen can in itself produce water. Labor seeks union with other productive factors, but sometimes in vain, and always without any reliable guarantee. The more skilled labor is, the readier it is to turn this way or that and to meet variable and changing demand, the greater the probability of work. If labor always had access to tools and material it might produce vanes of some sort — at least for actual use. But this access to implements and material is often impossible, and the best we have been able to do is to give the guarantee which the poor house and work house offer, that no one shall slave to death.”

"Now the socialists," says Professor Ely, "propose to remedy this, and suggest a cause adequate to produce the desired effect," in proposing that we should all "work together in the co-operative commonwealth, and divide the proceeds of our common labor among all in proportion either to needs or merits." This, Professor Ely thinks, would give a guarantee of work.

“There would always be something which every able bodied member of a great co-operative commonwealth could do so long as any rational human want remains unsatisfied. Any improvement in productive processes would render labor more efficient, and if thereby the special skill of some should become useless, the total product of society would nevertheless increase and the average of comfort, other things being equal, would steadily rise. This is a strong point in the socialistic programme.”

But, though he finds the scheme of thoroughgoing state socialism thus alluring, Professor Ely turns away from it as impracticable, because he sees no way in which “a co-operative commonwealth after the pattern of the socialists can be established and at the same time offer guarantees for freedom of action and individual initiative on the part of the gifted.”

He fears that in the socialistic state public opinion "would repress as with an iron hand any divergence in belief or action from a low prescribed level;" that "while the few would be pulled down, the leveling-up of the many would be too problematical," and that "the exclusive dominance of a single principle in industrial life would cause the final downfall of civilization, and thus in the end benefit none."

Professor Ely then objects to state socialism in its fullest expression; but it is to be noted that his objection is only to this fullest expression — to the socialism that would put under state control every industrial exertion, and that would make every worker, whether by hand or head, a salaried employee of the state. Nor is his objection a moral one, such as he makes to the simple reform of taking for the use of the community those values which attach to land by reason of the growth and improvement of the community. He strain sat the gnat of taxing land values without compensation to land owners, but so far as moral objections are concerned swallows whole the camel of making the state the sole proprietor of all industrial agencies and the sole director of all industry. This feat is made possible to him by the extreme haziness of his views of the rights of property, to which I last week alluded — by his notion that human law is the only source of the right of ownership. But the intellectual bias which disposes him to think so much of the rights of individual property in land and so little of other individual rights, arises from an intellectual haziness — the same haziness which lies at the bottom of socialism in all its degrees. It is this that makes Professor Ely a socialist, though, when it comes to practical measures, one of a mild type.

To the socialistic mind capital seems the prime factor in protection -- the great robber of labor. Nothing will avail to improve the condition of laborers and stop the tendency of wages to the lowest possible level unless laborers are in some way provided with capital. The charge which socialists bring against the single tax theory is that it does not sufficiently take capital into account. This charge Professor Ely, after lauding state socialism as suggesting "a cause adequate to produce the desired end," thus goes on to make:

"Now, what does Henry George have to offer the laborer in the way of guarantees of permanent and remunerative opportunities for toil? It is when we attempt to answer this question that we come upon the weakest point of his scheme of social reform. His promises are abundant, but I so far fail to see any adequate cause for the effects desired to be produced, that, in spite of my self, I am reminded of the admirable fantasies of a Fourier when I contemplate his bright picture of the future....It is inconceivable to me that any Christian man could fail to indorse the reform proposed by Henry George if it and it alone would accomplish all that he claims for it. But where is the sufficient cause? It is easy to say if you do so and so, this or that will follow, but rational men want to be shown such a connection between the proposed course of action and predicted consequence that the one necessarily implies the other.

"Capital is to remain private property, and employers and employed are still to confront one another in their present relations in the society of the future as conceived by Henry George. Capital and labor, he tells us, are friends, not enemies; naturally there is no antagonism between the two. Right here I take issue with him. What he says is a cheap platitude, but like many another smooth saying it fails to portray facts as they are. Capital and labor, of course, in themselves, can have no antagonism, but there is a necessary divergence of interest between

capitalist and laborer in their roles of employer and employed, and the sooner this is recognized the better. It may be an unpleasant fact, but as it is a fact it is well that it should be known. They are both interested in a large and good product, as a result of their joint efforts; but when it comes to the division of their products it is manifest that their interests are antagonistic. If the product be represented by a value like \$1,000 it is evident that if A, the employer, takes \$400 only \$600 is left for B, the employed, and he cannot give them more without diminishing his own share. A plain recognition of the facts of the case, good will and good sense and good feeling, a Christian endeavor to base the division of the product on some equitable principle — all these and still other forces may and generally do prevent an outbreak of antagonism, act infrequently, indeed, prevent its being even recognized. But there it is all the same; it lies latent in the nature of things, and may at any moment bring about open conflict, hate, bitterness, violence.

“The controversy about the division of the product is one of the most marked features of our industrial situation throughout the entire civilized world. Why close our eyes to it? Now, Henry George does not propose to alter this fundamental relation of antagonism. He does not propose to unite capitalist and laborer in the bonds of partnership. He does not point the way to such changes in industrial organization as to bring about a union of economic interests. This the socialists, going deeper, do.”

Now, instead of socialists going deeper, the trouble with socialism is its superficiality. The socialistic view is the view of industrial relations as they appear on the surface in those centers where they have assumed their most complex and most highly developed form — where, as pavements obscure the ground and tall houses obscure the stars, the prominence into which the finishing processes of industry are brought obscures the absolute dependence of man and all his works upon mother earth. Socialism could not develop in Western Ireland, in the Hebrides, or in any new settlement where industry is in its primitive conditions. But to the factory operative in a great city, whose work is but the tending of costly machinery, who sees his employer growing rich while his own poor wages can only be maintained by labor organizations and their restrictions, and by industrial wars in which labor is pitted against capital in a struggle as to which can suffer longest without giving in, the natural surface view is that capital is the oppressor of labor, and that the labor question is, as it is so often called, a struggle between capital and labor. And so to professional thinkers and teachers, who in their studies take the same standpoint, this superficial view may seem the real and the "practical" view. But it is for all this just such a view of industrial relations as that of the Chinaman, who observing that a steamboat went ahead when her wheel turned around, endeavored to construct a steamboat whose wheels should be turned around by the tide.

Professor Ely is a good example — perhaps the best because the ablest — of those men spoken of by Judge Maguire, who see the ears of the cat, and the

eyes of the cat, and the mouth and the tail and the feet of the cat, but who yet do not see the cat. It is because he does not see the relations of things, which by themselves he clearly perceives, that he does not see in our simple proposition to take economic rent by taxation "any adequate cause for the effects desired to be produced," while he does see an adequate cause in impossible state socialism.

The connection between the appropriation of land values by taxation and the opening to all of opportunities for labor is that such taxation of land values would bring land speculation to an end and make impossible the withholding of land from use by those who will not use it themselves. Henry George has nothing "to offer the laborer in the way of guarantees of permanent and remunerative opportunities for toil." Professor Ely is right enough in that. For Henry George and those who think as he does on such matters do not believe it to be the business of either individuals or governments to guarantee to laborers opportunities for toil, any more than it is their business to guarantee that the sun shall shine and the rain shall fall and the earth shall circle in her orbit. The Almighty has done all that. He who, by whatever process, brought man into this world, and made the maintenance of his life and the satisfaction of his wants dependent upon his labor, has provided abundant opportunities for the exertion of that labor. As the human eye is constructed to see things, so is the human hand constructed to mold things. And there is in this world no more lack of things that human hands may mold to the satisfaction of human wants than there is of things for human eyes to see. There is today in the civilized world no country in which there are not natural opportunities of work for every willing hand. While just as advancing civilization, by the microscope and the telescope, and in the closer observation of difference and relations, opens new and illimitable fields to the eyes of man, so does it, by developing new wants and arousing new desires, open new and illimitable fields for man's constructive powers.

Professor Ely and the socialists generally are like those who would teach a blind-folded man to read by raised alphabets, and provide for him a staff with which to painfully grope his way. We, on the contrary, would simply remove the bandage and let him see.

The connection which Professor Ely fails to perceive between what we propose and what we claim that it would accomplish, lies in our belief in the harmony of God's laws; in our belief that right and wrong, mine and thine, are anterior to and superior to all human enactments; that social laws are coincident with moral laws, and that these have the same ever pressing sanction as have the physical laws. What we propose is not a mere fiscal change; not a mere clever scheme of equalization — it is a conforming of the most important and most fundamental of all human adjustments to the supreme law of justice; a recognition of that natural

right of property which exists irrespective of what kings or emperors or parliaments or legislatures may enact, and which is attested by the clear perceptions of the moral sense. What we seek by a simple change in taxation is to put all men on the plane of equal opportunity. We would not take from one to give to another; we would not beg one class to relieve by their alms another class. But by abolishing all taxation upon labor or the products of labor we would leave to the individual the full rewards of individual industry, skill and thrift. By taking for the community those values which attach to land by reason of the growth and improvement of the community we would take for the benefit of all that which is brought forth by the presence and effort of all. In all things we would follow freedom. Where freedom of competition is possible, there we would leave everything to individual action; where freedom of competition becomes impossible, there we would have the state step in, so far and only so far as may be necessary to secure individual freedom. If there be any Christian man who fails to see in the simple reform that we propose a cause sufficient to abolish all poverty, save such as may result from individual misconduct, then it can only be because he has failed to understand it, or does not in reality believe in the sort of God his religion proclaims.

When I declare that there is no natural and necessary antagonism between capital and labor; when I refuse to join the socialists in their denunciations of capital and capitalists; when I tell workingmen that the real fight for the emancipation of labor is not with capital, but with monopoly, I am not giving utterance to cheap platitudes, but to a profound truth, which every man who loves peace, who values social order, and who would avert a fight in the dark in which blood may flow and cities burn, ought to do his utmost to make clear.

I have not failed to note, as Professor Ely will readily see by reference to the books in which I have treated this matter, the obvious fact that there exists between the individual capitalist and the individual laborer, "in their roles of employer and employed," that divergence of interest which must always exist between the correlative parties to any exchange. But does Professor Ely soberly think that this turns my assertion that there is really no antagonism between capital and labor into a cheap platitude, and justifies the socialistic doctrine that capital or capitalism is the thing workingmen must fight; and that the only way to secure fair wages is for the state to become the sole capitalist or for laborers to be furnished with capital either by the exertion of governmental power or by the benevolence of individuals?

The "divergence of interest between capitalist and laborer in their roles of employer and employed" is simply that divergence of special interest which exists between every buyer and seller. When one banker buys of another banker a bill of exchange, when the housewife buys of the milkman a quart of milk, or when a

newsboy exchanges a nickel for peanuts, this divergence of interest exists just as truly as it exists between the buyer and the seller of labor. But is this divergence of interest an antagonism? Does it justify the one party in regarding the other party to a transaction, in which neither would engage if it were not to his interest, as his natural enemy? Does it justify a demand that the state shall step in to draw exchange, serve milk or sell peanuts? Or does it even justify us in calling on Christian bankers, milkmen or peanut vendors to charge less for their exchange, their milk or their peanuts?

And while there is this divergence of immediate and special interest between the buyer and seller in every particular transaction, is it not also true that there is a consensus of larger and more permanent interests? Is there not a point — constantly varying, it may be, but still a point — to which it is best for the interest of buyers as a class and sellers as a class that the price of things, whether bills of exchange or peanuts, should conform? If price be arbitrarily forced below this point, exchange will cease to be drawn or peanut stands to be maintained. If price be arbitrarily forced above this point, demand will diminish and supply will increase, and a reaction in the other direction be produced. And, further than this, is not the point at which exchange can be drawn or peanuts sold to the best interests of both buyers as a class and sellers as a class fixed by conditions outside of each special transaction — by general conditions as to which the interests of both are mutual, not antagonistic?

Professor Ely's illustration involves the socialistic mistake of looking on capital and labor as the two factors of production, and the two parties to the division of the produce. As a matter of fact, there are in our highly developed industrial system three parties to production, and always four and generally five to distribution. In addition to A, the employing capitalist, and B, the employed laborer, there are C, the land owner, D, the tax collector, and generally E, the representative of monopolies other than that of land. What A and B can divide between them is not the product of their joint efforts, but such of the product as C, D and E leave to them. Now, what we propose is to choke off E, the minor monopolist, to abolish D, the tax collector, and to appropriate what now goes to C, the land owner, a mere blackmail which he levies on the produce of capital and labor, for the purpose of making up so far as necessary what D now collects and for such other purposes as may be useful to A and B. Is it not clear that the common interest of A, the capitalist, and B, the laborer, in doing this is far more important than any divergence of interest as to the division between them?

Consider what this divergence of interest really amounts to. Either A or B may give or take a little more or a little less; but these variations are comparatively slight. What the capitalist (monopoly, of course, eliminated) can take and what the laborer can get, depends upon those general conditions which determine a

constant normal rate of return to capital and a certain general rate of wages, toward which the competition of capital with capital and of laborer with laborer tend constantly to bring the earnings of both. It is only as workmen in any particular trade can shelter themselves from this competition by means of trades unions, etc., that they can force their wages up, and it is only as they can, by making the advance general in the trade, shelter the employer, that he can afford to have them do so. Yet the more wages are raised in this way the stronger the pressure from outside competition, and the greater the tendency to a break. And as experience shows, it is only in some occupations and to a comparatively small extent that wages can in this way be raised.

Now, on what depends the intensity of the competition for employment? Evidently upon the opportunities to land employment, and ultimately upon the opportunities which are open to labor to employ itself. When "Thousands upon thousands of men seek work in vain" we must expect to find wages in the occupations most easily entered forced down to the level of a bare living, and in other occupations only kept above that rate by the difficulties of entering them. These thousands upon thousands of unemployed men tend constantly to force down wages — both by increasing the market supply of labor and by diminishing the market demand for labor; since, as they are earning nothing they have nothing to offer for the commodities which other laborers produce.

Without entering upon the reasoning that shows that the relations between the return to capital (as capital) and the earnings of labor are sympathetic, not antagonistic, is it not clear that the way for workmen to raise wages generally, largely and permanently, is not by fighting employers, but by massing their forces for the removal of the conditions which cause "thousands upon thousands of men to seek work in vain?" And is it not evident that in the doing of this both employers and employed are alike interested?

Professor Ely objects that I do not propose to alter the fundamental relation of antagonism between capital and labor. This he says, "the socialists, going deeper, do, and the co-operators likewise do." Rejecting the socialistic remedy, he declares the co-operative remedy hopeful. "They propose to remove the antagonism between capitalists and laborers by removing the distinction between them, by making all laborers capitalists, managing their own affairs in their own way. Both likewise propose a co-operative commonwealth, but the co-operators, unlike the socialists, wish it to be a gradual and voluntary growth. Thus they hope to bring about the longed-for era of industrial democracy."

Professor Ely is indeed a hopeful man. In the face of a condition of things in which thousands upon thousands of men vainly seek work at any price that will enable them to live; in which great masses of men who do find work live only

from hand to mouth, and in which great fortunes are rolling up more rapidly than they ever did in the world before; if the face of an antagonism between labor and capital which he tells us is natural and inevitable, and which is every day becoming fiercer, Professor Erie is hopeful of "making all laborers capitalists, managing their own affairs in their own way" — by the establishment of co-operative societies and profit sharing!

How long does he expect it is going to take to thus make all laborers capitalists? And what is to become of the unemployed men in the mean while, and what of the "antagonism between capital and labor?" The utter failure of "the co-operators" to get people to co-operate is notorious. The Sun, which has for some time been amusing itself by advocating the panacea of co-operation, recently made by means of correspondents in various parts of the country an investigation of the history of co-operative enterprises. It says:

“The experiments were followed through a long series of years, and the lesson taught seemed to be uniform and conclusive. The attempts had failed in every instance where the experiment had been long enough continued; and in the few instances of alleged success, the report, it is to be presumed, was derived from the new managers, who found it for their interest to give a rose colored representation of their yet incomplete adventures.”

The truth is that to entertain the slightest hope in co-operation one must shut his eyes not only to all experience, but to all economic principles. A general system of co-operation or profit sharing, if in the nature of things that were possible, would simply amount to a change in the form of wages from a sum certain, as now, to an uncertain "lay" as whalemens call it; and the same causes which now operate to cut down wages to the living point would operate then. Passing such questions as, how in this hopeful scheme it is proposed to induce laborers to give up wages certain for wages uncertain? how is it proposed to get the thousands on thousands who can find no employment to co-operate with their employers? and how is it proposed to make employers who have no profits share their profits with their employees? I would like to ask Professor Ely what, when the antagonism between capitalists and laborers is removed by making all laborers capitalists, is to become of the land owners? Surely, the united capitalists and laborers are not to try to get along without land?

To give permanent and remunerative employment to every one of the "thousands upon thousands of men who now seek work in vain" it is not necessary for society to give any guarantees; it is not necessary to nationalize capital, as the socialists would have us do, nor yet to coax employers to benevolently give a larger share of their earnings to their workmen. It is not necessary to call on Christian endeavor to base a division of the product upon some equitable principle. That

equitable principle already exists in natural laws, which, if left unobstructed, will with a certainty that no human adjustment could rival, give to each who takes part in the work of production that which is justly his due, and leave to be taken by the community and applied to purposes of general benefit, and to the assurance of all against the accidents of life, that "unearned increment," which can be justly claimed by no individual, but is due to the growth and improvement of the community as a whole. By simply abolishing all the taxes that now hamper enterprises, discourage investment, fine industry and punish thrift, and thus leaving to the individual what properly belongs to the individual, while taking for the community in lieu of such taxes what properly belong to the community, we shall make the monopoly of land impossible. No one under such circumstances will want land except to use it, and when land is wanted only to those who wish to use it labor will find access to the abundant opportunities for employment that the Creator has actually given to man.

It is a mistake to think that it is necessary either for the state or for individuals to furnish labor with capital before the thousands now unemployed can find work and the cut-throat competition that now tends to force down wages can be stopped. There is no need of our bothering ourselves about capital, as the socialists do. Professor Ely is wrong when he says that the requisites of production are land, labor and capital. The requisites of production are simply land and labor. These are the two primary factors in all production. Capital is but a derivative factor, formed from their combination. And even if we grant that in the present stage of the industrial arts some capital is necessary to any form of production, this would not prevent very many, probably the large majority of the men now unemployed, from employing themselves if land were open to them. If not among the tramps and paupers, there are certainly in the ranks of the unemployed — for the unemployed run through all gradations of industry — many who have or could command, if they could see profitable use for it, considerable amounts of capital and many more could command at least some capital. Could such men go to work for themselves they would not only lessen the pressure upon the labor market, but, by producing wealth which they would seek to exchange for other forms of wealth, increase the demand for wage workers. Nor is it necessary that we should confine our idea of the relief to the labor market that would result from making the holding of unused land unprofitable, to the opportunities which would be opened for men to employ themselves. Such a change would give an enormous stimulus to the investment of capital in productive enterprises requiring the employment of labor.

If Professor Ely will come to New York I will show him a piece of land that nobody is using, nor ever yet has used; that although within the city of New York, is to-day in the same condition as it was when the first white man put his foot on our shores. If that land can be had without the payment of a blackmail price to the

dog-in-the-manger who now holds it, I will within fifteen days furnish a capitalist who will agree to put upon it a quarter of a million of dollars' worth of improvements and establish a factory that will give employment to several hundreds of the willing hands that are now looking for work in vain. And not only in this city, but in every city, in every town and every village throughout the United States similar cases may be seen. Why should a man, much less a professor of political economy shut his eyes to such facts, which everywhere stare him in the face, and go meandering around impossible state socialism or the still more impossible establishment of "the co-operative republic" by means of co-operative societies and profit sharing? The co-operative republic will, I trust, some day come. But its foundations must be laid on justice. To try to build it on any plan that ignores the right of any child of God to the use of the natural opportunities his Creator has provided is to build upon the sand and to invoke the storm.

I have spoken at such length of Professor Ely's article, because it is really instructive. If we trace socialism to its roots we will find one of the strongest of them among the very class that most hate and fear it. Professor Ely is a representative of a large number of "men of light and leading," who, turning away from the simple plan of doing justice, preach a sort of rosewater socialism which "good society" listens to as contentedly as to a charity sermon. But innocuous as "good society" may think it, this starting out with an inevitable conflict and winding up with an injunction to "profit sharing" is a dangerous diversion. Its effect is not merely to turn men away from the true path, but to urge them on a false one.

When Professor Ely calls the statement that there is no real antagonism between capital and labor a cheap platitude, does he expect men who feel the bitterness of low wages and want of employment to wait patiently until capitalists shall be converted to the beauties of co-operation? When he lands state socialism in its most thorough going form as adequate to furnish all men with employment and give a fair remuneration, does he expect men who feel the grinding weight of social injustice to turn away from it with him because "it does not offer guarantees for freedom of action and individual initiative on the part of the gifted? In this Professor Ely though of course unconsciously, suggests the English demagogue, who, after lashing his audience into a frenzy of fury against an opponent, advised them not to duck him in the horse pond.