

The Rich Man Isn't Wealthy

By PHIL GRANT

"Who cares for you?" said Alice . . .
 "You're nothing but a pack of cards!"
 —Lewis Carroll "Alice's Adventures in Wonderland"

WE CAN well imagine Malcolm Buckmaster's bewilderment when the Poleco-ist pointed to Buckmaster's safe and sneered, "You probably think those bundles of mortgages, stocks and bonds with which your safe is stuffed are wealth; but they aren't."

"Not wealth?"

"No, Malcolm. Mortgages, stocks and bonds aren't wealth."

"That's the trouble with you scientists, or philosophers, or whatever you think you are. You talk like idiots! The fact is I've got millions of good American dollars tied up in those 'bundles,' as you call them. What's more, I've got a big forty-room mansion built on a hundred-acre estate and I paid for it out of the income those 'bundles of paper' earn for me. I pay a dozen or more servants to take care of that house, and I pay them well. Their wages are paid out of the earnings of the 'bundles of paper.' I own several cars, two boats, a string of horses and a kennel of pedigree dogs; all paid for, fed and housed from what my stocks, bonds and mortgages bring in."

Malcolm paused for breath. His face was flushed with irritation. He dried his perspired brow and neck with a snow-white linen handkerchief, before carrying on from where he'd left off. "Here I am, able to buy anything I want with the income earned by my investments, and you have the gall to tell me that my investments aren't wealth; that I'm a bum with no wealth. Now look, friend, tell the truth. Does that make sense to you? Do you call that being scientific? Reasonable? It's not even sane!"

"I'm afraid you don't understand, Malcolm. There's no doubt in my mind that mortgages, stocks and bonds are very nice things to have. I know that they bring you a very comfortable living, and even a few million dollars extra to put aside for a rainy day. But that doesn't make them wealth."

"Why not? And if they're not wealth, what are they?"

"They are just pieces of paper that, at best represent wealth. And, as you know, things that represent other things are not the same as the things they represent. You know that."

"I do?" Malcolm's eyes fixed themselves upon the Poleco-ist suspiciously.

"Of course you do. Look at that picture of Abe Lincoln on the wall over there. It represents a great man. But the picture isn't a great man. It can't write or deliver a Gettysburg Address. Or look at that church across the way. It represents Jesus Christ; but it can't divide the fish and the loaves to feed a multitude. This dollar bill that I take from my pocket represents a four-course lunch or a pocketful of cigars; but you can't eat the bill, and you can't smoke it. A dollar bill is one thing and whatever you want it to represent is another."

"I think I understand. A doctor's prescription represents medicine to cure a cold, but eating the prescription won't cure me. The prescription is one thing, a piece of paper; and the medicine it represents is another: a box of pills."

"That's right."

"But what's that got to do with my bonds, mortgages and stock? I don't expect them to

make speeches like Lincoln's, or divide fishes for the multitudes. I don't want to eat them or smoke them or cure a cold with them. All I want them to do is earn money enough to buy me the things I want. And they do that. They don't represent something; they are something."

"Well, let's see. What are mortgages? Just pieces of paper, aren't they? Pieces of paper that represent some money that you loaned to someone. You don't have the money because you loaned it to someone; and that someone doesn't have it either because he paid for his house or factory with it. So the mortgages represent money that neither you nor the borrower has; in other words, nothing but debts. Your bonds also represent money owed to you by government or some corporation: more debts. Stock represents profits; but only if those companies that issued the stock make a profit; in other words profits that may or may not be made. So you see, Malcolm your bundles of paper represent money that isn't. But even if they represented money that was in existence, real gold and silver coin, they are still paper, while the coin they represent is something else, real wealth."

"But you said, a while ago, that the dollar you took out of your pocket wasn't wealth. Now you say money is wealth. This whole discussion is crazy enough without your changing your mind."

"Well, there again you are mistaking things that represent wealth for the things that *are* in themselves wealth. Paper money is just so much paper. If it's marked "One Dollar" it will buy one four-course lunch. If "Ten Dollars" were printed on the same amount of paper with the same amount of ink, it would buy ten lunches. If "Fifty Thousand Dollars" were printed on the same amount of paper it would buy the whole restaurant. But the paper money is still nothing more than just a few cents worth of paper and ink. And very often it won't buy anything at all outside of the country that issued it. On the other hand, fifty thousand dollars in gold or silver is quite different. It's good anywhere in the world. It weighs fifty thousand times as much as a dollar's worth, and will make a pile fifty thousand times as big. Gold can satisfy human desires when fashioned into jewelry, false teeth and pen points. So you see, gold and silver—even copper pennies—are in themselves wealth; but paper money is just paper that represents silver or credit to the amount printed on the bill.

Malcolm Buckmaster slumped sadly into his chair. He stared blankly at a statuette of Napoleon looking down at him from the bookcase across the room. And then he looked sadly up into the eyes of Poleco-ist.

"You know," said Malcolm wearily, "you shouldn't have come here. This morning I was a wealthy man; my safe was bulging with wealth. Now I know that my securities aren't wealth; that they're just paper that represents wealth that doesn't even exist. I feel like a penniless bum."

Malcolm will feel better when he gets home. For his house *is* wealth. So are his landscaped gardens; his cars, horses and dogs; and all of the other material things he owns that were worked on by labor in such a way as to better fit them to satisfy human desires. Such things are real wealth.



And even his securities are wealth in a certain sense. They are material (paper) and were printed by human energy (labor) to satisfy the desires of those who wished to buy and sell bonds, mortgages and stocks. They are wealth to the extent of being used paper; and the junkman will pay four cents a pound for it. So, if all Malcolm's securities weigh twenty pounds, and if a depression had enough to make his holdings worthless comes along, and if he decides to sell his securities for what they'll be worth as *wealth*, he'll get eighty cents for the safe full—almost enough to buy one four-course lunch. Something very much like that happened during the early twenties. It seems that among the things left, after the collapse of the huge financial empire built up originally by Samuel Insull, were three tons of paper, consisting of old bonds, debentures, stock certificates, vouchers, receipts and cancelled checks. A junk man, called to cart the stuff away, bought it all, as waste paper, for about \$400.

—From *The Wonderful Wealth Machine*, by Phil (i.e. Phillip) Grant of the Henry George School faculty. This book will be published by Devin-Adair Company and will be a long awaited answer to the frequent request from readers for a modern version of *Progress and Poverty*.