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Author(s): Brendan Hennigan

Source: *The American Journal of Economics and Sociology*, OCTOBER, 2012, Vol. 71, No. 4, Two Views of Social Justice: A Catholic/Georgist Dialogue (OCTOBER, 2012), pp. 840-873

Published by: American Journal of Economics and Sociology, Inc.

Stable URL: <https://www.jstor.org/stable/41721428>

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## **NATURE OF WORK**

# **Just Reward: The Nature of Work and Its Remuneration in the Economics and Ethics of Henry George**

By BRENDAN HENNIGAN\*

**ABSTRACT.** Work is a fundamental reality of human existence. This essay examines in general terms the idea of work and labor, briefly explains the biblical foundation of George's perspective on work, and presents George's analysis on unemployment, technological change, and true competition. Finally, it discusses how access to the natural opportunities land provides liberates labor and advances the just distribution of wealth, connects these insights to Catholic Social Teachings (CST), and calls for more cooperation between these natural allies.

### **Introduction**

*I said to a Yorkshire sailor on my first voyage, "I wish I was home, to get a piece of pie." I recall his expression and tone, for they shamed me, as he quietly said, "Are you sure you will find a piece of pie there?"*

—Henry George (1992: 353)

Work is a fundamental reality of human existence. From ancient to modern times workers have satisfied their needs and wants by impressing their labor on the earth's natural resources. Whether it involves a farmer ploughing his field, a shipwright building a boat, or an information technologist developing a new computer software program, work is one of the means by which humans satisfy their numerous and infinitely diverse needs, wants, and desires.

It is mostly through work that individuals acquire material goods and services for their own sustenance and well-being. One of the central themes that runs through the writings of Henry George is the

\*Brendan Hennigan is Research Director of the Canadian Research Committee on Taxation.

American Journal of Economics and Sociology, Vol. 71, No. 4 (October, 2012).

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natural right of all men and women to have equal access to land. He saw the laws of nature as underpinning the principles that govern the laws of production and distribution, economic and natural justice, and social progress. By inquiring into the nature of work one may better understand the fracture that occurred between man and nature with industrial and technological advancement.

This essay explores several themes relating to the nature of work. It examines in general terms the idea of work and labor, briefly explains the biblical foundation of George's perspective on work, and presents George's analysis on unemployment, technological change, and true competition. Finally, it discusses how access to the natural opportunities land provides liberates labor and advances the just distribution of wealth, connects these insights to Catholic Social Teachings (CST), and calls for more cooperation between these natural allies.

George's primary purpose was to discover why poverty could coexist with the increased capacity of nations to create wealth and then to use these findings to eliminate poverty. He wanted to refute the theory that wages are drawn from the advance of capital, and to show that there is no conflict between labor and capital. By examining and adapting the theories of Adam Smith and David Ricardo, he correlated the laws of production and distribution and harmonized the economic laws of rent, wages, and interest. In relation to CST, this essay shows that (1) labor does have priority over capital and (2) there is no real conflict between labor and capital in Georgist economics. The reconciliation of George's theories with CST succeeds or fails on these two points.

George, unlike Marx, did not believe that the cause of poverty was an inherent conflict between capital and labor. He did not lay the blame at the feet of employers. His advocacy (George 1992: 353) was against a "false and wrongful system," which deprived working people of the "natural opportunities of employment." His call for justice was based on respect for common and individual property rights, the independent nature of the laborer, cooperation, and equality of association in society. The thrust of George's argument (George 2003: 310) for the elimination of the economic and social evils associated with poverty was that it be accomplished by the "restoration to all men of their natural and unalienable right to the use, upon equal terms, of the elements on which and from which all men must live—the land."

While for George, equitable access to land was the solution for the problem of progress and poverty, the Catholic Church stresses other economic and ethical principles. CST increasingly emphasizes the personal and the cooperative nature of work in helping promote social justice and the common good among peoples and nations (John Paul II 1981: 22–24). The focus of a discussion on the rights of workers and the fair distribution of wealth should be on the intrinsic dignity of the human person and the valuable contribution of all types of labor to the development of society. Further, any real solution to the social problems caused by unemployment, underemployment, industrial pollution, over-consumption, globalization, labor alienation, workers' exploitation, and poverty must be sought through sound economic and ethical principles, addressing the problem of land monopolization and George's remedy. The implementation of George's great social reforms cannot alone be "accomplished by 'intelligent self-interest', and can be carried out by nothing less than the religious conscience" (George 1891: 22). (The meaning of "religious conscience" and its practical application is discussed later.) The tripartite dialogue between governments, religious groups, and trade unions relates directly to the subject of work and how communities may better respond to the economic and ethical character of the work (Peccoud 2004).

What needs to be developed is a philosophy of labor that incorporates the economic-ethical principles of Henry George with the Christian Gospel teachings on work, justice, community, and the common good. Political and environmental concerns regarding sustainable economic development, workers' rights, and natural resource use are a global issue. Ethical considerations and the responsibilities associated with property rights, stewardship of the earth's natural resource, land use, and economic development have particularly shaped the perspectives of sections of the Georgist movement and the Catholic Church on work and labor. (Taxation policy may be added to the Georgist position.) Questions raised are inevitably linked to the idea of natural rights, fair labor practices, distribution of wealth, and social development. Today, these issues are indirectly but rapidly gaining worldwide media attention and affecting public opinion and international politics, due mainly to grave concerns about the debase-

ment of the earth's environment, global warming, and unsustainable economic development. Georgists would argue that these and other problems are rooted in the monopolization of the world's natural resources and the unjust distribution of wealth.

Respectful dialogue and cooperation among different nations, religions, and groups to find a true and lasting remedy to the problems of poverty and the unfair distribution of wealth are of paramount importance to worldwide peace and prosperity. An important component of this debate is understanding the nature of work, its personal and social dimension, the paradox of labor and freedom, and the riddle of wealth and want. Henry George's proposition was that these matters are not only social questions, but at their core religious ones (George 1891: 67).

### Looking for Definitions of Work and Labor

Henry George proclaimed loudly and passionately that those willing and able to work should have work. For this to occur he believed all men and women must have equal access to the natural opportunities contained in the physical universe. It is through work that men and women provide the material means to live and prosper. Work is not an end in itself; it is only a means by which one satisfies one's desires (George 1992b: 130). Human work in all its various forms is intrinsically personal and social. It is through work that one provides for the needs of oneself, one's family, and society. It is important to the concept of the nature of work to make a distinction between the meaning of work and labor. In common language their usage seems to be interchangeable. In George's political economy the terms are not synonymous. This becomes important when we start to distinguish between the economic, moral, ethical, and even recreational motivation for bodily exertion.

In *Social Problems*, George (1992b: 129–138) addressed the issue of unemployment. He held the view that anyone who is willing to work should have access to the natural opportunities land provides. Work as a means, rather than an end in itself, is closely associated with the higher values often associated with work: self-respect, knowledge, and happiness. There is a necessary connection between individual



desire, human exertion, and the satisfaction of those desires through physical or mental exertion. Work for work's sake, therefore, for George, deprives the individual of freedom. This type of work is akin to the forced labor of the sweatshop, the monotony of the assembly line, or the prisoner condemned to breaking rocks.

Two simple distinctions may help clarify George's position. Work is a general term used to describe human exertion: the toil and trouble involved in the expenditure of physical or mental resources. The economic term for exertion that aims to satisfy one's desires is "labor" (George 1992: 411–412). George was careful to distinguish between the power and act of laboring associated with physical or mental exertion, and the results of labor whose value is exchangeable (1992: 243–244). The initial factor in the production of wealth is always labor. Labor, in the economic sense, is the active or human factor of production and is thus "the producer of all wealth, the creator of all value" (George 1992: 411–412, 1992b: 130–131). George saw neither work as a curse nor labor as having its root in human selfishness. The nature of work is in accordance with the natural law of production and distribution. George believed that humans and society by not following natural law cause maladjustments in the social order. Throughout *Progress and Poverty*, George (2001) kept restating that *freedom* not slavery is the right of man. Therefore, poverty is a denial of justice when it limits the advancement of the individual within society.

Philosophers closer to the present day echo and further develop these themes. In her book *The Human Condition*, Hannah Arendt (1958: 70–174) proposed a distinction between labor and work. Her contention is that the necessity of the biological process of physical exertion and the products of work have been incorporated into the concept of labor. "The human condition of labor is life itself," while "[w]ork provides the 'artificial' world of things, distinctly different from all natural surroundings" (Arendt 1958: 7). The major aim of labor is not production as such, but the act of laboring. A situation has been created where the natural separation of labor and work has ceased to be a reality. This has had a dramatic and negative effect on mankind. Whether it be the exploitation of the workers by the capitalist or the glorification of the worker in Marxist ideology, the result is a

compression and combining of the personal aspect of work (labor) with the necessary aspect of work (the act of producing some external thing). Thus, the personal condition of work is forfeited. Humans are treated as machines; they are dominated by factors of production and their ability to produce a product. The worker becomes a commodity. The person no longer controls or has a personal stake in her or his work life.

In his book *Philosophy of Labor*, Remy C. Kwant (1960: 1–27) sees a paradox in labor, a tension between freedom and restraint. Modern labor has liberated man from the restraints of the natural world, but there is a price to be paid for this freedom. The paradox of labor is that “modern labor improves the condition of man, but at the same time it threatens certain values” (Kwant 1960: 17). Furthermore, our working lives get increasingly monotonous through the standardization of our cultural landscape. In the end, he says, the nature of labor is very difficult to define. There is always an economic component to labor, but labor is a “social category.” “The labor system provides for the common needs, and many common needs are beyond the realm of economics . . . (for example) the education system [not to mention spiritual, cultural or aesthetic needs] cannot be reduced to economics” (Kwant 1960: 122). George emphasized this point when speaking of the purpose of political economy and the values associated with human development. Political economy has an ethical component that cannot be disregarded when considering the fair distribution of wealth.

According to the Dominican friar M. D. Chenu (1963), it was not until the late 1950s that the term “theology of work” first appeared. The expression “morality of work” had been in use since the nineteenth century. Chenu wanted to make people aware and to encourage thoughtful Christians to “look beyond the abstract morality” of how one makes a living and see “the study of work as a subject in its own right, to its economic function and its historical role” (Chenu 1963: 2–3):

We must understand the nature of work and its human and material orientation, in order to appreciate its internal laws and its spiritual needs from a Christian standpoint. If the “civilization of work” demands its own ethic, which up to the present no one has yet evolved, Christians can only

collaborate in this evolution by considering and understanding, in the first place, what work means to the people of the twentieth century.

Chenu's thoughts foreshadow later social encyclicals on the subject of human work.

E. F. Schumacher (1979: 3–4) in his book *Good Work* identifies the three main purposes of human work as follows:

1. First, to provide necessary and useful goods and services.
2. Second, to enable every one of us to use and thereby perfect our gifts like good stewards.
3. Third, to do so in service to, and in cooperation with others, so as to liberate ourselves from our inborn egocentricity.

Schumacher thought it was impossible to conceive of life at a truly human level without human work. Life is a "school of becoming and a school of self-development"; it cannot be conceived of without the idea of "personal freedom and personal responsibility" (Schumacher 1979: 32).

#### **Economic Terms**

In *Progress and Poverty*, George (2001) defined the terms "land," "labor," and "capital" and made clear distinctions between them. (George thought it was important to remove ambiguities from such terms used in political economy. They must have only one meaning and it is the job of the political economist to define them and then stick to the definitions.) Together these concepts make a coherent system in the production of all wealth. The two primary factors of production, George said, are land and labor. Land is everything in the material universe exclusive of man and his products. Labor is "all human exertion in the production of wealth" (George 2001: 31). Capital is derived from a union of the two. Everything must be excluded from capital that is included in land and labor. Land, labor, and capital all have an appropriate mode of return proper to their function. In the laws of distribution, for land the return is rent, for labor it is wages, and for capital it is interest.

George defines "work" as including all human exertion; in this sense work is subjective (see George 1992: 243–244, 2001: 32–33 for



definition of different modes of labor). Land, labor, and capital are the factors of general production. All production comes from the union of land and labor. Capital is a form of wealth and is used to aid labor in supplementing the various modes of production by the process of adapting, growing, and exchanging natural products (George 1992: 414). Without going into great detail on George's exposé of the meaning of wealth it is sufficient to say that wealth includes "natural substances or products which have been adapted by human labor to human use or gratification, their value depending on the amount of labor which upon the average would be required to produce things of like kind" (2001: 42). In Georgist economic terminology labor is always used to describe "all human exertion in the production of wealth, whatever its mode" (1992: 411–412):

Labor in fact is only physical in external form. In its origin it is mental or on strict analysis spiritual. It is indeed the point at which, or the means by which, the spiritual elements which is in man, the Ego, or essential, begins to exert its control on matter and motion, and to modify the world to its desires.

As land is the natural or passive factor in all production, so labor is the human or active factor. As such it is the initiatory factor. All production results from the action of labor on land, and hence it is truly said that labor is the producer of all wealth.

It is labor that uses capital to produce more material goods such as tools, cars, houses, skyscrapers, consumer goods, luxury items, food, and so forth. George (2001: 48) defined capital as "wealth in the course of exchange" and made the important distinction that nothing can be capital that is not wealth, but not all wealth is capital.

Capital, in a literal sense, is defined by its relationship to labor and can do nothing without the exertion of labor. Capital is put to work by the exercise of human physical or mental exertion. George (1992: 282) said that actual or real wealth is a product of labor. Real wealth consists of things like buildings, livestock, tools, and manufactured goods (George 2001: 41). According to George, wealth can be said to have three basic characteristics. (1) Wealth is made of tangible material things. Anything that is non-material cannot be classed as wealth. (2) Wealth is produced by the exertion of labor—either in its original form, or by changing and adding to it. (3) Wealth is capable of

satisfying human desires. In classical economics land is the passive factor and labor is the active factor. It is labor that defines George's (2001: 42) definition of wealth:

Nothing which nature supplies to man without his labor is wealth, nor yet does the expenditure of labor result in wealth unless there is a tangible product which has and retains the power of ministering to desire.

In the economic sense, it is thus labor conjoining with land that produces material goods, which are not only the fruits of our labors, but the objects that satisfy all humankind's wants and desires.

Adam Smith (1723–1790) identified two types of capital that generate revenue. Fixed capital consists of useful machines, profitable buildings, improvements to land, and acquired and useful human abilities. Circulating capital is more fluid and is “employed in raising, manufacturing, or purchasing of goods and selling them again for a profit” (Smith 1937: 262). Both kinds of capital need human input to spawn interest or profit.

One of the main goals of George was to harmonize the law of production with the law of distribution. In *The Science of Political Economy* he criticized J. S. Mill for the erroneous and vague notion in which “the one set of laws are natural laws and the other human laws” (George 1992: 450–453). Human laws are based on custom and therefore open to change. In opposition to the classical tradition, George maintained that the laws of production and the laws of distribution are both natural laws. The distinction is that, while the laws of production are limited to the physical laws of nature, the natural law of distribution is a moral law and therefore makes reference to ethics:

And it is this that enables us to see in political economy more clearly than in any other science, that the government of the universe is a moral government, having its foundation in justice. Or, to put this idea into terms that fit it for the simplest comprehension, that the Lord our God is a just God.

The laws of production and distribution unite to form one homogeneous path to the comprehension and realization of a just world free of poverty and want. Two things should be noted: first, George (1992: Book I, chapters I–VI) saw labor as being of a spiritual composition; therefore it is always human and personal. Secondly, he severely

criticized *Rerum Novarum* and Catholic social teachings for succumbing to the erroneous notion that land is a form of capital.

### **The First Law of Political Economy**

The first law of political economy is that all men seek to satisfy their desires with the least exertion. This axiom is the foundation on which the whole structure of Georgist ethic-economics is based. All human actions aim to satisfy human desires. Desires can be positive or negative, and George said that without them man could not exist. Here “desire” should be seen in its broadest context—material, intellectual, emotional, and spiritual. Some desires are primary, such as the desire for nourishment, maintenance of life, or avoiding injury and pain. The most basic desires he calls “needs”: food, clothing, shelter, and so forth. After these basic needs have been met, human desires increase to a higher level, for example, to gain greater love, knowledge, or happiness (George 1992: 81–85).

Desires and their corresponding satisfactions may be divided into subjective and objective. Subjective desires and satisfactions are related to the individual—his or her immaterial thoughts or feelings. Objective desires and satisfactions are always related to the external world. They may be actual material things or objects of thought. George criticized the German philosopher Arthur Schopenhauer (1788–1860) for the view that “wise men should seek the extinction of all desires” (George 1992: 83). In fact, George observed that desires actually increase, at least in quality, “coming higher and broader in their end and aim” (1992: 83). This is the reason why with the advancement in society the capacity for gratification is never static, but dynamic. All human desires and satisfactions evolve, and fall within the scope of political economy.

Work is not an end in itself, but the way in which humans can satisfy their desires. The toil and irksomeness of exertion is the natural condition associated with work or labor. In observing one’s own actions or the actions of others, humans seem to take a path of least resistance. This does not mean that that at all times and circumstance we always take the easiest road, but there is a tendency to do so (George 1992: 87):

But whatever be its ultimate cause, the fact is that labor, the attempt of the conscious will to realize its material desire, is always, when continued for a little while, in itself hard and irksome. And whether from this fact alone, or from this fact conjoined with or based upon something intuitive to our perceptions, the further fact, testified to both by observation of our own feelings and actions and by observation of the acts of others, is that men always seek to gratify their desires with the least exertion. This, of course, does not mean that they always succeed in doing so, any more than the physical law that motion tends to persist in a straight line means that moving bodies always take that line. But it does mean the mental analogue of the physical law that motion always seeks the line of least resistance—that in seeking to gratify their desires men will always seek the way which under existing physical, social and personal conditions seems to them to involve the least expenditure of exertion.

There is an important difference between George and other political economists. He particularly criticized Adam Smith for the assumption that humans' primary motive is selfishness or self-interest. He called it a fundamental and great error in the history of political economy. The motivation for physical exertion is not a curse, but an *impulse* that has increased enormously the material wealth of civilized societies.

Work in both its subjective and objective senses is the means by which mankind prospers and societies advance. The ability to find decent employment, receive a fair wage, gain an education, have recreation and leisure time, and be financially able to support self and family is vitally important when discussing the relationship among the nature of human work, economic justice, and social progress. Fittingly, it was not a desire for riches or fame that first sparked George's interest in the laws and principles that govern the production and distribution of wealth. It was the underlying cause of poverty, unemployment, and industrial depressions that first aroused George's fury against the injustice of increasing wealth and want.

### **The Law of Rent**

The Catholic Church may have unfairly criticized George when it interpreted his views as similar to those of Smith and Mill. Liberalism's doctrine of self-interest or selfishness is a way of excusing injustices in society and defends the exploitation of the working class. The Catholic Church, from Leo XIII's *Rerum Novarum* (1891) to the present day,



has consistently criticized the excesses of the old capitalist system. George should not be included in this criticism.

Adam Smith rightly suggested that the division of labor allows for great advances in the material wealth of nations. Increased specialization within trades and professions, labor-saving machines and inventions, advances in technology, and efficiencies in methods of production all contributed in the material advancement of our modern age.

Population density and improvements in transportation methods have a general tendency to increase the amounts of goods that labor can buy (George 1992b: 139–147). Manufactured goods and services are generally cheaper in cities than in rural areas. The intensive margin is said to be labor saving. However, it costs more to purchase a parcel of land in a city. Cheaper land is available at the extensive margin, that is, when it is a further distance from a central core, or of a poorer quality. Wages may be higher in the cities, but the cost of living is also relatively higher. In rural areas land is cheaper, but wages tend to be lower. The relationship between the intensive margin, the extensive margin, and the ability to monopolize land and natural resources is one of the reasons industrial progress and economic expansion do not necessarily guarantee a fair distribution of wealth. George did not believe that invention, technological advancement, or improved labor efficiency, in the long-term, increase the general level of wages; he dedicated a good part of his working life writing and speaking on the subject. To some, George's view of technological advancement may seem counter-intuitive. Technology is supposed to help labor, but it is a mixed blessing.

George's argument is basically that, even with all of the different kinds of economic improvements, the result will always be the same: the owners of land (including natural resources) will have a greater share of the wealth than workers and capitalists (George 2001: 252):

All I wish to make clear is that, without any increase in population, the progress of invention constantly tends to give a larger portion of the produce of labor to the landowners, and a smaller and smaller proportion to labor and capital.

George (2001) adapted David Ricardo's (1772–1823) law of rent to show that wages are affected by the margin of cultivation. Increases in



the number and density of a population push up the value of land. Landowners can demand a higher ground rent, affecting the returns to labor and capital. George's (2001: 231) aim was to show that the law of wages (for labor) is a corollary of the law of rent (for land) and harmonizes with the law of interest (for capital):

Wages depend upon the margin of production, or upon the produce which labor can obtain at the highest point of natural production open to it without the payment of rent.

George observed that Ricardo's law of rent was accepted to be valid by most, if not all, of the economists of his day. He reworked Ricardo's formula to show that as the demand for land increases the ground rent also increases (the reverse is also true). The consequence is that "[w]ages depend on the margin of cultivation, falling as it falls and rising as it rises" (George 2001: 219). Interest reacts in the same way as wages. The first law of political economy is embedded in all three laws (2001: 218):

The all-compelling law that is as inseparable from the human mind as attraction is inseparable from matter, and without which it would be impossible to pre-see or calculate upon any human action, the most trivial or the most important. The fundamental law, that men seek to gratify their desires with the least exertion, becomes, when viewed in its relation to one of the factors of production, the law of rent; in relation to another, the law of interest; and in relation to a third, the law of wages.

The first law of political economy is critical to George's program of reforms. As the "golden rule" (of doing unto others as one would have done to oneself) applies to moral law and good actions, so does this axiom apply to the natural laws of economics and just actions. It is the ground on which the laws of production and distribution are based.

### **The Gift of Nature**

If justice and liberty are to be attained it must be through equitable access of labor to the earth's resources, or what George calls the natural opportunities of nature. George emphasized that nature is a gift from the Creator. There is a "natural and inalienable" right of equal access to the natural opportunities that the earth provides (George 2001: 335). The Creator provided in the goodness of nature the means

for mankind to live and prosper. Henry George observed that nature does not discriminate among those who wish to use her natural resources (2001: 335):

She makes no discriminations among men, but is to all absolutely impartial. She knows no distinction between master and slave, king and subject, saint and sinner. All men to her stand upon an equal footing and have equal rights. She recognizes no claim but that of labor and recognizes that without respect to the claimant.

It is through work that we lay claim to the fruits of the earth. Man does not live apart from nature, but in and with nature. It provides the air that he breathes, the ground on which he stands, the food that he eats. It is imperative that everyone has access to nature for his or her survival and well-being. Equal access to nature's bounty is a natural right of existence. George (2001: 338) proclaims it is a universal principle dictated by God:

If we are all here by the equal permission of the Creator, we are all here with an equal title to the enjoyment of his bounty-with an equal right to the use of all that nature so impartially offers. This is a right which is natural and inalienable; it is a right which vests in every human being as he enters the world, and which during his continuance in the world can be limited only by the equal rights of others.

George's religious convictions are evident in his whole approach to nature, land, and the labor question. Equal title to the goods of the earth has its foundation in the biblical creation story. Since mankind first appeared on this earth all God's "children were to have an equal share" in His creation (George 2001: 420). It is in the creation story, in the opening chapters of the Book of Genesis, that we find the basis for this equality right. Creation was a gift to mankind from God. Man and woman were given dominion over the earth (Genesis 1–3). It was through their labors that man and woman were to furnish their material needs, food, clothing, shelter, and so forth. To do so, man must have access to nature's materials, forces, and opportunities.

#### **Just Reward for Labor: Wages**

Remuneration for one's work is usually in the form of wages. George made no distinction between the wages of an employee and those of

a self-employed worker: both are compensation paid for one's labor. George (2001: 17) began *Progress and Poverty* with a direct question on the relationship of wages, wealth, and poverty: "Why, in spite of increase in productive power, do wages tend to a minimum which will give but a bare living?" His conclusion was that workers are shut out from the natural opportunities that land provides. No artificial restrictions should inhibit any person from finding work. His attack on the wage fund theory is aimed at reinforcing the principle that all types of exertion, in all their various forms, are but a "return to labor" for the work done.

In the production of wealth, equilibrium should exist between the three factors of production and each should be guaranteed their rightful reward. Restrictive practices, human laws, and customs tend to skew this natural relationship and divert income from one group to another. Wages will never rise to a natural level as long as the owners of land or capital take a greater share of the increase in wealth than is due to them. George (2001: 421) held the provocative view that landowners are not entitled to any share of the economic rent because it is created by the community and not a product of one's labor. This view has been challenged by many Catholic commentators, including Monsignor John A. Ryan (1869–1945) (Ryan 1942; Andelson 2004: 327–329).

### **Wages, Labor, and Employment**

For full employment to occur, George said, labor must have access to the natural opportunities and forces of nature. He said that the real cause of poverty is due to labor being shut out from the natural opportunities land provides. His philosophy is that everyone who wants to work should have work.

For example, forest leases should be structured to allow for a greater share of the timber harvesting to be done by individual operators or small or medium-size companies. Job opportunities would increase with a shift towards labor-intensive tree farming and reforestation. Large capital-intensive multinational forest products companies would not be allowed special privileges by way of long-term leases or taxation policies. In the cities and rural areas, with the

introduction of a land-value tax, land prices would stabilize or decline. Lower land prices could help revitalize the idea of the family farm because it would be easier to own, buy, or sell land. One could envision the expansion of small specialized farming operations and market gardens close to urban population centers. Shifting taxes from business and labor and onto land would reduce the costs of hiring employees. It would be more financially and socially advantageous to hire full-time rather than part-time employees.

George believed that giving labor better access to land would increase wages, self-reliance, and an entrepreneurial spirit. There would be greater cooperation between labor, commerce, and industry. But the greatest effects would be the reduction of actual or hidden poverty, the actualization of individual potential, and an end to a misconceived class struggle between different economic classes or groups. George did not see this as a utopian dream, but as the harmonization of natural law with justice and freedom.

George wanted us to make a fundamental shift in our perception of the relationship between the worker and the employer. He asked, should not the one who is providing his labor be seen as providing the more important economic function? It is labor that gives value to commodities and exchange; therefore should not labor be the more valuable, or sought after. He writes (1992b: 131–132), “Why is it that we do not consider the man who does work the obligatory party, rather than the man who, as we say, furnishes work?” An analogy here may help. Any professional sports franchise is made up of owner(s) and players, the players forming a team. Every person on the team is important, but some players have specific skills that are prized more than others. Within the team different players may demand higher wages than others. In the analogy, it is the relationship between owner(s) and players that is central to George’s realignment of labor-employer value. Who is more important—the team or the owner(s)? It is the team because without the team the owner could not put his capital to good use. The owner needs the team to realize the return on capital. George (1992b: 133–134) identifies three things that might limit the earning capacity of labor: the minute division of labor, the concentration of capital, and labor-saving devices. All three tend to restrict workers from



directly applying their labor, skills, or initiative in the satisfaction of their desires. Access to land circumvents these problems (George 1992b: 134):

It being the power of every one able to labor to apply his labor directly to the satisfaction of his needs without asking leave of any one else, that cutthroat competition, in which men who must find employment or starve are forced to bid against each other, could never arise.

True competition between the suppliers and employers of labor permits variations in the supply and type of labor required. The big advantage would be to create a more flexible industrial system, which could adapt quickly to variances in economic output or demand. Labor would be capable of "indefinite expansion," self-directed, and in control of its earning potential. Laborers would be more productive because they would have a greater say in the economic outcome of their own enterprise, or that of their employer. A substantial increase in the number of self-employed trade-persons, business people, and professionals is also likely (George 1992b: 135).

In such a state of things, instead of thinking that the man who employed another was doing him a favor, we would rather look upon the man who went to work for another as the obliging party.

Capital would be unable to have an "excessive advantage" over labor because of its command of the factors of production. Pius XI (1931) criticizes liberalism capital and the Manchester School for lacking a social conscience in regard to the ownership of productive goods. Rodger Charles (1998: 98–100) summarized the case against radical liberal capitalism:

Private ownership of productive goods must be the basis of the economy. Liberal capitalism, out of which the modern economy grew, was based on economic freedom and private ownership of productive goods. It warped that institution with its excesses of freedom and lack of respect for the social responsibilities of private ownership, but capitalism itself cannot be dismissed as by nature vicious. Its evil came from the liberal ideology of the time which made it deny workers their dignity and neglect its social responsibilities.

George held a similar view, but blamed monopolistic practices that concentrated capital and power in the hand of a few large landowners and capitalists, which in turn denied workers their natural rights and

freedom. George was adamant that under the present system capital has the advantage because it is less susceptible to having to satisfy immediate needs or desires. For example, during a strike or lockout, capital can wait out the conflict, while labor must provide for its basic needs, food, drink, and shelter. As George (1992b: 134) stated, "Capital wastes when not employed; but labor starves." The freedom associated with a free labor market would lead to the possibility of greater employment opportunities. Increased competition for labor would increase the general level of wages. Thus, the CST principle of a family wage could be realized. John Paul II (1981: 46) defines a family wage as the income of one adult that is sufficient to properly maintain a family's present material needs and security for the future.

According to a recent report published by the left-leaning Canadian Centre for Policy Alternatives, the gap between the rich and poor in Canada seems to be widening (Yalnizyan 2007). One explanation is that there is too much low-paid part-time work and not enough full-time work. It is difficult to get an accurate picture of the real rates of unemployment, underemployment, and income levels. Robert Hiscott (2007) criticized how the data were compiled and analyzed, concluding that "[t]here is indeed income inequality and growing polarization over time in Canadian society, but it largely reflects the extreme gains of the top 1 percent of earners rather than income changes for the broader segment of Canadian individuals and families captured in the top income decile." This would indicate that concentration of income at the highest 1 percent is the real problem. This parallels George's observations that over time there is a concentration of land and capital. Under George's economic program, the necessity to have two or three low-paying jobs would be reduced and in a very practical way the plight of the working poor would be addressed.

An increase in the rate of pay for a group of workers or a particular skill may be observed at times when specialists are in demand. For example, leading up to the Y2K scare, employers were offering bonuses to IT specialists and giving recruiting bonuses to their employees. Similarly, in the United States and Canada during World War II, wages in shipyards and airplane and armament factories were higher because of the increased demand for labor due to the war effort. Such would be the general tendency in a free labor economy.

Without oversimplifying the complexities of a nation's economy, the conditions created by freed-up labor would be sustainable and stable and provide the means for full employment. Inequalities in the distribution of wealth are magnified when labor is chasing opportunity. It is when there is fair competition between labor and capital that people will not be subjected to the "wretchedness and despair born of poverty" (Geiger 1933: 3), as explained by George (1992b: 135):

Where there is always labor seeking employment on any terms; where the masses earn only a bare living, and dismissal from employment means anxiety and privation and even beggary or starvation, these large fortunes have monstrous power. But in a condition of things where there was no unemployed labor, where every one could make a living for himself and family without fear or favor, what could a hundred or five hundred millions avail in the way of enabling its possessor to extort or tyrannize.

The monopolization of land and natural resources leads to unfair competition and the concentration of wealth and power in a few hands. George R. Geiger (1933: 10) in his biography on George wrote:

That monopoly and "big business," the whole "merger" technique of modern industry is slowly concentrating wealth and power and ever widening the gap between the two extremes in the distribution of the product of economic enterprise.

Mass concentration of capital distorts the real purpose of competition. True competition supports the best use of the land and our natural resources, enhances economic efficiency, encourages self-reliance, and promotes cooperation between individuals and groups—and even between labor and capital.

One of the causes of underemployment or idle labor is when artificial restrictions are placed on workers, whether in the skilled, unskilled, service, business, or professional ranks (George 1992b: 138):

The supply of labor seems to exceed the demand for labor, springs from difficulties that prevent labor finding employment for itself—from the barriers that fence labor off from land.

There is a natural tendency for the labor market to adapt to changes in the type and amount of workers needed to supply demand. Freeing up labor allows for a quicker response to the needs of industry.

Workers gravitate to areas where employment opportunities are good and wages high. George saw a tendency to equilibrium existing between the demand for and the supply of labor. Having access to the natural opportunities that nature provides allows for a fluid movement of resources and people from one occupation to another more attractive one. For example, Alberta's oil, natural gas, and oil-sands industry is leading to rapid economic growth, that is, the production of wealth is increasing. The demand for all types of workers has increased the general level of wages in the province. Workers are moving to Alberta seeking employment and the high wages that go with it. George believes that the impulse to satisfy one's desires with the least exertion would propel individuals into leaving low-paying jobs or trades and equipping themselves with the necessary skills to be employable in higher-paying jobs. This process happens more quickly when restricted practices are not imposed by custom or law. In short, George wanted the entrepreneurial spirit residing in humans to be set free.

When George (1992b) talked about the necessity of land, he did not mean that everyone ought to become a farmer. Without the material universe, no man or woman could live. We all breathe air, drink water, build shelters, eat food, make or use tools, barter and exchange goods or services. Today, it may be more appropriate to say that everyone is interconnected and dependent on a global economic and social eco-system. However, George's insight remains the same: labor needs equitable and unfettered access to land in its classical economic conception (George 1992b: 136–137):

Without land no human being can live; without land no human occupation can be carried on. Agriculture is not the only use of land. It is only one of many. And just as the uppermost story of the tallest building rests upon land as truly as the lowest, so is the operative as truly a user of land as the farmer. As all wealth is in the last analysis the resultant of land and labor, so is all production in the last analysis the expenditure of labor upon land.

There is a greater awareness about the economic and environmental footprint humans have left of their world. This may help refocus the arguments for social and economic reform so that the social mortgage or ethical-economical interest we all have in our lands is not overlooked.



**Productivity and Technological Change**

George was not a Luddite, neither was he dazzled by the promise of technological change. (The Luddites were a gang of craft people who organized riots in several northern England textile towns between 1811 and 1816. They destroyed textile machinery that was displacing their traditional craft skills. Several deaths were reported. In 1813 at trials in York several convicted rioters were hanged and many others faced transportation. By 1816 government repression and a revived economy brought an end to the riots. The relationship between hardship, technological change, tyranny, and prosperity should not be overlooked.) It was George's (2001: 249) opinion that every invention or improvement has a tendency not to increase the general level of wages, but to increase ground rent. He observed two effects of the impact of new technology, systems, or procedures. The "primary effect of labor saving improvements is to increase the power of labor, the secondary effect is to extend cultivation, and where this lowers the margin of cultivation, to increase rent" (George 2001: 245). What this means is that labor-saving machines, improvements in technology, new discoveries, or inventions do initially increase the power of production and the productivity of workers. However, ultimately this drives up the economic rent or the surplus from better-situated land. Any real and lasting benefit to labor or capital is offset by an increase in the ground or economic rent. The monopolization of land allows the landowner to limit supply artificially and demand a higher price for its use.

To make this point, George used the example of the expansion of the railroads. The original advantage was to labor because it opened up markets, but very soon after, with an increase in land prices, it was the landowner who demanded the greatest share of the newly created wealth. This phenomenon may be readily observed in those communities that recently experienced a spectacular increase in land values due to the "high-tech" bonanza. One of the best examples in North America is the Silicon Valley technological "land" rush. Remember that land, in the economic sense, includes all the visible and invisible spatial-temporal resources, forces, and natural opportunities of nature, such as land, water, forests, minerals, electro-magnetic forces, and the broadband spectrum. This latest land rush was not for agricultural or

railroad land. High-tech speculation caused a dramatic and speculative increase in the price of stocks and land-site values. The bursting of the "high-tech bubble" resulted in the downturn in the stock and land markets. The after-effects of land speculation had a devastating consequence on the incomes of those working in industry and many working people lost their investments or pensions. Some Silicon Valley employees could not afford the cost of accommodation and did not want to stay in homeless shelters. The solution borders on the surreal. (Read an account of this phenomenon by Fred Harrison 2005: 38 and an eyewitness account of people forced, by necessity, to sleep and ride the 26-mile route of the bus #22, dubbed Motel 22, at <http://alienflea.tblo.com/archive/2006/09>).

Technology is a mixed blessing under current conditions. More than a century ago, George identified a series of effects on society and individuals. The concentration of capital leads to monopolies and oppression. Workers become more dependent on their employers. Opportunities for training and the freedom to acquire profitable skills are restricted. In turn, this reduces the independent nature of workers, their outlook on life narrows, and they become more sullen and less engaged and vigorous. New techniques and greater efficiencies in production are not in themselves good or bad, but intelligence is needed to limit bad effects and promote good ones. This is a political and an ethical issue. However, because of economic repercussions societies, in general, are reluctant to limit the productivity advantage of technological change. It is usually only after a near catastrophe, such as occurred at the Three Mile Island nuclear facility, that restrictions are placed on new processes, inventions, or discoveries. Debates on the ethical and political consequences of technological change often are limited by the desires for economic growth and development. Seldom is the debate on technological change about how it affects land values, economic rent, and taxation policy. In Canada and the United States rents have increased, but productivity gains have raised wages if deadweight tax burdens are factored out. Two-income families, increased voluntary unpaid work hours, and government social subsidies often obscure the view that the major winners in technological advancement are not wage earners, but the owners of land and natural resources.

George foresaw the Industrial Revolution as being only the first stage of economic and social advancement. The experience of later decades during a Technological Age and leading into an Information Age may lead us to draw similar conclusions concerning the beneficial or detrimental effects of new technologies on the lives of working people. In the emerging economies of Eastern Europe, China, and India the same effects of technological and industrial expansion are placing great pressure on traditional values and social institutions. Technological change and increased productivity have the effect of extending the margins and raising rent not only locally and regionally, but globally. Greater employment opportunities are accompanied by greater risks. George warned of the inevitable outcome if landowners have an unfair advantage. In the long-run, discord between landowners on one side and labor and capital on the other is detrimental to the aims of society in general, and particularly those of working people.

In *Progress and Poverty* (2001: 244–254) and *Social Problems* (1992b: 139–147) George first looked at the effect of labor-saving machinery and then identified why workers are deprived of the reward of their labor. He started with a simple economy and said that in a primitive state each family provides for its individual needs. The introduction of labor-saving machinery opens up two possibilities: producing the same quantity with less labor or producing more with the same labor. The general tendency will be to diffuse the benefits of efficiency throughout the economy. George used the example of improvements in tanning hides or mining ore. The same holds true for improvements in automobile assembly and the impact of computer technology. Over time more can be produced with less energy. (Recall the goal is to produce wealth for the satisfaction of human desires with the least exertion.) The initial effect is always to give labor an advantage over capital because that labor is the active factor of production. Capital aids labor and “is merely its tool and instrument.” In philosophical terms the efficient cause is always labor.

Capital's due portion of wealth is received as interest. George (1992b: 142) admitted that risk or good management may have a part to play in the “utilization of improvements.” However, he held that the

rewards that ought to go to labor, in the form of wages, are often diverted due to monopoly or the concentration of capital. He used the example of the railroad, showing that improvements in transportation first properly benefitted labor, but in the end what really increased were not wages, but land values:

While labor-saving improvements increase the power of labor, no improvement or invention can release labor from its dependence on land. Labor-saving improvements only increase the power of producing wealth from land. And land being monopolized as the private property of certain persons, who can thus prevent others from using it, all these gains, which accrue primarily to labor, can be demanded from labor by the owners of land, in high rents and higher prices. (George 1992b: 142)

Is it fair to say that wages have not increased in the industrial world? Living standards have improved. There has been an increase in the wealth of nations. Homeowners, business people, developers, and multi-national corporations all have a vested interest in the present system supporting the individual right to the economic rent. The rewards of labor and capital—that is, wages and interest—are being substituted by the ability to take the economic rent. For example, in Canada a homeowner who sells her primary residence pays no capital gains on the increased value of the property. In effect, the economic rent is a tax-free income. But the social organism that creates wealth seems to be in a precarious state. Those at the lower end of the income scale, the working poor, continue to be dependent not on their own skills and resources but on government subsidies. George did not disagree that individual wages do rise or adjust to the supply and demand of the market. He concluded that the general level of wages would be driven down as long as there is unfair competition in accessing land and natural opportunities.

### **Competition and Cooperation**

The torch George carried was for the right of all working men and women, whatever their race, country, or culture, to provide not only for their basic needs but also for the higher qualities associated with a civilization. George's doctrine of "true competition" is antagonistic towards socialism, which wants to limit the return to capital, and



“malformed laissez-faire” capitalism, which wants to limit the reward of labor. Legitimate competition has rarely, if ever, existed (Geiger 1933: 273–281). As long as renewable and un-renewable resources and the natural opportunities that land provides are controlled by the few and not the many true competition does not exist. Monopolies support spurious competition whether the enterprise is controlled by individuals, corporations, unions, or governments, as expressed by Geiger (1933: 273–274):

It must be made clear that George’s approach to competition was in no way sympathetic with that specious, fictitious competition that has made the very word almost a travesty. George agreed with the socialist that the “present competitive system” must tend to degradation, insecurity and disaster; but it was a pathological system. That is, Sidney Webb’s statement that “an almost complete industrial individualism” had been tried and found wanting could not have been accepted by George. Instead, the fact was that real competition had never existed, legitimate laissez-faire had never been given a trial. The sham “hands-off,” devil-take-the hindmost policy was as counterfeit as any of the distorted approaches to economics which ignored the fact that the earth was in control of a privileged few. There could be no free competition with the sources of the production of wealth monopolized and the channels of the distribution of wealth blocked or diverted. A diseased condition of competition had been taken as the norm.

Free and fair competition opens up new possibilities for the advancement of exchange and trade, which ought to benefit the whole of society (George 1992: 403):

The competition of men with their fellows in the production of wealth has its origin in the impulse to satisfy desires with the least expenditure of exertion.

Competition is indeed the life of trade, in a deeper sense than that it is a mere facilitator of trade. It is the life of trade in the sense that its spirit or impulse is the spirit or impulse of trade and exchange.

In the closing pages of *Progress and Poverty*, George (2001) linked the laws of production and distribution with the law of human progress. He believed in the power of the mind to advance society. Not an individualist in the strictest sense of the word, he also stressed the interdependency between the individual and society and proposed the law of society to be “each for all, as well as all for each” (George

2001: 435, 475–552). He believed God had given each person the abilities to seek security and freedom, as Hannah Arendt (1958: 80–81) put it, through “the labor of their bodies and the work of their hands.” Society has an organic nature and needs to be nourished by the actualization of justice, not for the few, but the many (George 2001: 279):

Mental powers, the motor of social progress, is set free by association—or perhaps “integration” may be a more accurate term. In this process, society becomes more complex. Individuals become more dependent upon each other. Occupations and functions are specialized.

Basic needs must be met before one’s mind can be put to higher uses associated with citizenship and the more elevated goals of an advancing civilization. It is in a higher or mental form of cooperation and association of equals that civilization rises. He proclaims, “association in equality is the law of human progress.”

It is the monopolization of land that hastens the fall of civilizations. Justice becomes blurred when human laws and social institutions override the natural laws that govern the universe (George 2001: 517–518).

The idea of property arises naturally regarding things of human production. This idea is easily transferred to land. When population is sparse, ownership of land merely ensures that the due reward of labor goes to the one who uses and improves it. As population becomes dense, rent appears. This institution ultimately operates to strip the producers of wages.

The principle underpinning George’s solution to the labor question has its ground in natural law and is composed of two parts: the confiscation of economic rent through taxation and the reduction of all other taxes except those levied on land values. No other reforms, proposals, or policies could alleviate the underlying problem of industrial progress and economic injustice. A “society grounded upon a basic institution of monopoly” is an unjust society (Geiger 1933: 274). George knew it would be difficult to have his remedy implemented, but he had followers in the Catholic community in Ireland, Great Britain, and the United States and he hoped the Catholic Church would see the justice of his reforms.

**Catholic Social Teaching**

The first problem that arises when discussing CST and the reforms that George proposed is that the Catholic Church does not offer any technical solutions to the question of land ownership and taxation. No economic or political system is particularly promoted, although liberalism, rigid capitalism, and Marxism are specifically singled out for their errors. The Church sees its role as not to “analyze scientifically” but to call attention to the dignity of the human person and the rights of workers. It condemns situations in which human dignity and workers’ rights are violated. The aim is to guide authentic progress (John Paul II 1981: 7). Social encyclicals put forth general principles “which defend the human dignity of the worker in the process of change” (Charles 1998: 291).

In George’s open letter to Leo XIII on *Rerum Novarum* he seemed intuitively to understand that the encyclical was a veiled criticism of his philosophy and what came to be known as the “Single Tax.” When discussing the nature of work both the economic and ethical side must be considered in relation to economic justice and social progress. George (1891: 22) indicated to the pontiff that he regarded the ethical side of the land question as more important than the economic one. On the 90<sup>th</sup> anniversary of the social encyclical *Rerum Novarum*, John Paul II wrote his first strictly social encyclical *On Human Work: Laborem Exercens* (1981). Certain sections of *On Human Work* relate directly to our discussion of Henry George and the nature of work. The text is broken into five main sections: (1) *Introduction*, (II) *Work and Man*, (III) *Conflict Between Capital and Labor in the Present Phase of History*, (IV) *Rights of Workers*, and (V) *The Spiritual Significance of Work*.

The first section of *On Human Work* reviews the history of the workers question since the proclamation of *Rerum Novarum*. Work is defined as an activity of man. Work is a “perennial and fundamental” issue to which we must keep returning (John Paul II 1981: 6). “Work is at the very center of the social question” (John Paul II 1981: 7). In section II on *Work and Man* one sees a number of potential areas for dialogue between Georgists and Catholics. For instance, the Book of Genesis states that work is a fundamental dimension of human

existence on earth. Work is the proper subject of man and it is directed towards satisfying needs, wants, and desires through external things. The original ordering of the earth is universally applied to each and every generation. Workers should not be treated as commodities.

One statement that does need clarification is the Church's ethical meaning of work and its relationship to economic justice. The encyclical states (John Paul II 1981: 23):

If one wishes to define more clearly the ethical meaning of work, it is this truth that one must particularly keep in mind. Work is a good thing for man—a good thing for his humanity—because through work man *not only transforms nature*, adapting it to his own needs, but he also *achieves fulfillment* as a human being and indeed, in a sense, becomes “more a human being.”

The expression “more a human being” needs clarification. George's view that work is not an end in itself, but only a means to an end, is built on a foundation of natural law. George wanted the meaning of terms used in political economy to be clear and precise. The Church seems to be saying that all forms of work are beneficial. George would see the attributes of an advanced society, for example, education and the arts, as being posterior to humans first satisfying more basic needs and wants. George saw labor as the economic and ethical means by which individuals satisfy their desires and society progresses. He did not glorify the worker, treat labor as a commodity, or believe that labor should be subjected to spurious competition. He trumpeted cooperation rather than class struggle. For George, it is not work *per se* that transforms and improves society, but human will and actions.

Section III of *On Human Work* addresses the conflict between capital and labor. John Paul II asserts that during the Industrial Revolution small groups of entrepreneurs, by controlling the means of production, exploited the workers by maximizing profits while paying the lowest possible wage. The real problems associated with industrialization were mistakenly characterized as a “systematic class struggle” by Marx. This sets up an ideological battle between Marxism and capitalism. George's analysis demonstrates that there is not a natural conflict between labor and capital. Nor is there a fear of capital. Conflicts arise between landowners, workers, and the suppliers of capital when the harmonious laws of production and distribu-



tion become distorted, thus interfering with the equilibrium and the functional distribution of land, labor, and capital. George's doctrine of "true competition" promotes a free labor-business market by encouraging fair exchange, free trade, and distributed justice and stands in close parallel with John Paul II's (1991: 62) comments on "capitalism" and "free economy." Therefore, in George's explanation of tri-factor economics there is no conflict between labor and capital. Labor is the active or human factor in the production of wealth. Capital aids labor in the production of wealth. The first law of political economy is upheld when labor is able to access the earth's natural opportunities and when the laws of production and distribution are not distorted by institutional monopoly in land.

Different economic systems have been promoted to explain the workings of society, its political structure, economic laws, and social ordering. Historically, these debates have had a profound impact on how we view our world and how best we can govern ourselves for the intellectual, physical, moral, and spiritual good of the individual and community. John Paul II's encyclical *On Human Work* (1981: 37) states that the "principle of the priority of labor over capital is a postulate of the order of morality":

In view of this situation we must first recall the principle that has always been taught by the Church: *the principle of the priority of labor over capital*. This principle directly concerns the process of production: in this process labor is always the primary *efficient cause*, while capital, the whole collection of means of production, remains a mere *instrument* or instrumental cause. This principle is an evident truth that emerges from the whole of man's historical experience. (John Paul II 1981: 28)

George's political economy comports with John Paul II's guidelines. Both George and the Catholic Church agree that social problems result from an injustice in the distribution of wealth. Since the time of the Industrial Revolution, the relationship between landowners, workers, and capitalists has radically propelled the debate about economic, ethics, and social justice.

### **The Enigma of Progress and Poverty**

The image of the mansion on the hill and the shantytown below is a vivid illustration of the chasm that exists between unbridled affluence

and destitution. In North America's wealthiest cities, panhandlers ply their trade on the same streets where international property developers, day-traders, and merchant bankers make their millions. The causes of homelessness, welfare dependency, and unemployment cannot properly be explained by depravity, alcoholism, or mental illness; these are proximal causes at best. George saw them as the symptoms of maladjustments in society and not the cause.

In the problem of poverty we find further agreement between Henry George and CST. This includes the declaration that involuntary poverty is an evil. Poverty and the needs of the less fortunate in society ought to be relieved by economic progress, but history shows that they have not been. Workers should not be exploited or seen solely in economic terms. Private property rights should be respected, common property rights should also be upheld. And the universal destination of goods must be guided by what is just and right not only for the individual, but also for the community. On these and other understandings a common ground can be sought.

Cooperation in this field is both urgent and necessary. Where many in the Catholic social-justice movement may see the solution in the redistribution of wealth, Georgists recommend that the cause, effect, and remedy to the enigma of wealth and want lies in a just and lasting distribution of wealth. The social and economic reforms suggested by Henry George and his followers are more critical in light of our growing awareness of the limited nature of land. The human price paid for the unjust distribution of our nation's wealth has been well documented: anxiety, distrust, crime, vice, despair, unemployment, exploitation, insecurity, and fear. Today the plight of the working poor is grave. Business and personal bankruptcy rates are on the rise. There has been a vast increase in the amount of personal debt fueled by cheap money and unsustainable dreams. In the last 50 years, with the growth of government-sponsored welfare programs some of the visible symptoms of the wretchedness of poverty have become hidden, but the causes have not been conquered.

This is one of the reasons why research into the nature of work is of critical import. Society as a whole grows and prospers through human endeavor. Further research is needed into a philosophy and a theology of labor and work. George's writings contain many elements

that could be developed more fully in a modern context. He is prophetic in his judgments on how advances in civilization are not guaranteed. Human progress must be nurtured, understood, and defended. The homogenization of economies and cultures is propelled by humankind's dependency on scientific knowledge and information technology. A better understanding of the economic and ethical nature of work will make the transition from one stage of development to the next less confrontational.

### **Labor, Wealth, and Justice**

To summarize, morally and economically all workers are entitled to the fruits of their labors. The world in which we all live is a gift from the Creator. In tri-factor economics, land (defined by George as all the natural resources and forces and opportunities of nature), labor, and capital are the general factors of production. Land and labor are the primary factors of production. Labor is the creator of all wealth and the means by which we secure our livelihood. Remuneration for labor is usually in the form of wages. The right to be awarded a fair wage is fundamental to natural and economic justice. At a very basic level, it is through human exertion that one acquires ownership or private property rights to external goods. Work in all its various forms has an ethical and economic component. An institutionalized land monopoly has distorted the natural laws of production and distribution. Under present conditions true competition does not exist. The taxation of economic rent is often overlooked when discussing workers' rights, wages, self-reliance, and social development.

The Catholic Church, especially since Vatican II, has produced many documents that develop and adapt CST to better reflect the changing interaction between human beings and the world in which they live (Vatican Council II 1996: 162–282; John Paul II 1981, 1987, 1991). In the encyclical *On Human Work*, John Paul II (1981: 10) stated that “human work is a *key*, probably the essential key, to the whole social question, if we try to see that question really from the point of view of man's good.” Greater awareness of the negative impact that humans are having on the earth's environment demands creative answers to old problems. John Paul II (1981: 6) wrote that there is a “growing

realization that the heritage of nature is limited" and that new question and problems must be addressed. Henry George (2001: 299–330) would wholeheartedly agree. And that real change can only occur when a remedy is administered to cure the cause of the ailment and not just its effects.

George Geiger (1933: 5) observed the following in his biography of Henry George:

George assumed that there was no distinct dualism between the realms of morals and of economics, that there was no insulation which prevented the one from becoming in contact with the other . . . George's demand for economic and social reform was a demand for a new approach to the foundations of ethical concepts, and it was his moral purpose that gave life and richness to the fiscal details of his economics.

The philosopher and educator John Dewey (quoted in Geiger 1933: 4) thought George to be one of the greatest thinkers that the United States had ever produced and compared his practical wisdom to that of Plato:

It would require less than the fingers on two hands to enumerate those who from Plato down rank with him. Were he a native of some European country, it is safe to assert that he would long ago have taken the place upon the roll of the world's thinkers which belongs to him, irrespective, moreover, of adherence to his practical plan.

Geiger believes it is some external factor, rather than George's theories, that has limited his exposure and influence on modern social thinking. Slowly, activists of a new generation are again looking to George for guidance in facing new challenges and problems related to economic and social justice because of the explicit link between economics, social and ethical responsibility. Again people are considering how taxation policies may be used positively to direct good actions. The phrase "tax the bad, not the good" illustrates why everyone should be concerned how humans use, or abuse our natural heritage. Socially progressive groups in Canada, such as the Green Party of Ontario, the Canadian Research Committee on Taxation, and the Henry George Foundation of Canada, are campaigning for a greater acceptance of Georgist principles.

If work is the "key" to solving our social problems then it may also unlock the door for the acceptance of Georgist principles into main-



stream Catholic economic thought. Georgists and Catholics should embrace a cooperative approach and work towards a new understanding on the nature of work and the distribution of wealth.

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