

NOTES

ON

"PROGRESS AND POVERTY."

A Reply to Henry George.

BY

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Imprimatur,

† R. PHELAN,

Ep. Coadjutor.

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ERRATA.

Page 34, line four, for *or* read *but*.

Page 44, before the paragraph beginning, "I do not lose sight," insert the following:

By holding the property for three years

he expects to receive.....\$4,000 00

Profit on the speculation.....\$2,692 50

Page 51, fourth line from bottom of page, should read, *a treatise on the dismal science*.



PREFACE.

The appearance of this pamphlet naturally suggests two questions, viz.:

FIRST—Is there need for another criticism of Mr. George's theories?

SECOND—Why has this latest essay been so slow in making its appearance? I shall try to answer both.

1. Mr. George's economic teachings have been refuted by several writers. Some of these have contented themselves with defending the justice of private property in land by abstract reasoning, not easily followed or keenly relished by the majority of readers. Others have adduced facts and marshalled formidable lines of figures, which completely demolish the structure reared by Mr. George; but their essays have been published in reviews or magazines that circulate almost exclusively amongst educated people, or in the form of books which do not find their way to the homes or the hands of the working classes. I am far from finding fault with such replies; they have done good, each in its own sphere; but there is room and even need for one more—one that will be clear, brief and cheap; one that will take up Mr. George's reasoning, point after point, and expose the fallacy of his arguments. Not literary men or college graduates, not clergymen or lawyers, but the rank and file of the people are in most danger of being led astray by his teachings. But workmen are little skilled in dialectics and not much disposed to question the logic of one who poses as their champion and promises to redress their real or imaginary wrongs. The writer who would undeceive the mass of Mr. George's readers must aim to remove the impression which he has made on their minds, must lay bare his fallacies and point out his errors. I do not

dare to hope that this essay will accomplish that result. I offer it as an earnest, if unsuccessful, attempt in that direction.

2. To the second question I answer that I have been waiting for some abler writer to perform the task. But when month after month had passed away and the hoped for reply had not made its appearance I determined, perhaps rashly, to attempt it myself.

Notes on "Progress and Poverty."

CHAPTER I.

The Problem.

The problem, which the book before us is an attempt to solve, is stated in the introduction.

"In the United States it is clear that squalor and misery, and the vices and crimes that spring from them, everywhere increase as the village grows to the city, and the march of development brings the advantages of the improved methods of production and exchange. It is in the older and richer sections of the Union that pauperism and distress among the working classes are becoming most painfully apparent. If there is less deep poverty in San Francisco than in New York, is it not because San Francisco is yet behind New York in all that both cities are striving for? When San Francisco reaches the point where New York now is, who can doubt that there will also be ragged and bare-footed children on her streets?"—*Page 12.*

"But just as such a community realizes the conditions which all civilized communities are striving for, and advances in the scale of material progress—just as closer settlement and a more intimate connection with the rest of the world, and greater utilization of labor-saving machinery, make possible greater economies in production and exchange, and wealth in consequence increases, not merely in the aggregate, but in proportion to population—so does poverty take a darker aspect. Some get an infinitely better and easier living, but others find it hard to get a living at all. The "tramp" comes with the locomotive, and almshouses and prisons are as surely the marks of "material progress" as are costly dwellings, rich warehouses and magnificent churches. Upon streets lighted with gas and patrolled by uniformed policemen beggars wait for the passer-by, and in the shadow of college, and library and museum, are gathering the more hideous Huns and fiercer Vandals of whom Macauley prophesied."—*Page 10.*

Now is all this true? Is the condition of the working classes growing worse while material prosperity and wealth are increasing? Strangely enough, Mr. George does not attempt to prove the existence of the problem which he undertakes to solve. If there be no such problem, "Progress and Poverty" is so much waste paper. We are justified in meeting a bare statement with a curt denial. It is Mr. George's duty to prove his assertion, not ours to disprove it.

Some writers have disputed his preliminary assumption, and have produced facts and figures to prove that he is wrong. Those who wish to pursue the subject would do well to consult Mr. Mallock's interesting work on "Property and Poverty." Instead of giving any of his figures, which refer only to England, I shall content myself with citing a few taken from the United States Census Reports, and found in the "Encyclopedia Britannica" (supplement to ninth edition, Art Manufacture). The average wages earned by employes in manufacturing establishments throughout the United States was as follows:

In 1850.....	\$247.27
In 1860.....	288.94
In 1870.....	377.60
In 1880.....	346.63

The apparent decrease in the last decade was a real increase. On account of the inflation of values in 1870, the purchasing power of \$377.60 in 1870 was less than that of \$346.63 in 1880. Even these figures do not give the full gain of later over earlier years, for the proportion of females employed in manufacture is greater now than formerly; and, as they receive less pay than males, the proportionate increase in their numbers tends to lower the average wage-rate.

An examination of this question would require more space than I can devote to it. Let us suppose then that Mr. George's preliminary statement is correct,

that poverty is on the increase, and proceed to examine how he proposes to remedy so great an evil.

He is careful to define the terms which he employs in his treatise. To some of them he attaches a meaning different from that which they commonly receive. I give his own explanation.

“As used in common discourse “wages” means a compensation paid to a hired person for his services; and we speak of one man “working for wages,” in contradistinction to another who is “working for himself.” The use of the term is still further narrowed by the habit of applying it solely to compensation paid for manual labor. We do not speak of the wages of professional men, managers or clerks, but of their fees, commissions, or salaries. Thus the common meaning of the word wages is the compensation paid to a hired person for manual labor. But in political economy the word wages has a much wider meaning, and includes all returns for exertion. For, as political economists explain, the three agents or factors in production are land, labor, and capital, and that part of the produce which goes to the second of these factors is styled by them wages.

Thus the term labor includes all human exertion in the production of wealth, and wages being that part of the produce which goes to labor, includes all reward for such exertion. There is, therefore, in the politico-economic sense of the term wages no distinction as to the kind of labor, or as to whether its reward is received through an employer or not, but wages means the return received for the exertion of labor, as distinguished from the return received for the use of capital, and the return received by the landholder for the use of land.”
—*Pages 26 and 27.*

Of capital he says:

“Dr. Adam Smith correctly expresses this common idea when he says: ‘That part of a man’s stock which he expects to afford him revenue is called his capital.’”
—*Page 30.*

Land is defined:

“The term land necessarily includes, not merely the surface of the earth as distinguished from the water

and the air, but the whole material universe outside of man himself, for it is only by having access to land, from which his very body is drawn, that man can come in contact with or use nature. The term land embraces, in short, all natural materials, forces, and opportunities, and therefore, nothing that is freely supplied by nature can be properly classed as capital.”—*Page 31.*

The difference between capital and wealth is thus explained:

“Now, as capital is wealth devoted to a certain purpose, nothing can be capital which does not fall within this definition of wealth. By recognizing and keeping this in mind, we get rid of misconceptions which vitiate all reasoning in which they are permitted, which befog popular thought, and have led into mazes of contradiction even acute thinkers.

But though all capital is wealth, all wealth is not capital. Capital is only a part of wealth—that part, namely, which is devoted to the aid of production.”—*Page 34.*

The term rent is taken to mean the equivalent paid for the use of land only. What is given for the use of buildings or improvements is not rent. Mr. George explains further :

“Where owner and user are the same person, whatever part of his income he might obtain by letting the land to another is rent. * * * When land is purchased, the payment which is made for the ownership, or right to perpetual use, is rent commuted or capitalized.”

For a fuller understanding of these terms, I must refer the reader to “Progress and Poverty” itself.

CHAPTER II.

Are Wages Drawn from Labor or Capital?

Our author begins his inquiry with the following question :

“Why, in spite of increase in productive power, do wages tend to a minimum which will give but a bare living?”—*Page 16.*

The answer commonly given is that the rate of wages is fixed by the ratio between the capital invested in the employment of labor, and the number of laborers employed or seeking employment. If the number of workingmen be small in proportion to the capital invested, wages will be high; if the number be large when compared with the amount of capital, wages will be low. Although the demand for labor grows with the accumulation of capital, the supply of labor grows more rapidly still. Workmen increase in number more rapidly than capital in quantity; demand does not keep pace with supply; hence the tendency of wages is downward.

Mark the word tendency. This downward tendency may be checked or even overcome by various causes, which it is neither my province nor my purpose to discuss. I commit myself to no theory, as I am writing, not a treatise on political economy, but a criticism on Mr. George's teachings and methods.

Our author admits that the explanation given above is accepted by the greatest writers on political economy.

"In current thought this doctrine holds all but undisputed sway. It bears the indorsement of the very highest names among the cultivators of political economy, and though there have been attacks upon it, they are generally more formal than real. * * * It is taught in all, or nearly all, the great English and American universities, and is laid down in text books, which aim at leading the masses to reason correctly upon practical affairs."—Page 16.

Mr. George lays before us his reasons for rejecting this theory. His attempted refutation is the *pons asinorum* of his economic system, and I beg the reader to study it closely; otherwise it will hardly be understood.

"And yet, widely accepted and deeply rooted as it is, it seems to me that this theory does not tally with obvious fact. For, if wages depend upon the ratio between the amount of labor seeking employment and the amount of capital devoted to its employment, the

relative scarcity or abundance of one factor must mean the relative abundance or scarcity of the other. Thus, capital must be relatively abundant where wages are high, and relatively scarce where wages are low. Now, *as the capital used in paying wages must largely consist of the capital constantly seeking investment*, the current rate of interest must be the measure of its relative abundance or scarcity. So, if it be true that wages depend upon the ratio between the amount of labor seeking employment and the capital devoted to its employment, then high wages (the mark of the relative scarcity of labor) must be accompanied by low interest (the mark of the relative abundance of capital), and reversely, low wages must be accompanied by high interest.

This is not the fact, but the contrary."

The words which I have put in italics, are the key of the position. "The capital used in paying wages" does *not* "consist largely," or at all, "of the capital constantly seeking investment." The former is invested, the latter uninvested capital. To understand this distinction is to see the fallacy of our author's reasoning.

"So if it be true that wages depend upon the ratio between the amount of labor seeking employment and the capital devoted to its employment, then high wages (the mark of the relative scarcity of labor) must be accompanied by low interest (the mark of the relative abundance of capital), and reversely, low wages must be accompanied by high interest."

Not at all—just the opposite. Low interest is the mark of the relative abundance of unemployed capital; high interest, the mark of its relative scarcity; and vice versa. Now the abundance of unemployed capital means the comparative scarcity of employed capital; under such circumstances interest will be low. Wages, too, will be low, for the quantity of capital which employs labor will be small in proportion to the quantity of labor in the market. Again the scarcity of unemployed capital means the comparative abundance of employed capital; when such is the case, interest

will be high. Wages too will be high; for the capital that employs labor will be abundant in proportion to the number of workingmen in quest of employment.

It is impossible not to admire Mr. George's ingenuity in concealing the weak part of his argument. The guileless manner in which he tells us that the fund used in paying wages consists largely of capital seeking investment, is simply delicious.

Our author next enquires whether or not wages are drawn from capital, and decides in the negative. He lays down the following proposition:

"The proposition I shall endeavor to prove is:

That wages, instead of being drawn from capital, are in reality drawn from the product of the labor for which they are paid."
—Page 21.

Here again his hand is against every man's and every man's hand against his. Writers on political economy are almost unanimous in maintaining that wages are derived from capital; but Mr. George attempts to refute that theory.

No one will be likely to dispute the statement that the wages of the man who works for himself do not come from capital. The reason is plain; such a laborer is his own employer. But Mr. George goes further. He teaches that the wages of the hired workman "are derived from the produce of the labor for which they are paid." This proposition he attempts to prove by a series of examples, commencing with the simplest and most primitive form of hired labor, and ascending gradually to the most complex.

"If I hire a man to gather eggs, to pick berries, or to make shoes, paying him from the eggs, the berries, or the shoes, that his labor secures, there can be no question that the source of the wages is the labor for which they are paid."—Page 41.

From this conclusion I must dissent. If the berries grow on my land, if the eggs are laid by my fowl, the

hired man's labor does not produce either eggs or berries. If I employ a teamster to move my furniture from one house to another, no sane man will say that the teamster's labor produces the furniture. Neither does the man whom I hire to move my fruit or my eggs from my farm to the market, produce the fruit or the eggs.

Perhaps Mr. George means that the berries grow wild and the eggs are laid by wild birds on unoccupied lands. In that case the man who gathers them is the owner. He may sell or give them to me, but I am not his employer, and this is not a case of hired labor. I cannot be correctly termed the shoemaker's employer. The transaction between us is a partnership. I furnish the material, he does the work, and we divide the product. In a general sense a partnership may be said to exist between every employer and his employe, but in this case we have a partnership proper, because the finished product is the property of both. Another instance.

"The next step in the advance from simplicity to complexity is where the wages, though estimated in kind, are paid in an equivalent of something else. For instance, on American whaling ships the custom is not to pay fixed wages, but a "lay," or proportion of the catch, which varies from a sixteenth to a twelfth to the captain down to a three-hundredth to the cabin boy. Thus, when a whaleship comes into New Bedford or San Francisco after a successful cruise, she carries in her hold the wages of her crew, as well as the profits of her owners, and an equivalent which will reimburse them for all the stores used up during the voyage. Can anything be clearer than that these wages—this oil and bone which the crew of the whaler have taken—have not been drawn from capital, but are really a part of the produce of their labor?"—*Page 42.*

Mr. George fails again. The ship, the boats, the tackle for pursuing and killing the whales, the vessels used for receiving and storing the oil—all are capital furnished by the owner before a gallon of oil can be

obtained. Moreover, during the voyage the crew consumes a quantity of food, which must be furnished by the owner from his capital, and is just as much a part of the sailors' wages as the oil they receive after their return to port. Will any one contend that the ship and her stores are the product of the crew's labor?

The next example is the same in principle as one of those already disposed of.

"The Farrallone Islands, off the Bay of San Francisco, are a hatching ground of sea-fowl, and a company who claim these islands employ men in the proper season to collect the eggs."

It matters not whether the company's title to the island is good or defective, they stand in the same position towards their hired men. This case is the same as that of the berries. The reader of "Progress and Poverty" will apply the same principle to the next case, that of the Chinese employed in killing seals.

Mr. George lays great stress on the fact that the performance of work precedes the payment of wages. But the order in which the parties to the contract fulfill its terms, makes no change in the source from which the payment comes. If I order goods from New York, the price of them comes out of my pocket all the same whether I pay before or after I receive the goods. From the fact that labor precedes payment we may infer that the food which the workman eats to-day does not come from wages for the work he does to-day, but we cannot conclude that it does not come from wages received for work done last week or last month.

To do our author full justice, I give his argument in his own words :

"I dwell on this obvious fact that labor always precedes wages, because it is all important to an understanding of the more complicated phenomena of wages that it should be kept in mind. And obvious as it is, as I have put it, the plausibility of the proposition that

wages are drawn from capital—a proposition that is made the basis for such important and far-reaching deductions—comes in the first instance from a statement that ignores and leads the attention away from this truth. That statement is, that labor cannot exert its productive power unless supplied by capital with maintenance. The unwary reader at once recognizes the fact that the laborer must have food, clothing, etc., in order to enable him to perform the work, and having been told that the food, clothing, etc., used by productive laborers are capital, he assents to the conclusion that the consumption of capital is necessary to the application of labor, and from this it is but an obvious deduction that industry is limited by capital—that the demand for labor depends upon the supply of capital, and hence that wages depend upon the ratio between the number of laborers looking for employment and the amount of capital devoted to hiring them.

But I think the discussion in the previous chapter will enable any one to see wherein lies the fallacy of this reasoning—a fallacy which has entangled some of the most acute minds in a web of their own spinning. It is in the use of the term capital in two senses. In the primary proposition that capital is necessary to the exertion of productive labor, the term “capital” is understood as including all food, clothing, shelter, etc.; whereas, in the deductions finally drawn from it, the term is used in its common and legitimate meaning of wealth devoted, not to the immediate gratification of desire, but to the procurement of more wealth—of wealth in the hands of employers as distinguished from laborers.”

There is no necessity for taking the word capital in a double sense. I use it throughout as Mr. George defines it. I do not call the food eaten or the clothing worn by the laborer capital, but I contend that the money which purchased them has been drawn from his employer's capital. To argue that it has not come from capital because it is no longer capital, is to argue that it has not come from the employer's pocket, because it is no longer in his pocket. It is Mr. George himself who juggles with the word capital. He started out to prove that wages *do not come* from capital, and he

attempts to do so by showing that wages *are not* capital. Who ever said they were? The substitution is ingenious, but we see how the trick is done.

It is not true that the performance of work invariably precedes payment. Thousands of workers in mill or mine obtain provisions and clothing from the "Company's Store," as it is termed; and many of them have their pay eaten up before it is due.

Mr. George attempts to prove that wages are drawn from labor, even in the more complex forms of production.

"Bring the question to the test of facts. Take, for instance, an employing manufacturer who is engaged in turning raw material into finished products—cotton into cloth, iron into hardware, leather into boots, or so on, as may be, and who pays his hands, as is generally the case, once a week. Make an exact inventory of his capital on Monday morning before the beginning of work, and it will consist of his buildings, machinery, raw materials, money on hand, and finished product in stock. Suppose, for the sake of simplicity, that he neither buys nor sells during the week, and after work has stopped and he has paid his hands on Saturday night, take a new inventory of his capital. The item of money will be less, for it has been paid out in wages; there will be less raw material, less coal, etc., and a proper deduction must be made from the value of the buildings and machinery for the week's wear and tear. But if he is doing a remunerative business, which must on the average be the case, the item of finished products will be so much greater as to compensate for all these deficiencies and show in the summing up an increase of capital. Manifestly, then, the value he paid his hands in wages was not drawn from his capital, or from any one else's capital. It came, not from capital, but from the value created by the labor itself."—*Pages 46 and 47.*

If the manufacturer be doing a paying business, the increase in his stock is at least equivalent to the wages he has paid out; no one supposes he has distributed the money in charity. But suppose he has been doing

a losing business during the week, his increased stock is not the equivalent of the wages he has paid. Or suppose he has been experimenting with a new process or a hitherto untried material, and the experiment has proved a failure. Or suppose he has been making an engine which, when completed, has some fatal defect and is absolutely worthless. About two years ago, the city of San Francisco made a contract with two Pittsburgh firms for a large number of steel plates to be used for water mains. In due time the plates were finished, and were found fully up to the requirements of the specifications in every particular but one. Owing to some mistake, they were about an inch too small. They were rejected by the authorities of San Francisco, and the entire loss fell upon the manufacturers. Nevertheless, the men who made the steel received full pay for their labor.

From what source do the workmen draw their wages in such cases? Not from the product of their labor, for that is only a heap of rubbish; it must be from the manufacturer's capital. Since wages are derived from capital in these cases, they must come from it in every case in which it employs labor; for the relation of wages to capital is the same, whether the product be valuable or worthless. The workmen draw their pay in either case. The transaction, as between labor and capital, is complete as soon as the wages are paid, and no subsequent disposition of the finished material can change its nature.

Another instance.

“As the laborer who works for an employer does not get his wages until he has performed the work, his case is similar to that of the depositor in a bank who cannot draw money out until he has put money in. And as by drawing out what he has previously put in, the bank depositor does not lessen the capital of the bank, neither can laborers by receiving wages lessen even temporarily either the capital of the employer or the aggregate

capital of the community. Their wages no more come from capital than the checks of depositors are drawn against bank capital."—*Page 47.*

The cases are widely different. The money drawn by the depositor is not deducted from the bank's capital, for the good reason that it never formed a part of that capital; but the cash received by the workman is taken from his employer's capital, for the equally good reason that, up to the time it was paid as wages, it was a part of that capital.

The task of examining Mr. George's examples grows wearisome. I shall dismiss very briefly two instances taken from the fourth chapter of his first book, in which he contends that the maintenance of laborers is not derived from capital. The comparison of a hired laborer to Robinson Crusoe building his canoe, is utterly posterous.

"The canoe which Robinson Crusoe made with such infinite toil and pains was a production in which his labor could not yield an immediate return. But was it necessary that, before he commenced, he should accumulate a stock of food sufficient to maintain him while he felled the tree, hewed out the canoe, and finally launched her into the sea? Not at all. It was only necessary that he should devote part of his time to the procurement of food while he was devoting part of his time to the building and launching of the canoe."—*Page 56.*

Can the laborer, who depends on his daily toil for his daily bread, devote his spare time "to the procurement of food" while he is waiting for pay-day? What our author says about a hundred men landed without provisions in a new country, is equally undeserving of a serious reply. If these two examples prove anything, they prove the very opposite of the conclusion Mr. George would deduce from them. Robinson Crusoe's work on the canoe did not support him while he was building it; the hundred men were obliged to look elsewhere for maintenance while they were cultivating

the soil. The work done to-day by the hired workman does not, as a rule, furnish him with to-day's meals. They are bought with the money received for past labor, which was capital before he received it as wages.

Mr. George sums up the result of his first book with amusing and amazing complacency.

"We have seen that the current theory that wages depend upon the ratio between the number of laborers and the amount of capital devoted to the employment of labor is inconsistent with the general fact that wages and interest do not rise and fall inversely, but conjointly.

"This discrepancy having led us to an examination of the grounds of the theory, we have seen, further, that, contrary to the current idea, wages are not drawn from capital at all, but come directly from the produce of the labor for which they are paid. We have seen that capital does not advance wages or subsist laborers, but that its functions are to assist labor in production with tools, seed, etc., and with the wealth required to carry on exchanges."—*Page 67.*

How Mr. George has succeeded in establishing these propositions, I leave to the judgment of the reader.

CHAPTER III.

The Theory of Malthus.

The famous theory of Malthus is stated by Mr. George so clearly and so fairly, that I refer the reader to Book II, chapter 1, for an explanation of it. Those who have not "Progress and Poverty" at hand, can obtain a correct idea of the Malthusian theory from the following extracts :

"The famous doctrine which ever since its enunciation has so powerfully influenced thought, not alone in the province of political economy, but in regions of even higher speculation, was formulated by Malthus in the proposition that (as shown by the growth of the North American colonies) the natural tendency of population is to double itself at least every twenty-five years, thus increasing in a geometrical ratio, while the subsistence that can be obtained from land 'under cir-

cumstances the most favorable to human industry could not possibly be made to increase faster than in an arithmetical ratio, or by an addition every twenty-five years of a quantity equal to what it at present produces.' ”

“The essence of the Malthusian doctrine is, that population tends to increase faster than the power of providing food, and whether this difference be stated as a geometrical ratio for population and an arithmetical ratio for subsistence, as by Malthus: or as a constant ratio for population and a diminishing ratio for subsistence, as by Mill, is only a matter of statement. The vital point, on which both agree, is, to use the words of Malthus, ‘that there is a natural tendency and constant effort in population to increase beyond the means of subsistence.’

“The Malthusian doctrine, as at present held, may be thus stated in its strongest and least objectionable form :

“That population, constantly tending to increase, must, when unrestrained, ultimately press against the limits of subsistence, not as against a fixed, but as against an elastic barrier, which makes the procurement of subsistence progressively more and more difficult. And thus, wherever reproduction has had time to assert its power, and is unchecked by prudence, there must exist that degree of want which will keep population within the bounds of subsistence.”—*Pages 70 and 71.*

Mr. George is clear and correct in the following statement :

“It is not worth while to dwell upon the fallacy involved in the assumption of geometrical and arithmetical rates of increase, a play upon proportions which hardly rises to the dignity of that in the familiar puzzle of the hare and the tortoise, in which the hare is made to chase the tortoise through all eternity without coming up with him. For this assumption is not necessary to the Malthusian doctrine, or at least is expressly repudiated by some of those who fully accept that doctrine; as, for instance, John Stuart Mill who speaks of it as ‘an unlucky attempt to give precision to things which do not admit of it, and which every person capable of reasoning must see is wholly superfluous to the argument.’ ”

The theory thus stated our author controverts, first by answering the arguments which support it, and secondly by attacking it directly. And here much of his reasoning is clear and forcible. Where he is right, it will be a pleasure to agree with him; where he is mistaken, it will be our duty to refute him.

The arguments adduced by the followers of Malthus in defence of the doctrine which bears his name, may be briefly outlined in the following terms:

1. Wherever we turn in the animal and vegetable kingdoms, we find the power of reproduction far in advance of the means of subsistence, but held in check by causes which keep down the natural increase. Rabbits, for instance, multiply so rapidly that, if not molested, they would, at no very distant period, destroy all vegetation within their reach. But this result is prevented by two facts; other animals use the same kind of food and leave less for them, while still others prey upon them and destroy numbers of them. The enemies of rabbits, in their turn, are obliged to compete with other creatures for subsistence. We behold everywhere a continual struggle for existence, the result of which is the destruction of the weakest of every species and the "survival of the fittest." This is the basis of the famous Darwinian theory. Reasoning from analogy, we must expect a like struggle amongst men, a like "pressure against the limits of subsistence."

2. We are confronted, moreover, by two facts which seem to put the teaching of Malthus beyond doubt. One is the constant increase of population; the other the diminishing productiveness of land. Ground that has been continually tilled for a long time, begins to wear out, to produce scantier crops. New land brought under cultivation is, as a rule, inferior to the old, for the most fertile is occupied first. Thus the supply of food does not keep pace with the growth of population,

which tends more and more to press against the limits of subsistence. The pressure is felt soonest by the poor. The struggle for existence becomes keener, poverty tends to deepen with the increase of population.

In his contention that the argument drawn from analogy is far from conclusive, Mr. George seems to be right; but I cannot say as much for his reply to the other argument. There is no evidence, he urges, that the population of the earth is greater now than it was thousands of years ago. What the population of the earth was at that remote period is a mere matter of conjecture. Moreover, Mr. George's enquiry has nothing to do with the number of people who inhabited Asia or Africa two or three thousand years ago. The question before us is narrowed down to this—is the population of manufacturing and commercial countries increasing or not? And it is Mr. George himself who thus limits enquiry to such countries. (See introduction to "Progress and Poverty.") This question he does not even touch. Had he done so, he could not have denied the fact that the population of every country in Europe (except Ireland) is increasing every year. And the decrease in Ireland is caused directly by emigration; so that the loss there is balanced by a gain elsewhere. The figures, taken from the latest accessible census returns, may be found in the "Encyclopedia Britannica" (ninth edition, art. Population). There we read that the actual *yearly* rate of increase in the population of England and Wales between 1871 and 1881 was 1.44 per cent. of the population in 1871." The following table gives the yearly rate of increase for the period mentioned.

Country.	Period.	Annual rate of Increase.
France.....	1860-77.....	.35
Italy.....	1861-78.....	.71
United Kingdom.....	1861-78.....	.92
England and Wales.....	1860-75.....	1.24

Country	Period	Annual rate of Increase.
Ireland.....	1861-78(decrease)	
Denmark.....	1860-78.....	1.11
Sweden.....	1860-78.....	1.15
Norway.....	1860-78.....	.86
Russia in Europe.....	1863-75.....	1.11
Austria (Cisleithan).....	1860-78.....	.86
Hungary.....	1860-77.....	.55
Switzerland.....	1860-78.....	.60
Prussia (without recent annexations).....	1861-75.....	.98
Prussia (with recent annexations).....	1861-75.....	.83
Bavaria.....	1861-78.....	.54
Saxony.....	1861-78.....	1.56
Wurtemberg.....	1861-78.....	.76
Holland.....	1859-77.....	.95
Belgium.....	1860-78.....	.82
Portugal.....	1861-74.....	1.17
Spain.....	1860-77.....	.35
Poland.....	1858-77.....	1.95
Greece.....	1861-77.....	.97
Servia.....	1859-78.....	1.19
United States.....	1870-80.....	2.61

The following is a summary made by the same author:

“Although some of the uncivilized people of the world are rapidly disappearing, the tendency of the population of the whole world is evidently to increase.”

The first contention of the Malthusians may be looked upon as established.

Now for the second, viz.: The means of subsistence do not increase in the same proportion as population. Land that has been tilled for a long term of years, becomes more or less exhausted, and rewards the husbandman's toil with comparatively scanty crops. It may be artificially fertilized, but the process is laborious and expensive, and increases the cost of food to the consumer. There is still, to be sure, much untilled ground, but it is generally inferior to that under cultivation, because the first settlers select the most fertile soil. Much of the uncultivated land is mountain or bog, and can be reclaimed only by tedious and laborious exertion. Some is covered with timber, and must

be cleared ; some is desert and can be made productive only by irrigation. Moreover, increase in the number of consumers forces cultivation to more remote points, and makes transportation to the centres of distribution more difficult and expensive.

The tendency of increase of population is to make food more costly and therefore less accessible. In other words, population constantly tends to press against the limits of subsistence.

Here is an ingenious attempt to answer the argument based on the diminishing productiveness of land.

“But here will arise another idea from which the Malthusian theory derives great support—that of the diminishing productiveness of land. As conclusively proving the law of diminishing productiveness it is said in the current treatises that were it not true that beyond a certain point land yields less and less to additional applications of labor and capital, increasing population would not cause any extension of cultivation, but that all the increased supplies needed could and would be raised without taking into cultivation any fresh ground. Assent to this seems to involve assent to the doctrine that the difficulty of obtaining subsistence must increase with increasing population.

“But I think the necessity is only in seeming. If the proposition be analyzed it will be seen to belong to a class that depend for validity upon an implied or suggested qualification—a truth relatively, which taken absolutely becomes a non-truth. For that man cannot exhaust or lessen the powers of nature follows from the indestructibility of matter and the persistence of force. Production and consumption are only relative terms. Speaking absolutely, man neither produces nor consumes. The whole human race, were they to labor to infinity, could not make this rolling sphere one atom heavier or one atom lighter, could not add to or diminish by one iota the sum of the forces whose everlasting circling produces all motion and sustains all life. As the water that we take from the ocean must again return to the ocean, so the food we take from the reservoirs of nature is, from the moment we take it, on its way back to those reservoirs. What we draw from a limited extent of land may temporarily reduce the pro-

ductiveness of that land, because the return may be to other land, or may be divided between that land and other land, or perhaps, all land; but this possibility lessens with increasing area, and ceases when the whole globe is considered. That the earth could maintain a thousand billions of people as easily as a thousand millions is a necessary deduction from the manifest truths that, at least so far as our agency is concerned, matter is eternal and force must forever continue to act. Life does not use up the forces that maintain life. We come into the material universe bringing nothing; we take nothing away when we depart. The human being, physically considered, is but a transient form of matter, a changing mode of motion. The matter remains and the force persists. Nothing is lessened, nothing is weakened. From this it follows that the limit to the population of the globe can only be the limit of space.”—*Pages 98 and 99.*

That no particle of matter is or can be destroyed by man is true. That all the food-producing elements taken from the soil by cultivation, return as such to the soil, is not true. That a proportion of them may be restored by human labor, is true; but the performance of that labor increases the difficulty and the cost of procuring food from the soil, and thus makes the ever growing population press more and more against the limits of subsistence. “That the earth could maintain a thousand billions of people as easily as a thousand millions,” may perhaps be true in the childish sense that the earth would find no more difficulty in feeding the larger than the smaller number; but is not true in the sense that a thousand billions of people could procure subsistence from the earth as easily as a thousand millions.

Hear Mr. George once more :

“While vegetables and animals do press against the limits of subsistence, man cannot press against the limits of his subsistence until the limits of the globe are reached. Observe, this is not merely true of the globe, but of all its parts. As we cannot reduce the level of the smallest bay without reducing the level not

merely of the ocean with which it communicates, but of all the seas and oceans of the world, so the limit of subsistence in any particular place is not the physical limit of that place, but the physical limit of the globe. Fifty square miles of soil will, in the present state of the productive arts, yield subsistence for only some thousands of people, but on the fifty square miles which comprise the city of London some three and a half millions of people are maintained, and subsistence increases as population increases. So far as the limit of subsistence is concerned, London may grow to a population of 100,000,000, or 500,000,000, or 1,000,000,000, for she draws for subsistence upon the whole globe, and the limit which subsistence sets to her growth in population is the limit of the globe to furnish food for its inhabitants."—*Pages 97 and 98.*

To this the Malthusian will reply as follows: It is not true that "man cannot press against the limits of subsistence until the limits of the globe are reached." Pressing against the limits of subsistence does not mean that there is not sufficient food in the world for certain people; it only means that, owing to their numbers, they find great difficulty in obtaining it. The difficulty may be only local. There may be famine in Chanaan, while there is plenty in Egypt. The difficulty of procuring food may be partly due to causes other than over-population. If the latter be one of the factors which cause even local scarcity, the product will be pressure against the limits of subsistence. These limits are more or less elastic; they yield to pressure: but the exertion of that pressure may hurt many persons and prove too great a strain for the strength of others.

Mr. George's example will make this clearer. War between England and the United States would cut off a great part of their food supply from the people of London. The increased price of bread and meat would put these necessities almost beyond the reach of the poorer classes. They would feel the pressure against the limits of subsistence long before the limits of the

globe were reached. In time of peace, as the three and a half millions of London grow to ten millions—as the prairies of the West, which furnish food to vast herds of cattle without expense to their owners, are broken up into farms by new settlers, and cattle owners find themselves compelled to buy or rent pasture-lands—as the soil of our Western States becomes drained of the accumulated fertility of centuries by yielding every year immense harvests of wheat, while the farmers neglect to fertilize it or to economise its resources—as land becomes dearer and poorer and cultivation more expensive and more laborious—as the products of the soil will be needed at home to feed the rapidly growing population of this country—the bread and the meat which the inhabitants of London will require, must become more costly than they now are. The poor of London will find it more and more difficult to obtain food. In other words, the increasing population will press more and more against the limits of subsistence. Mr. George's illustration confirms the theory of Malthus.

Nor is he more fortunate in the chapter headed—"Disproof of the Malthusian theory." It should have been entitled—Further proof of the Malthusian theory. "The power of producing wealth," he writes, "is the power of producing subsistence." Again we read.

"We have, in modern times, seen many communities advance in population. Have they not at the same time advanced even more rapidly in wealth? We see many communities still increasing in population. Are they not also increasing their wealth still faster? Is there any doubt that while England has been increasing her population at the rate of two per cent. per annum, her wealth has been growing in still greater proportion? Is it not true that while the population of the United States has been doubling every twenty-nine years her wealth has been doubling at much shorter intervals? Is it not true that under similar conditions—that is to say, among communities of similar people in a similar

stage of civilization—the most densely populated community is also the richest? Are not the more densely populated Eastern States richer in proportion to population than the more sparsely populated Western or Southern States? Is not England, where population is even denser than in the Eastern States of the Union, also richer in proportion? Where will you find wealth devoted with the most lavishness to non-productive use—costly buildings, fine furniture, luxurious equipages, statues, pictures, pleasure gardens and yachts? Is it not where population is densest, rather than where it is sparsest?”—*Page 105.*

How effectually Mr. George cuts the ground from under his own feet. He tells us himself that distress is sharpest where wealth is greatest.

“Where *population is densest, wealth is greatest*, and the machinery of production and exchange most highly developed—we find the *deepest poverty, the sharpest struggle for existence*,” etc.—*Introduction to Progress and Poverty.* That is—where population is densest, wealth is greatest; where wealth is greatest, we find the sharpest struggle for existence. Mr. George’s reasoning confirms the Malthusian theory.

Although the Malthusian doctrine has not fallen before the assaults of Mr. George, he has dealt it some heavy blows. I have already mentioned his reply to the argument drawn from analogy—a reply which is simply crushing. His criticism of Malthus’ Essay on Population is acute and, I think, correct. “The main body of the book is taken up with what is in reality a refutation of the theory which the book advances.”—*Page 78.*

He tells us that there is no instance in history “of a considerable country in which poverty and want can be fairly attributed to the presence of an increasing population;” he points to the famines in Ireland, India and China, and shows that they were due to causes other than over-population.

Very good as far as it goes, but it does not go far

enough, for the Malthusian is ready with his stereotyped answer. He admits that other causes generally concur, but insists that excessive population is the real cause, because famine or distress would not have scourged these countries if their inhabitants had been less numerous. Of the other factors which generally concur to produce want and famine, we find sometimes one, sometimes another, sometimes none; over-population is the chief, often the only factor. As a proof that misery is often caused solely by over-population he points to the back-alleys of our great cities, teeming with thousands of people who barely eke out a wretched subsistence in the midst of peace and plenty. He attributes their poverty to their numbers, and tells us glibly, in the jargon of his school, that population is pressing against the limits of subsistence.

Here I take issue with the Malthusian. I deny that there is or can be over-population while there is abundance within reach to maintain every individual. Food and clothing, more than enough to satisfy the wants of all the hungry and ragged, are to be found in the stores and warehouses of every city in whose noisome slums the poor starve and shiver. There is no such thing as over-population; it is only the figment of a heartless and godless theory. The Creator provides and the earth furnishes more than enough for all. If any do not get their share, the cause is sometimes their own fault, but far oftener the greed and rapacity of their fellows. Granted that the tendency of population is to outrun subsistence, an all-wise Providence knows how to regulate that tendency so that the means of subsistence will always keep pace with the increase of population. How it will be regulated, we do not know. Perhaps science may teach men so to economize the resources and develop the powers of the soil as to in-

crease the food supply a hundred fold. We need have no fears for the future. He who feeds the birds of the air and clothes the lilies of the field, will never bring human beings into the world without making ample provision for their maintenance.

CHAPTER IV.

Laws of Rent, Wages and Interest.

Mr. George thus states Ricardo's law of rent:

"The rent of land is determined by the excess of its produce over that which the same application can secure from the least productive land in use."

Then we have Mr. George's deduction:

"Yet, is it not as plain as the simplest geometrical demonstration, that the corollary of the law of rent is the law of wages, where the division of the produce is simply between rent and wages; or the law of wages and interest taken together, where the division is into rent, wages, and interest? Stated reversely, the law of rent is necessarily the law of wages and interest taken together, for it is the assertion, that no matter what be the production which results from the application of labor and capital, these two factors will only receive in wages and interest such part of the produce as they could have produced on land free to them without the payment of rent—that is the least productive land or point in use. For, if, of the produce, all over the amount which labor and capital could secure from land for which no rent is paid must go to land owners as rent, then all that can be claimed by labor and capital as wages and interest is the amount which they could have secured from land yielding no rent.

Or to put it in algebraic form:

As Produce = Rent + Wages + Interest,

Therefore, Produce — Rent = Wages + Interest" — *Page 125.*

Our author plumes himself on being the first to discover this "law of wages." Other great writers almost recognized it. "Adam Smith only failed to appreciate the true laws of the distribution of wealth" because,

as Mr. George shrewdly suspects, he had a vague idea of the Malthusian doctrine.

“And it is impossible to read the works of economists who since the time of Smith have endeavored to build up and elucidate the science of political economy without seeing how, over and over again, they stumble over the law of wages without once recognizing it. Yet, ‘if it were a dog it would bite them!’ Indeed, it is difficult to resist the impression that some of them really saw this law of wages, but, fearful of the practical conclusions to which it would lead, preferred to ignore and cover it up, rather than use it as the key to problems which without it are so perplexing. A great truth to an age which has rejected and trampled on it, is not a word of peace, but a sword.”—*Page 158.*

What is this “great truth” which Mr. George has been the first to formulate? Please turn back to the quotation beginning “Is it not as plain,” read it carefully and ask yourself what it means. Simply this— the man who pays rent has not as much profit from his labor and capital as if he paid no rent. We must congratulate Mr. George on the discovery of this “great truth,” which all other students of political economy failed to recognize.

Perhaps the reader is not satisfied: perhaps he thinks Mr. George’s “law of wages and interest” means something more. Let us see. We can reduce to a like law any other expense born by the farmer. Suppose he smokes his pipe and buys his tobacco. He would save more of the product of his labor and capital if he could get tobacco for nothing. We can reduce this “great truth” to a “law,” and formulate it almost in Mr. George’s words.

Is it not as plain as the simplest geometrical demonstration, that the law of rent is the law of wages, interest and tobacco taken together, where the division is into rent, wages, interest and tobacco? Stated reverse-ly, the law of tobacco is necessarily the law of wages and interest taken together, for it is the assertion, that

no matter what be the production of labor and capital, these two factors will only receive in wages and interest what is left after tobacco is paid for.

Or to put it in Algebraic form,

Produce=Rent-|-Tobacco--Wages-|-Interest.

Therefore Produce—Rent—Tobacco=Wages—Interest.

May I not say of the law of tobacco, in humble imitation of our author? Mr. Henry George, in his great work on "Progress and Poverty," only failed to recognize it because he was blinded by his land theory. It is impossible to read his book without seeing how, over and over again, he stumbles over the law of tobacco without recognizing it. Yet if it were a dog it would bite him.

We cannot pass over an astounding statement, repeated so distinctly and so frequently that there is no mistaking its meaning.

"In short, the value of land depending wholly upon the power which its ownership gives of appropriating wealth created by labor, the increase of land values is always at the expense of the value of labor. And, hence, that the increase of productive power does not increase wages, is because it does increase the value of land. Rent swallows up the whole gain and pauperism accompanies progress."—*Page 163.*

"The increased production of wealth goes ultimately to the owners of land in increased rent; and, although, as improvement goes on, advantages may accrue to individuals not landholders, which concentrate in their hands considerable portions of the increased produce, yet there is in all this improvement nothing which tends to increase the general return, either to labor or to capital."—*Page 184.*

"But labor cannot reap the benefits which advancing civilization thus brings, because they are intercepted. Land being necessary to labor, and being reduced to private ownership, every increase in the productive power of labor but increases rent—the price that labor must pay for the opportunity to utilize its powers; and thus all the advantages gained by the march of progress

go to the owners of land, and wages do not increase. Wages cannot increase: for the greater the earnings of labor the greater the price that labor must pay out of its earnings for the opportunity to make any earnings at all."—*Page 204.*

Mr. George insists that, as land becomes more valuable, the whole increase is swallowed up in rent, while wages and interest remain the same. A single illustration will show the absurdity of this assertion. For this example I am indebted to Mr. Mallock, although I give it in my own words. A farmer tills a few acres for which he pays a yearly rent of \$100. His annual receipts are \$1,000; his profits therefore \$900. In the course of time the surrounding country becomes thickly settled; a neighboring village expands into an important town; our farmer's land is worth ten times its former value, and its owner demands a rent of \$1,000, instead of \$100. The farmer makes up his mind to raise vegetables for the market instead of grain, and agrees to pay the required rent. His annual receipts swell to \$3,000, leaving him a balance of \$2,000, for wages and interest, and an increase of \$1,100 over his former gain. Now Mr. George maintains that the landlord pockets this \$1,100, in addition to the \$1,000 rent, and that the farmer still clears only \$900 a year. Such is the nonsense which he dresses up in high-sounding periods, and palms off on his unsuspecting readers as economic laws.

An intelligent man has only to open his eyes and look about him, to see the falsehood of the teaching that "rent swallows up the whole gain" of productive power. The landholders are not the richest men in the country. The wealth of the Vanderbilts and the Goulds, the Mackays and the Floods, has come, not from rent, but from wages and interest. Such corporations as the Western Union Telegraph Company

and the Standard Oil Company, have not made their millions from the land.

The readers of "Progress and Poverty" will easily recall a descriptive passage found in Book IV, Chapter II, written in its author's most attractive style. He follows the fortunes of an immigrant journeying over the unbroken prairie and seeking a site for a farm and a home. At length the choice is made, "He must be his own wagon-maker, carpenter and cobbler." Privations and hardships are borne by himself and his family, who have the bare necessities of life, but none of its comforts. By and by comes another immigrant, soon, a third. Others are attracted to the place; a village springs up and boasts a school, a store, a post-office, even a church. It grows apace, it swells into a large city—"a St. Louis, a Chicago or a San Francisco." Our first settler's property acquires enormous value; he sells building lots for immense sums.

"With the proceeds, he builds himself a fine house, and furnishes it handsomely. That is to say, to reduce the transaction to its lowest terms, the people who wish to use the land, build and furnish the house for him, on the condition that he will let them avail themselves of the superior productiveness which the increase of population has given the land."—*Page 173.*

"Like another Rip Van Winkle, he may have lain down and slept; he is rich not from anything he has done, but from the increase of population."—*Page 174.*

Well, it was his luck; men every day draw prizes in the great lottery of life. The new arrivals who purchase the ground and thus "build and furnish a fine house" for the original occupier, do so with the expectation of growing rich and of making those who buy their wares build and furnish fine houses for them. Any of them who possessed his energy and perseverance, might have been equally fortunate. But, Mr. George urges, he is not entitled to the increased value of the land, because that value has been given to it,

not by him, but by the people who flocked in and built up the town. Nor, I reply, has its value been given it by the men who purchased it from the original owner, or by the population at large. It was the people that brought these men, not they that brought the people.

As between the pioneer and the purchasers of the lots, the former has certainly the better claim, even on Mr. George's own showing, for his settling there really brought the people who have made the place a great city. Mr. George says he might have lain down and slept like Rip Van Winkle. If he had acted like that lazy personage, the city would not be there. But he had the pluck to make his home in the heart of the wilderness, and the perseverance to toil for years in spite of difficulties and hardships, and it would be unjust to expect him to share his property with those who did not share his labors.

Let no one say that the newly made millionaire has no right to hold more land than he can use; that would be begging the question which Mr. George is trying to prove.

CHAPTER V.

Mr. George's Remedy.

I pass over the chapter on the "Inefficiency of Proposed Remedies," because my purpose is, not to urge or defend any remedy for existing evils, but to discuss the justice and the efficiency of what Mr. George calls "the true remedy."

He announces it in these positive terms.

"There is but one way to remove an evil—and that is to remove its cause. Poverty deepens as wealth increases, and wages are forced down while productive power grows, because land, which is the source of all wealth and the field of all labor, is monopolized. To extirpate poverty, to make wages what justice commands they should be, the full earnings of the la-

borer, we must therefore substitute for the individual ownership of land a common ownership. Nothing else will go to the cause of the evil—in nothing else is there the slightest hope.

“This, then, is the remedy for the unjust and unequal distribution of wealth apparent in modern civilization, and for all the evils which flow from it.

“*We must make land common property.*

“We have reached this conclusion by an examination in which every step has been proved and secured. In the chain of reasoning no link is wanting and no link is weak. Deduction and induction have brought us to the same truth—that the unequal ownership of land necessitates the unequal distribution of wealth. And as in the nature of things unequal ownership of land is inseparable from the recognition of individual property in land, it necessarily follows that the only remedy for the unjust distribution of wealth is in making land common property.”—*Page 237.*

What surprises one most, is Mr. George’s evident sincerity. With all his ability, the man actually believes the absurdities he has written. “Not a link is weak.” Every link in the chain of his reasoning is weak and brittle. Let us recapitulate, as he so often does.

First Link—Wages do not depend upon the ratio between the number of laborers seeking employment and the amount of capital devoted to the employment of labor. The reader will remember that we have found a fatal flaw here.

The Second Link—Wages are not derived from capital—will hardly bear to be looked at, much less tested.

The Third Link—The theory of Malthus disproved, although skillfully welded, is made of poor material and falls in pieces when roughly handled.

The Fourth Link—As land increases in value, rent swallows up all the increase—is apparently the strongest in the chain, but breaks under the strain of a close examination.

When an advertiser puffs his particular nostrum as an infallible remedy for every disease, our first impulse

is to set him down as an impudent quack. If we do not contemptuously reject his cure-all as a humbug, we at least require clear proof of its efficacy. We should be equally slow and cautious when a reformer rises up and proclaims to the world that he has discovered a simple and infallible remedy for all its economic ills. We must be neither satisfied with vague generalities nor dazzled by brilliant rhetoric; the mountebank who guarantees a perfect cure for a quarter, is ever loud of voice and glib of tongue. We demand hard logic and cold facts; the former we must analyze, the latter we must verify.

CHAPTER VI.

Injustice of Private Property in Land.

Mr. George states the question:

“When it is proposed to abolish private property in land the first question that will arise is that of justice. Though often warped by habit, superstition and selfishness into the most distorted forms, the sentiment of justice is yet fundamental to the human mind, and whatever dispute arouses the passions of men, the conflict is sure to rage, not so much as to the question “Is it wise?” as to the question “Is it right?”

“This tendency of popular discussions to take an ethical form has a cause. It springs from a law of the human mind; it rests upon a vague and instinctive recognition of what is probably the deepest truth we can grasp. That alone is wise which is just; that alone is enduring which is right. In the narrow scale of individual actions and individual life this truth may be often obscured, but in the wider field of national life it everywhere stands out.

“I bow to this arbitrament, and accept this test. If our inquiry into the cause which makes low wages and pauperism the accompaniments of material progress has led us to a correct conclusion, it will bear translation from terms of political economy into terms of ethics, and as the source of social evils show a wrong. If it will not do this, it is disproved. If it will do this, it is proved by the final decision. If private property in land be just, then is the remedy I propose a false one;

if, on the contrary, private property in land be unjust, then is this remedy the true one."—*Page 239.*

He goes on to argue that "the rightful basis of property" is "the right of a man to himself, to the use of his own powers, to the enjoyment of the fruits of his own exertions." What a man makes by his labor is his against the whole world. "No one else can rightfully claim it, and his exclusive right to it involves no wrong to anyone else." There can be no other title to property. (1st,) because there is no other natural right from which any other title can be derived, and (2nd,) because the recognition of any other title is inconsistent with and destructive of this.

"This right of ownership that springs from labor excludes the possibility of any other right of ownership. If a man be rightfully entitled to the produce of his labor, then no one can be rightfully entitled to the ownership of anything which is not the produce of his labor, or the labor of some one else from whom the right has passed to him. If production give to the producer the right to exclusive possession and enjoyment, there can rightfully be no exclusive possession and enjoyment of anything not the production of labor, and the recognition of private property in land is wrong."—*Page 241.*

This would be a strong argument if the producer of an article created it, that is, if he made it out of nothing by his own exertion. But man cannot create. Hear Mr. George himself:

"When we speak of labor creating wealth, we speak metaphorically. Man creates nothing. The whole human race, were they to labor forever, could not create the tiniest mote that floats in a sunbeam—could not make this rolling sphere one atom heavier or one atom lighter. In producing wealth, labor, with the aid of natural forces, but works up, into the forms desired, pre-existing matter."—*Page 196.*

Quite true. Labor only gives a new form to something which existed before. Two factors go to make up production, viz. labor and material. My labor is

my own; the material on which it is employed must be mine too; before I can claim the finished product as my property. I may build a house of brick, but if the bricks belong to my neighbor, I cannot say the house is mine. Let us take Mr. George's illustration. Let us suppose, for the sake of clearness, that his pen was made by the person who washed the gold out of a stream in California. That gold, in its raw state, was LAND according to Mr. George's definition. Now it was either the property of the man who subsequently fashioned it into a pen, or it was not. If it were his rightful property, then a man may justly own land, and Mr. George's theory is false. If the gold were not the property of the finder, then the pen was not his, and Mr. George's reasoning is bad; for the workman's labor only gave a different form to what did not belong to him.

If the only title to ownership be one's right to the fruit of his own labor, and if no man can own land it follows that no man can own anything; for everything is made from land, and labor is exerted on material that the laborer does not and cannot own.

The right of holding land as property has doubtless been abused; what human right has not? If the State were to take from us everything that might be employed to injure others, what would be left us? Some have more land than they can use, while others have none; is that a reason why no man should own land? Some have more money than they know what to do with; there are others unable to purchase the necessities of life; does that prove that every man's money should be confiscated?

The remaining chapters of Book VII need not delay us long. They contain little but declamation. Chapter II is entitled "The enslavement of laborers the ultimate result of private property in land." The answer is short and easy.

So far from becoming enslaved, labor is every year growing more independent. Our labor organizations stand to-day on a plane which twenty years ago the most sanguine of their members could scarcely have thought of reaching. Look at the Amalgamated Union of Iron and Steel Workers, the Brotherhood of Locomotive Engineers, the Knights of Labor and believe with Mr. George, if you can, that "the condition of the masses in every civilized country is, or is tending to become, that of virtual slavery under the forms of freedom."

Labor undoubtedly has grievances. In its lower grades especially, it seldom receives the reward to which it is fairly entitled. Capital is grasping and selfish, is accustomed to look upon the hands it employs as so many machines, and to wring from them the most work at the lowest cost. The manufacturer looks on labor as a marketable commodity, subject to the laws of supply and demand, and buys it at the lowest price for which he can get it. This is the reason why wages tend to a minimum, as laborers increase in numbers.

If corporations are soulless, capital is heartless; nay more, it is often unjust. The workingman has a right to a fair share of what his labor co-operates with capital to produce; and that share is what will maintain himself and his family. The employer who pays him less is guilty of a sin which cries to heaven for vengeance. But the wrongs which labor suffers, cannot be traced to private ownership of land. Even if Mr. George were right in contending that labor is sinking into slavery, he is wrong in asserting that such enslavement would be remedied by confiscating land. More of this anon.

In Chapter IV Mr. George proceeds to show that, in early times, land was considered the common property of all the people. That is true of uncivilized or only

partly civilized races. Those who depend on hunting and fishing for subsistence, never appropriate land for individual use. The same is the case with pastoral tribes, who drive their flocks and herds from place to place in search of pasture. But, as men advance in civilization, they begin to recognize ownership of land in a more or less imperfect manner. At first it takes the form of tribal or communal proprietorship; but, with the increase of population and the advance of civilization, private property in land is established. Mr George appears to admire the feudal system, under which the King was the only proprietor of the soil, and allotted portions of it to his followers in consideration of certain services which they pledged themselves to render him. But, as time went on, the idea of personal liberty was more developed, the prerogatives of royalty were curtailed and the right of holding land as private property recognized in every civilized country.

CHAPTER VI.

Application and Effects of the Remedy.

We have at last reached the practical part of Mr. George's scheme.

Hear his own statement.

"I do not propose either to purchase or to confiscate private property in land. The first would be unjust; the second, needless. Let the individuals who now hold it still retain, if they want to, possession of what they are pleased to call *their* land. Let them continue to call it *their* land. Let them buy and sell, and bequeath and devise it. We may safely leave them the shell, if we take the kernel. *It is not necessary to confiscate land; it is only necessary to confiscate rent.*

Nor to take rent for public uses is it necessary that the State should bother with the letting of lands, and assume the chances of the favoritism, collusion, and corruption that might involve. It is not necessary that any new machinery should be created. The machinery already exists. Instead of extending it, all we

have to do is to simplify and reduce it. By leaving to land owners a percentage of rent, which would probably be much less than the cost and loss involved in attempting to rent lands through State agency, and by making use of this existing machinery, we may, without jar or shock, assert the common right to land by taking rent for public uses.

"We already take some rent in taxation. We have only to make some changes in our modes of taxation to take it all.

"What I, therefore, propose, as the simple yet sovereign remedy, which will raise wages, increase the earnings of capital, extirpate pauperism, abolish poverty, give remunerative employment to whoever wishes it, afford free scope to human powers, lessen crime, elevate morals, and taste, and intelligence, purify government and carry civilization to yet nobler heights, is—*to appropriate rent by taxation.*

"In this way, the State may become the universal landlord without calling herself so, and without assuming a single new function. In form, the ownership of land would remain just as now. No owner of land need be dispossessed, and no restriction need be placed upon the amount of land any one could hold. For, rent being taken by the State in taxes, land, no matter in whose name it stood, or in what parcels it was held, would be really common property, and every member of the community would participate in the advantages of its ownership.

"Now, insomuch as the taxation of rent, or land values, must necessarily be increased just as we abolish other taxes, we may put the proposition into practical form by proposing—

"To abolish all taxation save that upon land values."—Pages 292, 293.

This part of "Progress and Poverty," which ought to be the most interesting and the most definite, is disappointing.

Instead of finding details carefully worked out and results attested by facts and figures, we are treated to vague promises of supposed advantages, and florid descriptions of the blessings which would follow the application of the panacea.

Here is one of the results we are promised:

“To abolish the taxation which, acting and reacting, now hampers every wheel of exchange and presses upon every form of industry, would be like removing an immense weight from a powerful spring. Imbued with fresh energy, production would start into new life, and trade would receive a stimulus which would be felt to the remotest arteries. * * * To abolish these taxes would be to lift the whole enormous weight of taxation from productive industry. The needle of the seamstress and the great manufactory; the cart-horse and the locomotive; the fishing boat and the steamship; the farmer’s plow and the merchant’s stock, would be alike untaxed.”—*Page 311.*

Taxation would be taken off manufacture and transferred to land. But no manufacture can be carried on without the use of land. The manufacturing process and the occupation of land are two of the factors which go to make up the finished product. On which of these factors the tax may be levied is immaterial; in either case it must be paid, and in either case it raises the cost of the goods made in the mill or the workshop. How, then, would the change proposed by Mr. George relieve manufacture?

Taxation on production is paid, not by the producer, but by the consumer. The former simply adds the amount of the tax to the price of his wares, and charges it to his consumers. Now we are all purchasers alike of the products of the soil and of manufactured goods; hence we, the people at large, pay all taxes on both. Whether we pay them on production or on land is the same to us. The transfer proposed by Mr. George would be no relief to us, and could not, therefore, relieve or increase production.

Moreover, increased production is no advantage unless it be accompanied by increased demand. It is an injury, as our manufacturers and workingmen know to their cost.

Our author claims, moreover, that the adoption of his plan would destroy speculation in land, and thus open up vast tracts to actual settlers.

“The selling price of land would fall; land speculation would receive its death blow; land monopolization would no longer pay. Millions and millions of acres from which settlers are now shut out by high prices would be abandoned by their present owners or sold to settlers upon nominal terms. And this not merely on the frontiers, but within what are now considered well settled districts. Within a hundred miles of San Francisco would be thus thrown open land enough to support, even with the present modes of cultivation, an agricultural population equal to that now scattered from the Oregon boundary to the Mexican line—a distance of 800 miles. In the same degree would this be true of most of the Western States and in a great degree of the older Eastern States, for even in New York and Pennsylvania is population yet sparse as compared with the capacity of the land. And even in densely populated England would such a policy throw open to cultivation many hundreds of thousands of acres now held as private parks, deer preserves, and shooting grounds.”—*Page* 313.

Whether or not these expectations would be realized, is a question to be solved by the rules of arithmetic, not of rhetoric.

Speculation in land, like speculation in grain or oil or pork or any other commodity, will continue as long as it will pay. That speculation in land values would still be profitable, even if Mr. George's plan were adopted, can be readily shown by a familiar example. Suppose a man owns an acre in the neighborhood of a growing and thriving town. Its value now is \$1,000, but the owner is confident that it will be worth \$4,000 in three years. The tax is, let us say, five per cent. per annum on its assessed value; and to make the case as favorable as possible for Mr. George's theory, let us suppose it is assessed at its full value.

By selling now he will receive.....	\$1,000 00
He will save the taxes for three years at 5 per cent.....	150 00
He will have three years' interest on \$1,000 at 5 per cent.....	150 00
He will have one and two years' interest on the amount of the annual tax.....	7 50
<hr/>	
Total saved or gained by selling now.....	\$1,307 50

I do not lose sight of the fact that the assessment will be raised from time to time, as the property grows in value. A new valuation is an expensive process, and will hardly be made oftener than every third, or, at most, every second year. But even if it were made annually, the land tax would not "give a death blow to speculation." Suppose for the sake of argument, a new valuation is made every year. A purchaser is found for the above-mentioned property at the end of three years, and he pays \$4,000 for it. He calculates it will bring \$5,000 in another year.

The acre has cost him.....	\$4,000 00
The tax for one year will be.....	200 00
Interest on the purchase money..	200 00
<hr/>	
Total cost.....	\$4,400 00
Amount received at the end of the year...	\$5,000 00
<hr/>	
Balance in favor of the speculator.....	\$600 00

His real profit is \$800, or 20 per cent on his investment. If the land be still increasing in value, he can realize a profit by holding it for another year or for as many years as it continues to grow valuable, as the reader can readily calculate. I need not observe that, for the continuance of speculation, it is not necessary

that a profit be certain. There is an element of risk in all speculation, properly so called. Enough, however, has been said to show that speculation in land would not be demolished by the adoption of Mr. George's plan.

Let us see what effects "the application of the remedy" would have "upon individuals and classes."

"It is manifest, of course, that the change I propose will greatly benefit all those who live by wages, whether of hand or of head—laborers, operatives, mechanics, clerks, professional men of all sorts. It is manifest, also, that it will benefit all those who live partly by wages and partly by the earnings of their capital—storekeepers, merchants, manufacturers, employing or undertaking producers and exchangers of all sorts from the peddler or drayman to the railroad or steamship owner—and it is likewise manifest that it will increase the incomes of those whose incomes are drawn from the earnings of capital, or from investments other than in lands, save, perhaps the holders of Government bonds or other securities bearing fixed rates of interest, which will probably depreciate in selling value, owing to the rise in the general rate of interest, though the income from them will remain the same."—*Pages 320, 321.*

Begging Mr. George's pardon, nothing of the kind is "manifest." Like every other producer, the farmer would compel the consumer of his grain and vegetables to pay the tax on his land; in other words, he would increase the price of every article he raises. The immediate result would be a rise in the price of the necessaries of life. Would that "greatly benefit all those who live by wages?" Would it not fall with crushing weight on the poor, the very class "the remedy" is intended to benefit? A tax on farming land is a tax on every morsel of food which goes into every one's mouth. The classes of persons above mentioned would be relieved from direct taxation, it is true; but this relief would be offset by the fact that they would be required to pay their proportion of the tax imposed on the farmer.

“Take, now, the case of the homestead owner—the mechanic, storekeeper, or professional man who has secured himself a house and lot, where he lives, and which he contemplates with satisfaction as a place from which his family cannot be ejected in case of his death. He will not be injured; on the contrary, he will be the gainer. The selling value of his lot will diminish—theoretically it will entirely disappear. But its usefulness to him will not disappear. It will serve his purpose as well as ever. While, as the value of all other lots will diminish or disappear in the same ratio, he retains the same security of always having a lot that he had before. That is to say, he is a loser only as the man who has bought himself a pair of boots may be said to be a loser by a subsequent fall in the price of boots. His boots will be just as useful to him, and the next pair of boots he can get cheaper. So, to the homestead owner, his lot will be as useful, and should he look forward to getting a larger lot, or having his children, as they grow up, get homesteads of their own, he will, even in the matter of lots, be the gainer. And in the present, other things considered, he will be much the gainer. For though he will have more taxes to pay upon his land, he will be released from taxes upon his house and improvements, upon his furniture and personal property, upon all that he and his family eat, drink and wear, while his earnings will be largely increased by the rise in wages, the constant employment and the increased briskness of trade. His only loss will be if he wants to sell his lot without getting another, and this will be small loss compared with the great gain.”—*Page 321.*

What a happy man that lot-holder will be! After toiling and saving for years to buy a lot and build a homestead, he finds good luck in the shape of a perpetual mortgage on the ground for which he has already paid in full. But Mr. George assures him that he will be more than compensated by “the rise of wages, the constant employment and the increased briskness of trade.” How these results will follow, I am at a loss to understand; and Mr. George is so absorbed in contemplating his lot-holder’s bliss that he forgets to explain these trifling details.

There is a wide difference between the man who built the homestead and the one who bought the boots. The latter really owns the boots, even if he has given a high price for them; but the former is only the nominal owner of the lot, although he has paid the full value of it.

The ingenuity of our author is next displayed in pointing out the blessing which his plan would confer on "working farmers"—not those blood-suckers "who never touch the handles of a plough"—but "men who own small farms."

"Paradoxical as it may seem to these men until they understand the full bearings of the proposition, of all classes they have most to gain by placing all taxes on the value of land."

Paradoxical it certainly does seem even to men who are not farmers; but Mr. George proceeds to explain "the full bearings of the proposition."

"The fact is that taxation, as now levied, falls on them (the farmers) with peculiar severity. They are taxed on all their improvements—houses, barns, fences, crops, stocks. The personal property which they have cannot be as readily concealed or undervalued as can the more valuable kinds which are concentrated in the cities. They are not only taxed on personal property and improvements, which the owners of unused land escape, but their land is generally taxed at a higher rate than land held on speculation, simply because it is improved."

Here follow some remarks on the injuries which farmers suffer from the protective tariff, but I shall take no notice of them, because it would be impossible for me to discuss the tariff question in these few pages, and because such grievances may be redressed without recourse to Mr. George's remedy.

"The farmer would be a great gainer by the substitution of a single tax for all these taxes, for the taxation of land values would fall with greatest weight, not upon agricultural districts, where land values are

comparatively small, but upon the towns and cities where land values are high; whereas taxes upon personal property and improvement fall as heavily in the country as in the city. And in sparsely settled districts there would be hardly any taxes for the farmer to pay. For taxes being levied upon the value of the bare land, would fall as heavily upon unimproved as upon improved land.

"In fact, paradoxical as it may seem, the effect of putting all taxation upon the value of land would be to relieve the harder working farmers of all taxation."—*Pages 322 and 323.*

This passage fairly out-George's Mr. George. Are farmers the only people at present taxed on their improvements? Are they taxed at a higher rate than others? How is the personal property of farmers less easily concealed or undervalued than that of dwellers in cities? Is it true that owners of unused land escape taxation on personal property? Of course those whose land is not improved are not taxed on improvements which do not exist, just as the man who has no carriage is not required to pay the tax on vehicles. But how does that injure the farmer? That "farmers' land is generally taxed at a higher rate than land held on speculation," simply because it is improved, only means that their improvements, like those of other property holders, are taxed; if it means more, it is not true. Our author uses a very unhappy expression when he declares that taxes fall on farmers with *peculiar* severity. On the contrary, they fall on farmers as they do on other persons; hence the severity, as he is pleased to call it, is general. But it would be peculiar, if he had his way; for he would put all the taxes on land.

He attempts to cajole the farmers by assuring them the amount they will be obliged to pay the tax collector will be trifling in comparison with the sums to be levied on city property. That is true, but only in the sense that the man who owns town lots worth say \$20,000, will be taxed more heavily than he who tills a

farm valued at \$1,000. As Mr. George warms with his subject, he tells the farmer that "in sparsely settled districts there would be hardly any taxes at all for them to pay;" nay more, he reaches the climax of absurdity by asserting that "the effect of putting all taxation upon the value of land would be to relieve the harder working farmers of all taxation."

CHAPTER VII.

Some Effects of "The Remedy."

Let us suppose that Mr. George's plan has been adopted, that taxation has been taken off all other values and transferred to land. Our author takes for granted that no rent will be paid save what will be taken by the Government in the shape of taxes; and here he is mistaken. He tells us himself that land will be "bought and sold, bequeathed and devised," just as before; and he might have added it will be rented too. It will still have its value; and those who hold it will charge rent for the use of it.

How will the condition of the poor be improved? They will be no more able to buy land than they were before. They must live somewhere, and the owners of the dwellings which they must occupy will charge rent for the use of the ground on which these dwellings stand. Land may be cheaper, but rents will hardly be lower; indeed they may be higher than under the old system; for, as the manufacturer adds the amount of his tax to the price of his produce, and thus makes the consumer pay it, so the landlord will add the land-tax to the rent of his property, and thus compel the tenant to bear the burden.

Mr. George has not succeeded in destroying the vampire rent which, according to his teaching, sucks the life-blood of capital and labor. What does he mean by "natural opportunities free to labor?" What natural opportunities will be free to labor that were hither-

to closed against it? If he means land, he is wrong again; for land will be no more "free to labor" than it was before.

(But he promises the following advantages:

"There would be a great and increasing surplus revenue from the taxation of land values, for material progress, which would go on with greatly accelerated rapidity, would tend constantly to increase rent. This revenue arising from the common property could be applied to the common benefit, as were the revenues of Sparta. We might not establish public tables—they would be unnecessary; but we could establish public baths, museums, libraries, gardens, lecture rooms, music and dancing halls, theaters, universities, technical schools, shooting galleries, play grounds, gymnasiums, etc. Heat, light, and motive power, as well as water, might be conducted through our streets at public expense; our roads be lined with fruit trees; discoverers and inventors rewarded, scientific investigations supported; and in a thousand ways the public revenues made to foster efforts for the public benefit." —*Pages 326 and 327.*

"A great and increasing surplus revenue," quotha! Let us see.

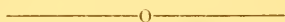
Professor W. T. Harris proves, in the July number of *The Forum*, that there is a serious mistake in these sanguine expectations. Taking his figures from the U. S. Census of 1880 and returns from the State of Massachusetts, he sums up in these words:

"This will give a total of \$6,592,000,000, for building sites and agricultural lands. The rate of assessment for taxes is usually fixed at two-thirds of the market value. Allowing for this, the actual value of all land in the United States owned as private property must have been somewhat less than \$10,000,000,000 for the year 1880. Counting the rent on this land at 4 per cent, we have been less than \$400,000,000, per annum, making an average of nearly \$8 for each inhabitant, or a little more than 2 cents per day.

"The result surprises us. Two cents per day, or \$8

per year, would not bring ease and luxury to those who are struggling with poverty. Nor would it amount to a vast revenue in the aggregate as a tax. Four per cent—and it is fair to estimate the return in rent as under this figure, because, when lands yield more than this amount in rent the valuation is at once raised—would give the Government only \$400,000,000, a sum only slightly in excess of the amount annually paid for local taxes, (State, County, Township and District) while the total of taxation, national and local, amounts to nearly \$800,000,000. To pay all taxes, both national and local, ground rent would have to be increased to $7\frac{1}{2}$ per cent.”

This alone is sufficient to show that Mr. George is a mere visionary, that he has taken no pains to study out the consequences of his own theory. While he romances about “public baths, museums, libraries, gardens,” etc., to be maintained from the imaginary surplus of his land-tax, we find the sober fact to be that the annual rent of all the land in the United States, held as private property, would defray only about half the ordinary expenses of general and local Government.]



I have paid no attention to Mr. George's other writings, because the substance of them is contained in the work before us, and because our author himself refers to it as a more methodical and scientific statement of his theory. (See *Social Problems*, note to page 159.)

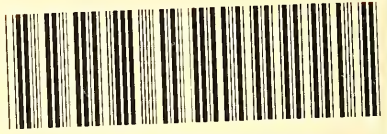
“Progress and Poverty” is certainly a remarkable book. The style is graceful and often elegant, the arrangement clear and scientific, and the reasoning most ingenious. A treatise of “the dismal science,” it is almost as fascinating as a fairy tale. But its arguments are for the most part ingenious fallacies, its assumptions mere fancies, and its illustrations verita-

ble boomerangs. I have already borne testimony to Mr. George's evident sincerity. I believe him to be, moreover, a thorough philanthropist, eager to improve the condition of the poorer classes. But, like many other well-meaning persons, he has done more harm than good. He makes an incorrect diagnosis, and prescribes the wrong remedy.

His mistakes can be easily explained; he began his enquiry after he had formed his conclusion, carried it on by stretching or mutilating every fact and argument that did not fit into the Procrustean bed of his theory, and ended by producing a book which deserves a place amongst the curiosities of literature.



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