

Progress and Poverty

An inquiry into the cause of industrial depressions
and of the increase of want with increase of wealth...
The Remedy

by Henry George

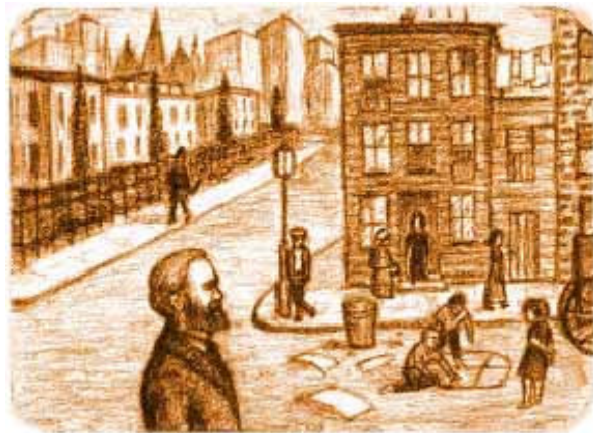
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CHAPTER I

THE GREAT ENIGMA OF OUR TIMES

The utilization of steam and electricity, the introduction of improved processes and labour-saving machinery, the greater subdivision and grander scale of production, the wonderful facility of exchanges, have multiplied enormously the effectiveness of labour.

It was natural to expect, and it was expected, that laboursaving inventions would lighten the toil and improve the condition of the labourer; that the enormous increase in the power of producing wealth would make real poverty a thing of the past.



The association of progress with poverty
is the great enigma of our times

Could a Franklin or a Priestley have seen, in a vision of the future, the steamship taking the place of the sailing vessel, the railway train of the waggon, the reaping machine of the scythe, the threshing machine of the flail; could he have heard the throb of the engines that in obedience to human will, and for the satisfaction of human desire, exert a power greater than that of all the men and all the beasts of burden of the earth combined; could he have seen the forest tree transformed into finished lumber - into doors, sashes, blinds,

boxes or barrels, with hardly the touch of a human hand; the great workshops where boots and shoes are turned out from improved facilities of exchange and communication - sheep killed in Australia eaten fresh in England, and the order given by the London banker in the afternoon executed in San Francisco in the morning of the same day; could he have conceived of the hundred thousand improvements which these only suggest, what would he have inferred as to the social condition of mankind?

It would not have seemed like an inference. Further than the vision went it would have seemed as though he saw, and his heart would have leaped and his nerves would have thrilled, as one who from a height beholds just ahead of the thirst-stricken caravan the living gleam of rustling woods and the glint of laughing waters. Plainly, in the sight of the imagination, he would have beheld those new forces elevating society from its very foundations, lifting the very poorest above the possibility of want, exempting the very lowest from anxiety for the material needs of life. He would have seen those slaves of the lamp of knowledge taking on themselves the traditional curse, those muscles of iron and sinews of steel making the poorest labourer's life a holiday, in which every high quality and noble impulse could have scope to grow.

And out of those bounteous material conditions he would have seen arising, as necessary sequences, moral conditions realizing the golden age of which mankind has always dreamed. Youth no longer stunted and starved; age no longer harried by avarice; the man with the muck-rake drinking in the glory of the stars! Foul things fled; discord turned to harmony! For how could there be greed when all had enough? How could there be the vice, the crime, the ignorance, the brutality, that spring from poverty and the fear of poverty, exist where poverty had vanished? Who should crouch where all were freemen? Who oppress where all were peers?

More or less, vague or clear, these have been the hopes, these the dreams born of the improvements which give this wonderful era its pre-eminence. They have sunk so deeply into the popular mind as radically to change the currents of thought, to recast creeds and displace the most fundamental conceptions.

It is true that disappointment has followed disappointment. Discovery upon discovery and invention after invention have neither lessened the toil of those who most need respite nor brought plenty to the poor. But there have been so many things to which it seemed this failure could be attributed that up to our time the new faith has hardly weakened. We have better appreciated the difficulties to be overcome, but not the less trusted that the tendency of the times was to overcome them.

Now, however, we are coming into collision with facts which there can be no mistaking. From all parts of the civilized world come complaints of industrial depression; of labour condemned to involuntary idleness; of capital massed and wasting; of pecuniary distress among business men; of want and suffering and anxiety among the working classes. There is distress where large standing armies are maintained, but there is also distress where the standing armies are nominal; there is distress where protective tariffs are

applied, but there is also distress where trade is nearly free; there is distress where autocratic government yet prevails, but there is also distress where political power is wholly in the hands of the people; in countries where paper is money, and in countries where gold and silver are the only currency. Evidently, beneath all such things as these, from local circumstances but are in some way or another engendered by progress itself.

This association of poverty with progress is the great enigma of our times. It is the central fact from which spring industrial, social, and political difficulties that perplex the world, and with which statesmanship and philanthropy and education grapple in vain. From it come the clouds that overhang the future of the most progressive and self-reliant nations. It is the riddle that the Sphinx of Fate puts to our civilization, which not to answer is to be destroyed. So long as all the increased wealth which modern progress brings goes but to build up great fortunes, to increase luxury and make sharper the contrast between the House of Have and the House of Want, progress is not real and cannot be permanent.

All-important as this question is, pressing itself from every quarter painfully upon attention, it has not yet received a solution which accounts for all the facts and points to any clear and simple remedy. This is shown by the widely varying attempts to account for the industrial depressions. They exhibit not merely a divergence between vulgar notions and scientific theories, but also show that the concurrence which should exist between those who avow the same general theories breaks up upon practical questions into an anarchy of opinion.

The ideas that there is a necessary conflict between capital and labour, that machinery is an evil, that competition must be restrained and interest abolished, that wealth may be created by the issue of money, that it is the duty of the government to furnish capital or to furnish work, are rapidly making way among the great body of the people who keenly feel a hurt and are sharply conscious of a wrong. Such ideas, which bring great masses of men, the repositories of ultimate political power, under the leadership of charlatans and demagogues, are fraught with danger; but they cannot be successfully combated until political economy shall give some answer to the great question which shall be consistent with all her teachings and shall commend itself to the perceptions of the great masses of men.

It must be within the province of Political Economy to give such an answer. For Political Economy is not a set of dogmas. It is the explanation of a certain set of facts. It is the science that seeks, in the sequence of certain phenomena, to trace mutual relations and to identify cause and effect, just as the physical sciences seek to do in other sets of phenomena. It lays its foundations upon firm ground. The premises from which it makes its deductions are truths that have the highest sanction; they are axioms that we all recognize; upon them we safely base the reasoning and actions of everyday life and they may be reduced to the metaphysical expression of the physical law that motion seeks the line of least resistance - namely, that **men seek to gratify their desires with the least exertion**. Proceeding from a basis thus assured, its processes, which consist simply in identification and separation, have the same certainty. In this sense it is as exact a science

as geometry, which, from similar truths relative to space, obtains its conclusions by similar means, and its conclusions when valid should be as self-apparent. And although in the domain of Political Economy we cannot test our theories by artificially produced combinations or conditions, as may be done in some of the other sciences, yet we can apply tests no less conclusive, by comparing societies in which different conditions exist, or in imagination by separating, combining, adding or eliminating forces or factors of known direction.

That Political Economy, as at present taught, does not explain the persistence of poverty amid advancing wealth in a manner that accords with the deep-seated perceptions of man; that the unquestionable truths that it does teach are unrelated and disjointed; that it has failed to make progress in popular thought - must be due, it seems to me, not to any inability in the science when properly pursued, but to some false step in its premises, or overlooked factor in its estimates. And as such mistakes are generally concealed by the respect paid to authority, I propose in this inquiry to take nothing for granted. I propose to beg no question, to shrink from no conclusion, but to follow truth wherever it may lead. If the conclusions that we reach run counter to our prejudices, let us not flinch; if they challenge institutions that have long been deemed wise and natural, let us not turn back.

CHAPTER 2

THE IMPORTANCE OF DEFINING TERMS

Before proceeding in our inquiry, let us make sure of the meaning of our terms, for indistinctness in their use must inevitably produce ambiguity and indeterminateness in reasoning.

Not only is it requisite in economic reasoning to give to such words as "Wealth," "Capital," "Rent," "Wages," and the like, a much more definite sense than they bear in common discourse, but unfortunately, even in Political Economy, as to some of those terms no certain meaning is assigned by common consent, different writers giving to the same term different meanings, and the same writers often using a term in different senses.

It will be my effort throughout, as any term becomes of importance, to state clearly what I mean by it, and to use it in that sense and in no other. Let me ask the reader to note and to bear in mind the definitions thus given, as otherwise I cannot hope to make myself properly understood.

I shall not attempt to attach arbitrary meanings to words, or to coin terms, even when it would be convenient to do so, but shall conform to usage as closely as is possible, only endeavoring to fix the meaning of words that they may clearly express thought.

As a preliminary, let us settle what we mean by "wages" and what we mean by "capital." To the former word a sufficiently definite meaning has been given by economic writers, but the ambiguities which have attached to the use of the latter in Political Economy will require a detailed examination.

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 labour. We do not speak of the wages of professional men, managers or clerks, but of their fees, commissions, or salaries.



The three agents or factors in production are land, labor and capital.

Thus the common meaning of the word wages is the compensation paid to a hired person for manual labour. 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, labour and capital, and that part of the produce which goes to the second of these factors is by them styled wages.

Wages in the Economic Sense

Thus the term labour includes all human exertion in the production of wealth, and wages, being that part of the produce which goes to labour, 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 labour, or as to whether its reward is received through an employer or not. Wages means the return received for the exertion of labour, as distinguished from the return received for the use of capital, and the return received by the landholder for the use of land.

The man who cultivates the soil for himself receives his wages in its produce, just as, if he uses his own capital and owns his own land, he may also receive interest and rent. The hunter's wages are the game he kills; the fisherman's wages are the fish he takes. The gold washed out by the self-employed gold-digger is as much his wages as the money paid to the hired coal-miner by the purchaser of his labour; and as Adam Smith shows, the high profits of retail storekeepers are in large part wages, being the recompense of their labour and not of their capital. In short, whatever is received as the result or reward of exertion in the production of wealth is wages.

This is all it is now necessary to note as to wages, but it is important to keep this in mind. For although in economic works this sense of the term wages is recognized with greater or less clearness it is often subsequently ignored.

Conflicting Definitions of Capital

It is more difficult to clear away from the idea of capital the ambiguities that beset it, and to fix the scientific use of the term. In general discourse, all sorts of things that have a value or will yield a return are vaguely spoken of as capital, while economic writers vary so widely that the term can hardly be said to have a fixed meaning.

Let us compare with each other the definitions of a few representative writers:

"That part of a man's stock," says Adam Smith, which he expects to afford him a revenue, is called his capital," and the capital of a country or society, he goes on to say, consists of (1) machines and instruments of trade which facilitate and abridge labour; (2) buildings, not mere dwellings, but which may be considered instruments of trade, such as shops, farmhouses, etc.; (3) improvements of land which better fit it for tillage or culture; (4) the acquired and useful abilities of all the inhabitants; (5) money; (6) provisions in the hands of producers and dealers, from the sale of which they expect to

derive a profit; (7) the material of, or partially completed, manufactured articles still in the hands of producers or dealers; (8) completed articles still in the hands of producers or dealers. (*Wealth of Nations*, Book 2, Chapter I). The first four of these he styles fixed capital, and the last four circulating capital, a distinction of which it is not necessary for our purpose to take any note.

David Ricardo's definition is: " Capital is that part of the wealth of a country which is employed in production, and consists of food, clothing, tools, raw materials, machinery, etc., necessary to give effect to labour." *Principles of Political Economy*, chapter 5

This definition, it will be seen, is very different from that of Adam Smith, as it excludes many of the things which Smith includes, such as acquired talents, articles of mere taste or luxury in the possession of producers or dealers; and it includes some things which he does not include, such as food, clothing, etc., in the possession of the consumer.

J.R. McCulloch's definition is: " The capital of a nation really comprises all those portions of the produce of industry existing in it that may be directly employed either to support human existence or to facilitate production." - McCulloch's "Note" to book 2, chapter I of his edition, 1838, of Adam Smith's *Wealth of Nations*.

This definition follows the line of Ricardo's, but is wider. While it excludes everything that is not capable of aiding production, it includes everything that is so capable, without reference to actual use or necessity for use - the horse drawing a pleasure carriage being, according to McCulloch's view, as he expressly states, as much capital as the horse drawing a plough, because it may, if need arise, be used to draw a plough.

John Stuart Mill, following the same general line as Ricardo and McCulloch, makes neither the use nor the capability of use, but the determination to use, the test of capital. He says: "Whatever things are destined to supply productive labour with the shelter, protection, tools and materials which the work requires, and to feed and otherwise maintain the labourer during the process, are capital." *Principles of Political Economy*, book I, chapter 4.

These quotations sufficiently illustrate the divergence of the masters.

The difficulties which beset the use of the word capital, as an exact term, and which are even more strikingly exemplified in current political and social discussions than in the definitions of economic writers, arise from two facts - first, that certain classes of things, the possession of which to the individual is precisely equivalent to the possession of capital, are not part of the capital of the community; and second, that things of the same kind may or may not be capital, according to the purpose to which they are devoted.

With a little care as to these points, there should be no difficulty in obtaining a sufficiently clear and fixed idea of what the term capital as generally used properly includes; such an idea as will enable us to say what things are capital and what are not,

and to use the word without ambiguity or slip.

The Factors of Production

Land, labour and capital are the three factors of production. If we remember that capital is thus a term used in contradistinction to land and labour, we see at once that nothing properly included under either one of these terms can properly be classed as capital.

Land

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 properly be classed as capital. A fertile field, a rich vein of ore, a falling stream which supplies power, may give to the possessor advantages equivalent to the possession of capital, but to class such things as capital would be to put an end to the distinction between land and capital, and, so far as they relate to each other, to make the two terms meaningless.

Labour

The term labour includes all human exertion. Hence human powers whether natural or acquired can never properly be classed as capital. In common parlance we often speak of a man's knowledge, skill, or industry as constituting his capital; but this is evidently a metaphorical use of language that must be eschewed in reasoning that aims at exactness. Superiority in such qualities may augment the income of an individual just as capital would, and an increase in the knowledge, skill, or industry of a community may have the same effect in increasing its production as would an increase of capital; but this effect is due to the increased power of labour and not to capital.

Capital

Thus we must exclude from the category of capital everything that may be included either as land or labour. Doing so, there remain only things that are neither land nor labour but have resulted from the union of these two original factors of production. Nothing can be properly capital that does not consist of these; that is to say, nothing can be capital that is not wealth. But it is from ambiguities in the use of this inclusive term wealth that many of the ambiguities which beset the term capital are derived.

The Term " Wealth "

As commonly used the word wealth is applied to anything having an exchange value. But when used as a term of Political Economy it must be limited to a much more definite meaning, because many things are commonly spoken of as wealth that cannot, in taking account of collective or general wealth, be considered as wealth at all. Such things have an exchange value, and are commonly spoken of as wealth, inasmuch as they represent as between individuals, or between sets of individuals, the power of obtaining wealth; but they are not truly wealth, inasmuch as their increase or decrease does not affect the sum of wealth. Such are bonds, mortgages, promissory notes, bank bills, or other stipulations for the transfer of wealth. Such are slaves, whose value represents merely

the power of one class to appropriate the earnings of another class. Such are lands, or other natural opportunities, the value of which is but the result of the acknowledgment in favour of certain persons of an exclusive right to their use and represents merely the power thus given to the owners to demand a share of the wealth produced by those who use them.

Increase in the amount of bonds, mortgages, notes, or bank bills cannot increase the wealth of the community, since this comprises both those who are entitled to receive and those who promise to pay. Similarly, the wealth of a people would not be increased by the enslavement of some of them, for what the enslavers gained the enslaved would lose.

Increase in land values does not represent increase in the common wealth, for what landowners gain by higher prices the tenants or purchasers who must pay them will lose. And all this relative wealth, which, in common thought and speech, in legislation and law, is undistinguished from actual wealth, could, without the destruction or consumption of anything more than a few drops of ink and a piece of paper, be utterly annihilated.

Therefore, not all things which have an exchange value are wealth, in the only sense in which the term can be used in Political Economy. Only such things can be wealth the production of which increases and the destruction of which decreases the aggregate of wealth. If we consider what these things are, and what their nature is, we shall have no difficulty in defining wealth.

The Nature of Wealth

When we speak of a community increasing in wealth we mean that there is an increase of certain tangible things such as buildings, cattle, tools, machinery, agricultural and mineral products, manufactured goods, ships, waggons, furniture and the like, which have an actual and not merely a relative value. The increase of such things constitutes an increase of wealth; their decrease is a lessening of wealth; and the community that has, in proportion to its numbers, most of such things is the wealthiest community. The common character of those things is that they consist of natural substances or products which have been adapted by human labour to human use or gratification, their value depending on the amount of labour which upon the average would be required to produce things of like kind.

Definitions of Wealth

Thus wealth, as alone the term can be used in Political Economy, consists of natural products that have been secured, moved, combined, separated, or in other ways modified by human exertion, so as to fit them for the satisfaction of human desires. It is, in other words, labour that is

impressed upon matter in such a way as to store up the power of human labour to minister to human desires, as the heat of the sun is stored up in coal.

Wealth is not the sole object of labour, for labour is also expended in ministering

directly to desire; but it is the object and result of what we call productive labour that is, labour which gives value to material things. Nothing that nature supplies to man without his labour is wealth, nor yet does the expenditure of labour result in wealth unless there is a tangible product that has and retains the power of ministering to desire.

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

Capital Further Described

But though all capital is wealth, not all wealth is capital. Capital is only a part of wealth - that part, namely, which is devoted to the aid of production.

All we are trying to do, all that it is necessary to do, is to fix, as it were, the metes and bounds of a term that in the main is well apprehended; that is, to make definite a common idea.

If the articles of actual wealth existing at a given time in a given community were presented in situ to a dozen intelligent men who had never read a line of Political Economy, it is doubtful if they would differ in respect to a single item, as to whether it should be accounted capital or not.

That part of a farmer's crop held for sale or for seed, or to feed his help in part payment of wages, would be accounted capital; that held for the use of his own family would not be.

A coat that a tailor had made for sale would be accounted capital but not the coat he had made for himself.

Food in the possession of a hotel-keeper or a restaurateur would be accounted capital, but not the food in the pantry of a housewife.

Pig iron in the hands of the smelter, or founder, or dealer, would be accounted capital, but not the pig iron used as ballast in the hold of a private pleasure yacht.

The looms of a factory would be capital, but not the sewing machine of a woman who does only her own work; a building let for hire, or used for business or productive purposes, but not a dwelling-house occupied by the owner.

In short, I think we should find that now, as when Adam Smith wrote, "that part of a man's stock which he expects to yield him a revenue is called his capital." And, omitting his unfortunate slip as to personal qualities, and qualifying somewhat his enumeration of money, it is doubtful if we could better list the different articles of capital than did Adam Smith in the passage I have condensed in the previous part of this chapter.

It is as to whether its services or uses are to be exchanged or not that makes a tool an article of capital or merely an article of wealth. Thus, wealth used in the construction of a railway, a public telegraph line, a theatre, a hotel, etc., may be said to be placed in the course of exchange. The exchange is not effected all at once, but little by little, with an indefinite number of people. Yet there is an exchange, and the " consumers " of the railway, the telegraph line, the theatre or hotel, are not the owners, but the persons who from time to time use them.

Exchangeability of Wealth

It is too narrow an understanding of production to confine it merely to the making of things. Production includes not merely the making of things, but the bringing of them to the consumer. The merchant or storekeeper is thus as truly a producer as is the manufacturer or farmer, and his stock or capital is as much devoted to production as is theirs. But it is not worth while now to dwell upon the functions of capital, which we shall be better able to determine hereafter.

Let me call attention to what is often forgotten, namely that the terms "Wealth," "Capital," "Wages" and the like, as used in Political Economy are general terms. Nothing can be generally affirmed or denied of them that cannot be affirmed or denied of the whole class of things they represent. The failure to bear this in mind has led to much confusion of thought, and permits fallacies, otherwise transparent, to pass for obvious truths. Wealth is a general term, and the idea of wealth, it must be remembered, involves the idea of exchangeability. Thus the possession of wealth to a certain amount is potentially the possession of any or all species of wealth to that equivalent in exchange. And, consequently, so of capital.

[Further discussion \(and practice\) on economic definitions](#)

CHAPTER 3

WAGES AND CAPITAL

THE CAUSE that produces poverty in the midst of advancing wealth is evidently the cause that exhibits itself in the tendency, everywhere recognized, of wages to a minimum. Let us, therefore, put our inquiry into this compact form:

Why, in spite of increase in productive power, do wages tend to a minimum that will give but a bare living?

The scholastic answer has been that wages are fixed by the ratio between the number of labourers and the amount of capital devoted to the employment of labour; and, because the increase in the number of labourers tends naturally to follow and overtake any increase in capital, wages constantly tend to the lowest amount on which labourers are able to live.

The proposition I shall endeavour to prove is: That wages, instead of being drawn from capital, are in reality drawn from the product of the labour for which they are paid.

Inasmuch as the theory that wages are provided by capital also holds that capital is reimbursed from production, this at first glance may seem a distinction without a difference. But that it is much more than a formal distinction will be apparent when it is considered that upon the difference between the two propositions are deduced doctrines that, themselves regarded as axiomatic, bound, direct, and govern the ablest minds in the discussion of the most momentous questions. For, upon the assumption that wages are drawn directly from capital, and not from the product of labour, is based, not only the doctrine that wages depend upon the ratio between capital and labour, but the doctrine that industry is limited by capital - that capital must be accumulated before labour is employed, and labour cannot be employed except as capital is accumulated; the doctrine that every increase of capital gives or is capable of giving additional employment to industry; the doctrine that the conversion of circulating capital into fixed capital lessens the fund applicable to the maintenance of labour; the doctrine that more labourers can be employed at low than at high wages; the doctrine that capital applied to agriculture will maintain more labourers than if applied to manufactures; the doctrine that profits are high or low as wages are low or high, or that they depend upon the cost of the subsistence of labourers - in short, all the teachings that are based more or less directly upon the assumption that labour is maintained and paid out of existing capital before the product, which constitutes the ultimate object, is secured:

If it be shown that this is an error, and that on the contrary the maintenance and payment of labour do not even temporarily trench on capital, but are directly drawn from the product of labour, then all this vast superstructure is left without support and must fall. And so likewise must fall the vulgar theories which also have their base in the belief that the sum to be distributed in wages is a fixed one, the individual shares in which must necessarily be decreased by an increase in the number of labourers.

Principles Common to all Societies

The fundamental truth, which in all economic reasoning must be firmly grasped and never let go, is that society in its most highly developed form is but an elaboration of society in its rudest beginnings. Principles that are obvious in the simpler relations of men are merely disguised and not abrogated or reversed by the more intricate relations that result from the division of labour and the use of complex tools and methods. The steam grist mill, with its complicated machinery exhibiting every diversity of motion, is simply what the rude stone mortar dug up from an ancient river bed was in its day: an instrument for grinding corn. And every man engaged in it, whether tossing wood into the furnace, running the engine, dressing stones, printing sacks or keeping books, is really devoting his labour to the same purpose that the prehistoric savage had when he used his mortar: the preparation of grain for human food.

And so, if we reduce to their lowest terms all the complex operations of modern

production, we see that each individual who takes part in this infinitely subdivided and intricate network of production and exchange is really doing what the primeval man did when he climbed the trees for fruit or followed the receding tide for shellfish-endeavouring to obtain from nature by the exertion of his powers the satisfaction of his desires. If we keep this firmly in mind, if we look upon the whole production of a community as the cooperation of all to satisfy the various desires of each, we see plainly that the reward each obtains for his exertion comes as truly and certainly from nature as the result of that exertion, as did the reward of the first man.

To illustrate: In the simplest state we can conceive of, each man digs his own bait and catches his own fish. The advantages of the division of labour soon become apparent, and one digs bait while the others fish. Yet evidently the one who digs bait is in reality doing as much towards the catching of fish as any of those who actually take the fish. So when the advantages of canoes are discovered, and instead of all going a-fishing, one stays behind and makes and repairs canoes, the canoe-maker is in reality devoting his labour to the taking of fish as much as the actual fishermen, and the fish that he eats at night when the fishermen come home are as truly the product of his labour as of theirs. And thus when the division of labour is fairly inaugurated and, instead of each attempting to satisfy all of his wants by direct resort to nature, one fishes, another hunts, a third picks berries, a fourth gathers fruit, a fifth makes tools, a sixth builds huts, and a seventh prepares clothing - each one to the extent he exchanges the direct product of his own labour for the direct product of the labour of others is really applying his own labour to the production of the things he uses. He is in effect satisfying his particular desires by the exertion of his particular powers; that is to say, what he receives he in reality produces.

What Wages Really Represent

If we follow these principles, obvious enough in a simpler state of society, through the complexities of the state we call civilized, we shall see clearly that in every case in which labour is exchanged for commodities, production really precedes enjoyment. We shall see that wages are the earnings-that is to say, the makings - of labour, not the advances of capital, and that the labourer who receives his wages in money (coined or printed, it may be, before his labour commenced) really receives in return for the addition his labour has made to the general stock of wealth a draft upon that general stock, which he may utilize in any particular form of wealth that will best satisfy his desires.

Neither the money, which is but the draft, nor the particular form of wealth that he calls for by use of the draft, represents advances of capital for his maintenance; on the contrary it represents the wealth, or a portion of the wealth, his labour has already added to the general stock.



Keeping these principles in view, we see that a draughtsman drawing the plans for a great marine engine in some dingy office on the banks of the Thames is in reality devoting his labour to the production of bread and meat as truly as though he were garnering the grain in California or swinging a lariat on a La Plata pampa. He is as truly making his own clothing as though he were shearing sheep in Australia or weaving cloth in Parsley. The miner digging out silver ore in the heart of the high Comstock is in effect by virtue of a thousand exchanges, harvesting crops in the valleys below; chasing the whale through Arctic icefields; plucking tobacco leaves in Virginia; picking coffee berries in Honduras; cutting sugar cane on the Hawaiian Islands; gathering cotton in Georgia or weaving it in Manchester or Lowell; or making quaint wooden toys in the Hartz Mountains, for his

children.

The wages he receives at the end of the week, what are they but the certificate to all the world that he has done these things-the primary exchanges in the long series that transmutes his labour into the things he has really been labouring for?

CHAPTER 4

THE SOURCE OF WAGES

When it is affirmed that wages are drawn from capital, it is evident that the economic meaning of the term wages is lost sight of, and attention is concentrated upon the common and narrow meaning of the word. For in all those cases in which the labourer is his own employer and takes directly the produce of his labour as his reward it is plain enough that wages are not drawn from capital, but result directly as the product of labour.

If, for instance, I devote my labour to gathering birds' eggs or picking wild berries, the eggs or berries I thus get are my wages. Surely no one will contend that in such a case wages are drawn from capital.

Or if I take a piece of leather and work it up into a pair of shoes, value is steadily added as my labour goes on until, when my labour results in the finished shoes, I have my capital (the original piece of leather) plus the difference in value between that material and the finished shoes. In obtaining this additional value - my wages - how is capital at any time drawn upon?

Adam Smith recognized the fact that in such simple cases as I have instanced, wages are the produce of labour. He thus begins his chapter upon the wages of labour (*Wealth of Nations*, book I, chapter 8): "The produce of labour constitutes the natural recompense or wages of labour. In that original state of things which precedes both the appropriation of land and the accumulation of stock, the whole produce of labour belongs to the labourer. He has neither landlord nor master to share with him." But instead of following the truth obvious in the simple modes of production as a clue through the perplexities of the more complicated forms, Adam Smith momentarily recognizes it only immediately to abandon it; and, stating that "in every part of Europe twenty workmen serve under a master for one that is independent," he recommences the inquiry from a point of view in which the master is considered as providing from his capital the wages of his workmen.

Wages in Kind

Let us pick up the clue where Adam Smith dropped it, and advancing step by step, see whether the relation of facts, obvious in the simplest forms of production, does not run through the most complex.

Next in simplicity to "that original state of things," of which many examples may yet be found, where the whole produce of labour belongs to the labourer, is the arrangement in which the labourer, though working for another person, or with the capital of another person, receives his wages in kind - that is to say, in the things his labour produces. In this case it is as clear as in the case of the self-employed labourer that the wages are really drawn from the product of labour, and not at all from capital.

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 his labour secures, there can be no question that the source of the wages is the labour for which they are paid.

Wages a Share of Produce

The farming of land on shares, which prevails to a considerable extent in the Southern States of the Union and in California, the metayer system of Europe, as well as the many cases in which superintendents, salesmen, etc., are paid by a percentage of profits, what are they but the employment of labour for wages that consist of part of its produce?

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 labour? Nor is this fact changed or obscured in the slightest degree where, as a matter of convenience, instead of dividing up between the crew their proportion of the oil and bone, the value of each man's share is estimated at the market price, and he is paid for it in money. The money is but the equivalent of the real wages, the oil and bone. In no way is there any advance of capital in this payment.

Wages Paid by an Employer



Without production, wages would not and could not be. It is from the produce of labor, not from the advances of capital, that wages come.

Production is always the mother of wages. Without production, wages would not and could not be. It is from the produce of labour, not from the advances of capital that wages come. Wherever we analyse the facts this will be found to be true. For labour always precedes wages. This is as universally true of wages received by the labourer from an employer as it is of wages taken directly by the labourer who is his own employer. In the one class of cases as in the other, reward is conditioned upon exertion. Paid sometimes by the day, oftener by the week or month, occasionally by the year, and in many branches of

production by the piece, the payment of wages by an employer to an employee always implies the previous rendering of labour by the employee for the benefit of the employer.

The few cases in which advance payments are made for personal services are evidently referable either to charity or to guarantee and purchase.

Using the Term Capital in Two Senses

The plausibility of the proposition that wages are drawn from capital comes in the first instance from the statement that labour cannot exert its productive power unless it is supplied by capital with maintenance. This statement ignores and leads the attention away from the truth that labour always precedes wages. The fact that the labourer must have food, clothing, etc., in order to enable him to perform the work is at once recognized and the unwary reader, having been told that the food, clothing, etc., used by productive labourers are capital, assents to the conclusion that the consumption of capital is necessary to the application of labour.

From this it is but an obvious deduction that industry is limited by capital - that the demand for labour depends upon the supply of capital, and hence that wages depend upon the ratio between the number of labourers looking for employment and the amount of capital devoted to hiring them.

The fallacy of this reasoning is in the use of the term capital in two senses. In the primary proposition that capital is necessary to the exertion of productive labour, 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 legitimate meaning of wealth (in the hands of employers as distinguished from labourers) devoted, not to the immediate gratification of desire, but to the procurement of more wealth.

The conclusion is no more valid than it would be to infer from the acceptance of the proposition that a labourer cannot go to work without his breakfast and some clothes, that no more labourers can go to work than employers first furnish with breakfasts and clothes. Now the fact is that labourers generally furnish their own breakfasts and the clothes in which they go to work; and the further fact is that employers are never compelled to make advances to labour before the work begins, although in exceptional cases they may do so.

Labour Always Precedes Wages

Of all the unemployed labourers in the civilized world today, there is probably not a single one willing to work who could not be employed without any advance of wages. A great proportion would doubtless gladly go to work on terms which did not require the payment of wages before the end of a month. It is doubtful if there are enough to be called a class who would not go to work and wait for their wages until the end of the week, as most labourers habitually do; while there are certainly none who would not wait for their wages until the end of the day or, if you please, until the next meal hour. The precise time of the payment of wages is immaterial; the essential point - the point I lay stress on - is that it is after the performance of work.

The payment of wages, therefore, always implies the previous rendering of labour. Now, what does the "rendering" of labour in production imply? Evidently the production of wealth, which, if it is to be exchanged or used in production, is capital. Therefore, the payment of wages presupposes production by labour for which wages are paid. And as the employer generally makes a profit, the payment of wages is, so far as he is concerned, but the return to the labourer of a portion of the wealth he has received from labour. So far as the employee is concerned, it is but the receipt of a portion of the wealth his labour has previously produced. As the value paid in wages is thus exchanged for a value brought into being by labour, how can it be said that wages are advanced by capital? As in the exchange of labour for wages the employer always gets the capital created by labour before he pays out capital in wages, at what point is his capital lessened even temporarily? (1)

(1) I speak of labour producing capital for the sake of greater clearness. What labour always procures is either wealth, which may or may not be capital, or services, the cases in which nothing is obtained being merely exceptional cases of misadventure. Where the object of labour is simply the gratification of the employer, as where I hire a man to black my boots, I do not pay the wages from capital, but from wealth which I have devoted, not to reproductive uses, but to consumption for my own satisfaction. Even if wages thus paid be considered as drawn from capital, then by that act they pass from the category of capital to that of wealth devoted to the gratification of the possessor, as when a cigar dealer takes a dozen cigars from the stock he has for sale and puts them in his pocket for his own use.

The Manufacturer and his Capital

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 products in stock.

Suppose, for the sake of simplicity, that the manufacturer neither buys nor sells during the week and, after work has stopped and he has paid his hands on Saturday, he takes 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 the value he paid his hands in wages was not drawn from his capital nor from anyone else's capital. It came, not from capital, but from the value created by labour itself.

Stages in the Process of Production

Where wages are paid before the object of the labour is obtained, or is finished - as in agriculture, where ploughing and sowing must precede by several months the harvesting of the crop, or in the erection of buildings, the construction of ships, railroads, canals, etc. - it is clear that for the capital so paid in wages the owners cannot expect an immediate return, but, as the phrase is, must "outlay it," or "Lie out of it" for a time, which sometimes amounts to many years. Surely, it will be said that in such cases, even if in no others, wages do actually come from capital; are actually advanced by capital; and must necessarily lessen capital in their payment? Surely here, at least, industry is limited by capital, for without capital such works could not be carried on?

Let us see:

As the rendering of labour precedes the payment of wages, and as the rendering of labour in production implies the creation of value, the employer receives value before he pays out value. For the creation of value takes place at every stage of the process of production as the immediate result of the application of labour, and hence, no matter how long the process in which it is engaged, labour always adds to wealth by its exertion before it takes its wages.

The Example of Shipbuilding

Take a ship or a building. They are finished products. But they were not produced at one operation or by one set of producers. And this being the case, we readily distinguish different points or stages in the creation of the value which as completed articles they represent. When we do not distinguish different parts in the final process of production we do distinguish the value of the materials. The value of these materials may often be again decomposed many times, exhibiting as many clearly defined steps in the creation of the final value. At each of these steps we habitually estimate a creation of value, an addition to capital.

It may take a year or even years to build a ship, but the creation of value, of which the finished ship will be the sum, goes on day by day and hour by hour from the time the keel is laid or even the ground is cleared. Nor by the payment of wages before the ship is completed does the master builder lessen either his capital or the capital of the community, for the value of the partially completed ship stands in place of the value paid out in wages. There is no advance of capital in this payment of wages, as is shown by the fact that if the builder were at any stage of the construction asked to sell a partially completed ship he would expect a profit.

The Example of Agriculture

It is obvious that in agriculture the creation of value does not take place all at once when the crop is gathered, but step by step during the whole process in which the gathering of the crop is included. The farmer's capital is not lessened in the interim by the payment of wages. This is tangible enough when land is sold or rented during the process of

production; a ploughed field will bring more than an unploughed field and a field that has been sown more one that is merely ploughed.

The creation of value is tangible enough when growing crops are sold, as is sometimes done, or where the farmer does not himself harvest, but lets a contract to the owner of harvesting machinery. It is tangible in the case of orchards and vineyards which, though not yet in bearing, bring prices proportionate to their age. It is tangible in the case of horses, cattle and sheep which increase in value as they grow towards maturity. And if not always tangible between what may be called the usual exchange points in production, this increase of value as surely takes place with every exertion of labour. Hence, where labour is rendered before wages are paid, the advance of capital is really made by labour, and is from the employed to the employer, not from the employer to the employed.

Present Consumption and Past Production

But a stumbling-block may yet remain, or may recur, in the mind of the reader.

As the ploughman cannot eat the furrow, nor a partially completed steam-engine aid in any way in producing the clothes the machinist wears, have I not, in the words of John Stuart Mill, "forgotten that the people of a country are maintained and have their wants supplied, not by the produce of present labour, but of past?" Or, as Mrs. Fawcett (*Political Economy for Beginners*, chapter 3) asks, have I not "forgotten that many months must elapse between the sowing of the seed and the time when the produce of that seed is converted into a loaf of bread," and that "it is therefore evident that labourers cannot live upon that which their labour is assisting to produce, but are maintained by that wealth which their labour, or the labour of others, has previously produced, which wealth is capital?"

Being resolved, these propositions are seen to be, not self-evident, but absurd. They involve the idea that labour cannot be exerted until the products of labour are saved thus; putting the product before the producer. And being examined, they will be seen to derive their apparent plausibility from a confusion of thought.

It seems to me that the proposition that present labour might be maintained by the produce of past labour will upon analysis prove to be true only in the sense that the afternoon's labour must be performed by the aid of the noonday meal, or that before you eat the hare he must be caught and cooked. And this, manifestly, is not the sense in which the proposition is used to support the important reasoning that is made to hinge upon it. That sense is, that before a work that will not immediately result in wealth available for subsistence can be carried on, there must exist such a stock of subsistence as will support the labourers during the process. Let us see if this be true:

Supposing a hundred men to be landed, without any stock of provisions, in a new country. Will it be necessary for them to accumulate a season's stock of provisions before they can begin to cultivate the soil? Not at all. It will only be necessary that fish, game, berries, etc., shall be so abundant that the labour of a part of the hundred may suffice to

furnish daily enough of these for the maintenance of all, and that there shall be such a sense of mutual interest, or such a correlation of desires, as shall lead those who in the present get the food to divide (exchange) with those whose efforts are directed to future recompense.

How Society Subsists

What is true in such a case is true in all cases. It is not necessary to the production of things that cannot be used as subsistence, or cannot be immediately utilized, that there should have been a previous production of the wealth required for the maintenance of the labourers while the production is going on. It is only necessary that somewhere within the circle of exchange there should be a contemporaneous production of sufficient subsistence for the labourers, and a willingness to exchange this subsistence for the thing on which labour is being bestowed.

And as a matter of fact, is it not true, in any normal condition of things, that consumption is supported by contemporaneous production?

Here is a luxurious idler, who does no productive work either with head or hand, but lives, we say, upon wealth which his father left him securely invested in Government bonds. Does his subsistence, as a matter of fact, come from wealth accumulated in the past or from the productive labour that is going on around him? On his table are new-laid eggs, butter churned but a few days before, milk which the cow gave this morning, fish which twenty-four hours ago were swimming in the sea, meat which the butcher boy has just brought in time to be cooked, vegetables fresh from the garden, and fruit from the orchard - in short, hardly anything that has not recently left the hand of the productive labourer (for in this category must be included transporters and distributors as well as those who are engaged in the first stages of production), and nothing that has been produced for any considerable length of time, unless it may be some bottles of old wine. What this man inherited from his father, and on which we say he lives, is not actually wealth at all, but only the power of commanding wealth as others produce it. And it is from this contemporaneous production that his subsistence is drawn.

London undoubtedly contains more wealth than exists within the same space anywhere else. Yet were productive labour in London absolutely to cease, within a few hours people would begin to die, and within a few weeks, or at most a few months, hardly one would be left alive. For an entire suspension of productive labour would be a disaster more dreadful than ever yet befell a beleaguered city. It would not be a mere external wall of circumvallation, such as Titus drew around Jerusalem, which would prevent the constant incoming of the supplies on which a great city lives, but it would be the drawing of a similar wall around each household. Imagine such a suspension of labour in any community, and you will see how true it is that mankind really lives from hand to mouth; that it is the daily labour of the community that supplies the community with its daily bread.

If we trace the circle of exchange by which work done in the production of a great steam-engine secures to the worker bread, meat, clothes and shelter, we shall find that though between the labourer on the engine and the producers of the bread, meat, etc., there may be a thousand intermediate exchanges, the transaction, when reduced to its lowest terms, really amounts to an exchange of labour between him and them. It is evident that the cause which induces the expenditure of the labour on the engine is that there exists a demand for an engine on the part of those producing bread, meat, etc., or on the part of those who are producing whatever is desired by the producers of the bread, meat, etc. It is this demand which directs the labour of the machinist to the production of the engine, and hence, reversely, the demand of the machinist for bread, meat, etc., really directs an equivalent amount of labour to the production of these things, and thus his labour, actually exerted in the production of the engine, virtually produces the things on which he expends his wages.

Or, to formularize this principle:

The demand for consumption determines the direction in which labour will be expended in production.

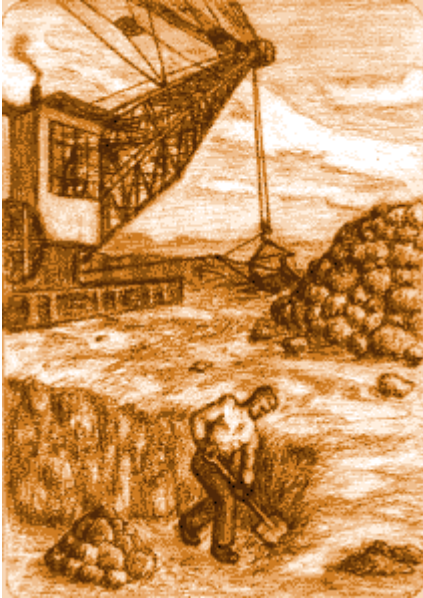
This principle is so simple and obvious that it needs no further illustration, yet in its light all the complexities of our subject disappear, and we thus reach the same view of the real objects and rewards of labour in the intricacies of modern production that we gained by observing in the first beginnings of society the simpler forms of production and exchange. We see that now, as then, each labourer is endeavouring to obtain by his exertions the satisfaction of his own desires; we see that although the minute division of labour assigns to each producer the production of but a small part, or perhaps nothing at all, of the particular things he labours to get, yet, in aiding in the production of what other producers want, he is directing other labour to the production of the things he wants - in effect, producing them himself.

And so the man who is following the plough - though the crop for which he is opening the ground is not yet sown, and after being sown will take months to arrive at maturity - he is yet, by the exertion of his labour in ploughing, virtually producing the food he eats and the wages he receives. For, though ploughing is but a part of the operation of producing a crop, it is a part, and as necessary a part as harvesting. The doing of it is a step toward procuring a crop, which, by the assurance it gives of the future crop, sets free from the stock constantly held the subsistence and wages of the ploughman.

This is not merely theoretically true, it is practically and literally true. At the proper time for ploughing, let ploughing cease. Would not the symptoms of scarcity at once manifest themselves without waiting for the time of the harvest? Let ploughing cease, and would not the effect at once be felt in counting-room, and machine shop, and factory? Would not loom and spindle soon stand as idle as the plough? That this would be so, we see in the effect which immediately follows a bad season. And if this would be so, is not the man who ploughs really producing his subsistence and wages as much as though during the day or week his labour actually resulted in the things for which his labour exchanged?

CHAPTER 5

THE FUNCTIONS OF CAPITAL



Capital increases the power of labour to produce wealth: (1) By enabling labour to apply itself in more effective ways, as by digging up clams with a spade instead of the hand, or moving a vessel by shovelling coal into a furnace, instead of tugging at an oar. (2) By enabling labour to avail itself of the reproductive forces of nature, as to obtain corn by sowing it, or animals by breeding them. (3) By permitting the division of labour and thus, on the other hand, increasing the efficiency of the human factor by the utilization of special capabilities, the acquisition of skill and the reduction of waste; and on the other hand, calling in the powers of the natural factor at their highest, by taking advantage of the diversities of soil, climate and situation, so as to obtain each particular species of wealth where nature is most favourable to its production.

Capital does not limit industry, the only limit to industry being the access to natural material. But capital may limit the form of industry and the productiveness of industry, by limiting the use of tools and the division of labour.

That capital may limit the form of industry is clear. Without the factory, there could be no factory operatives; without the sewing machine, no machine sewing; without the plough, no ploughman; and without a great capital engaged in exchange, industry could not take the many special forms that are concerned with exchanges.

It is also as clear that the want of tools must greatly limit the productiveness of industry. If the farmer must use the spade because he has not capital enough for a plough, the sickle instead of the reaping machine, the flail instead of the thresher; if the machinist must rely upon the chisel for cutting iron, the weaver upon the handloom, and so on, the productiveness of industry cannot be a tithe of what it is when aided by capital in the shape of the best tools now in use. The division of labour could not go further than the very rudest and almost imperceptible beginnings; nor could the exchanges, which make possible the division of labour, extend beyond the nearest neighbours, unless a portion of the things produced were constantly kept in stock or in transit.

To enable the resident of a civilized community to exchange his labour at option with the labour of those around him and with the labour of men in the most remote parts of the globe, there must be stocks of goods in warehouses, in stores, in the holds of ships, and in railway cars. To enable the denizens of a great city to draw at will a cupful of water, there

must be thousands of millions of gallons stored in reservoirs and moving through miles of pipe.

We can, of course, imagine a community in which the want of capital would be the only obstacle to an increased productiveness of labour; only, however, by imagining a conjunction of conditions that seldom, if ever, occurs, except by accident or as a passing phase. A community in which capital has been swept away by war, conflagration, or convulsion of nature, and, possibly, a community composed of civilized people just settled in a new land, seem to furnish the only examples. Yet how quickly the capital it habitually uses is reproduced in a community that has been swept by war has long been noticed, while the rapid production of the capital it can use, or is disposed to use:, is equally noticeable in the case of a new community.

It would be a mistake to attribute the simple modes of production and exchange which are resorted to in new communities solely to a want of capital. These modes, which require little capital, are in themselves rude and inefficient, but when the conditions of such communities are considered, they will be found in reality the most effective. A great factory with all the latest improvements is the most efficient instrument that has yet been devised for turning wool or cotton into cloth, but only so where large quantities are to be made. The cloth required only for a little village could be made with far less labour by the spinning wheel and handloom. To carry occasionally two or three passengers, a canoe is a better instrument than a steamboat; a few sacks of flour can be transported with less expenditure of labour by a pack horse than by a railway train; to put a great stock of goods into a crossroads store in the backwoods would be but to waste capital.

Generally speaking, no greater amount of wealth will be used as capital than is required by the machinery of production and exchange that, under all the existing conditions such as intelligence, habit, security and density of population, best suits the people.

Wages and Capital - General Conclusions

Our purpose in this inquiry is to solve the problem to which so many self-contradictory answers are given. In ascertaining clearly what capital really is and what capital really does, we have made the first, and an all-important step.

We have seen that capital does not advance wages or subsist labourers, but that its functions are to assist labour in production with tools, seed, etc., and with the wealth required to carry on exchanges.

We are irresistibly led to practical conclusions so important as amply to justify the pains taken to make sure of them. For if wages are drawn, not from capital, but from the produce of labour, all remedies, whether proposed by professors of Political Economy or working men, that look to the alleviation of poverty either by the increase of capital or the restriction of the number of labourers or the efficiency of their work, must be condemned.

If each labourer in performing the labour really creates the fund from which his wages are drawn, then wages cannot be diminished by the increase of labourers. On the contrary, as the efficiency of labour manifestly increases with the number of labourers, the more labourers, other things being equal, the higher should wages be. But this necessary proviso, other things being equal, brings us to a question which must be considered and disposed of before we can proceed further. That question is: Do the productive powers of nature tend to diminish with the increasing drafts made upon them by increasing population?

CHAPTER 6

POPULATION AND SUBSISTENCE

The doctrine to which Malthus has given his name is that population naturally tends to increase faster than subsistence. It was formulated by him 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 for man which the earth affords... under circumstances the most favourable to human industry could not possibly be made to increase faster than in an arithmetical ratio" - that is, being increased every twenty-five years by a quantity equal to what it (the earth) at present produces."

"The necessary effects of these two different rates of increase, when brought together," Mr. Malthus naively goes on to say, "will be very striking." And thus (Chapter I) he brings them together: "Let us call the population of this island eleven millions; and suppose the present produce equal to the easy support of such a number. In the first twenty-five years the population would be twenty-two millions, and the food being also doubled, the means of subsistence would be equal to this increase. In the next twenty-five years, the population would be forty-four millions, and the means of subsistence only equal to the support of thirty-three millions. In the next period the population would be equal to eighty-eight millions, and the means of subsistence just equal to the support of half that number. And, at the conclusion of the first century, the population would be a hundred and seventy-six millions, and the means of subsistence only equal to the support of fifty-five millions; leaving a population of a hundred and twenty-one millions totally unprovided for. Taking the whole earth, instead of this island, emigration would of course be excluded; and, supposing the present population equal to a thousand millions, the human species would increase as the numbers 1, 2, 4, 8, 16, 32, 64, 128, 256; and subsistence as 1, 2, 3, 4, 5, 6, 7, 8, 9. In two centuries the population would be to the means of subsistence as 256 to 9; in three centuries, 4,096 to 13, and in two thousand years the difference would be almost incalculable."

Such a result is of course prevented by the physical fact that no more people can exist than can find subsistence, and hence Malthus's conclusion is that this tendency of population to indefinite increase must be held back either by moral restraint upon the reproductive faculty, or by the various causes that increase mortality and these he resolves into vice and misery. Such causes as prevent propagation he styles the preventive check; such causes as increase mortality he styles the positive check. It is not worth while to dwell upon the fallacy involved in the assumption of geometrical and arithmetical rates of increase. For this assumption is not necessary to the Malthusian doctrine, the essence of which is that population tends to increase faster than the power of providing food.

The doctrine may thus be 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, and this makes the procurement of subsistence progressively more and more difficult. 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.



The Malthusian doctrine furnishes a philosophy by which the rich Christian may bend on Sundays in a nicely upholstered pew without any feeling of responsibility for the squalid misery that is festering but a square away.

(1) *Thomas Robert Malthus, M.A.*

(1766): *An Essay on the Principle of Population, or a View of its Past and Present Effects on Human Happiness with an Inquiry into our Prospects Respecting the Future Removal or Mitigation of the Evils which it Occasions" (1796).*

Inferences from Facts

Seemingly backed by an indisputable arithmetical truth - that a continuously increasing population must eventually exceed the capacity of the earth to furnish food or even standing room - the Malthusian theory is supported by analogies in the animal and vegetable kingdoms, where life everywhere beats wastefully against the barriers that hold its different species in check. It is apparently corroborated by many obvious facts, such as the prevalence of poverty, vice and misery amid dense populations, the general effect of material progress in increasing population without relieving pauperism, the rapid growth of numbers in newly settled countries and the evident retardation of increase in more densely settled countries by the mortality among the class condemned to want.

The Malthusian theory furnishes a general principle which accounts for these and similar facts, and accounts for them in a way that harmonizes with the doctrine that wages are drawn from capital and with all the principles that are deduced therefrom. According to that doctrine, wages fall as increase in the number of labourers necessitates a more minute division of capital. According to the Malthusian theory, poverty appears as increase in population necessitates the more minute division of subsistence. It requires but the identification of capital with subsistence, and number of labourers with population to make the two propositions as identical formally as they are substantially.

Ricardo furnished the theory an additional support by calling attention to the fact that rent would increase as the necessities of increasing population forced cultivation to less and less productive lands, or to less and less productive points on the same lands, thus explaining the rise of rent. In this way was formed, as it were, a triple combination, by

which the Malthusian theory has been buttressed on both sides. The previously received doctrine of wages and the subsequently received doctrine of rent exhibit in this view but special examples of the operation of the general principle to which the name of Malthus has been attached, the fall in wages and the rise, in rents which come with increasing population being but modes in which the pressure of population upon subsistence shows itself.

Like the theory of wages by which it is supported and which it in turn supports, the Malthusian theory harmonizes with ideas which, in older countries at least, generally prevail among the working classes. To the mechanic or operative the cause of low wages and of the inability to get employment is obviously the competition caused by the pressure of numbers; and in the squalid abodes of poverty what seems clearer than that there are too many people?

Malthusian Theory Exonerating the Rich

But the great cause of the triumph of this theory is that instead of menacing any vested right or antagonizing any powerful interest, it is eminently soothing and reassuring to the classes who, wielding the power of wealth, largely dominate thought. At a time when old supports were falling away, it came to the rescue of the special privileges by which a few monopolize so much of the good things of this world; it proclaimed a natural cause for the want and misery which, if attributed to political institutions, must condemn every government under which they exist.

The Essay on Population was avowedly a reply to William Godwin's Inquiry concerning Political Justice, a work asserting the principle of human equality; and its purpose was to justify existing inequality by shifting the responsibility for it from human institutions to the laws of the Creator. There was nothing new in this, for Wallace, nearly forty years before, had brought forward the danger of excessive multiplication as the answer to the demands of justice for an equal distribution of wealth. But the circumstances of the times were such as to make the same idea, when brought forward by Malthus, peculiarly grateful to a powerful class, in whom an intense fear of any questioning of the existing state of things had been generated by the outburst of the French Revolution.

Poverty Alleged to be Inevitable

Now, as it did then, the Malthusian theory parries the demand for reform, and shelters selfishness from question and from conscience by the interposition of an inevitable necessity. For poverty, want and starvation are by this theory not chargeable either to individual greed or to social maladjustments - they are the inevitable results of universal laws with which if it were not impious it were as hopeless to quarrel as with the law of gravitation. And thus reforms which would interfere with the interests of any powerful class are discouraged as hopeless. Since the moral law forbids any forestalling of the methods by which the natural law gets rid of surplus population and thus holds in check a tendency to increase potent enough to pack the surface of the globe with human beings as sardines are packed in a box, nothing can really be done either by individual or by

combined effort to extirpate poverty, save to trust to the efficacy of education and preach the necessity of prudence.

In one form or another, the Malthusian doctrine has received in the intellectual world an almost universal endorsement, and in the best as in the most common literature of the day it may be seen cropping out in every direction. It is endorsed by economists and by statesmen, by historians and by natural investigators, by social science congresses and by trade unions, by churchmen and by materialists, by conservatives of the strictest sect and by the most radical of radicals. It is held and habitually reasoned from by many who never heard of Malthus and who have not the slightest idea of what his theory is.

Facts Against Malthus's Theory

The main body of the *Essay on Population* is taken up with what is in reality a refutation of the theory that is advanced in the book, for Malthus's review of what he calls the positive check to population is simply the showing that the results which he attributes to over-population actually arise from other causes. Of all the cases cited in which vice and misery check increase by limiting marriages or shortening the term of human life (and pretty much the whole globe is passed over in the survey) there is not a single case where the vice and misery can be traced to an actual increase in the number of mouths over the power of the accompanying lands to feed them; but in every case the vice and misery are shown to spring either from unsocial ignorance and rapacity, or from bad government, unjust law or destructive warfare.

Nor what Malthus failed to show has any one since him shown. The globe may be surveyed and history may be reviewed in vain for any instance of a considerable country in which poverty and want can be fairly attributed to the pressure of an increasing population. Whatever be the possible dangers involved in the power of human increase, they have never yet appeared. Whatever may sometime be, this never yet has been the evil that has afflicted mankind. Population always tending to overpass the limit of subsistence! How is it, then, that this globe of ours, after all the millions of years that man has been upon the earth, is yet so thinly populated? How is it, then, that so many of the hives of human life are now deserted - that fields once cultivated are rank with jungle, and the wild beast licks her cubs where once were busy haunts of men?

As to Africa there can be no question. Northern Africa contains scarcely a fraction of the population that it had in ancient times; the Nile Valley once held an enormously greater population than now, while south of the Sahara there is nothing to show increase within historic times, and widespread depopulation was certainly caused by the slave trade.

Malthusianism predicated a universal law - that the natural tendency of population is to outrun subsistence. If there be such a law, it must, wherever population has attained a certain density, become as obvious as any of the great natural laws that have been everywhere recognized. How is it, then, that neither in classical creeds and codes, nor in those of the Jews, the Egyptians, the Hindoos, the Chinese, nor of any of the peoples who have lived in close association and have built up creeds and codes, do we find any

injunctions to the practice of the prudential restraints of Malthus? On the contrary, the wisdom of the centuries, the religions of the world, have always inculcated ideas of civic and religious duty that are the very reverse.

But let us advance to a more definite inquiry. I assert that the cases commonly cited as instances of overpopulation will not bear investigation.

Poverty in India

In India from time immemorial, the working-classes have been ground down by exactions and oppressions into a condition of helpless and hopeless degradation. For ages and ages the cultivator of the soil has esteemed himself happy if, of his produce, the extortion of the strong hand left him enough to support life and furnish seed. Capital could nowhere be safely accumulated nor be used to any considerable extent to assist production. All wealth that could be wrung from the people was in the possession of princes (or their farmers or favourites) who were little better than robber chiefs quartered on the country and it was wasted in useless or worse than useless luxury, while religion, sunken to an elaborate and terrible superstition, tyrannized over the minds as physical force did over the bodies of men. Under these conditions, the only arts that could advance were those that ministered to the ostentation and luxury of the great. The elephants of the rajah blazed with gold of exquisite workmanship, and the umbrellas that symbolized his regal power glittered with gems; but the plough of the ryot was only a sharpened stick. The ladies of the rajah's harem wrapped themselves in muslins so fine as to take the name of woven wind, but the tools of the artisan were of the poorest and rudest description, and commerce could only be carried on, as it were, by stealth.

Famines Due to Corrupt Government

The Rev. William Tennant, a chaplain in the service of the East India Company, writing in 1796, two years before the publication of the *Essay on Population*, says in his *Indian Recreations*, volume I, section 39:

When we reflect upon the great fertility of Hindostan, it is amazing to consider the frequency of famine. It is evidently not owing to any sterility of soil or climate; the evil must be traced to some political cause, and it requires but little penetration to discover it in the avarice and extortion of the various governments. The great spur to industry, that of security, is taken away. Hence no man raises more grain than is barely sufficient for himself, and the first unfavourable season produces a famine.

The Mogul government at no period offered full security to the prince, still less to his vassals; and to peasants the most scanty protection of all. It was a continued tissue of violence and insurrection, treachery and punishment, under which neither commerce nor the arts could prosper, nor agriculture assume the appearance of a system. Its downfall gave rise to a state still more afflictive, since anarchy is worse than misrule. The Mohammedan government, wretched as it was, the European nations have not the merit of overturning. It fell beneath the weight of its own corruption, and had already been

succeeded by the multifarious tyranny of petty chiefs, whose right to govern consisted in their treason to the state, and whose exactions on the peasants were as boundless as their avarice. The rents to government were, and where natives rule, still are levied twice a year by a merciless banditti, under the semblance of an army, who wantonly destroy or carry out whatever part of the produce may satisfy their caprice or satiate their avidity, after having hunted the ill-fated peasants from the villages to the woods. Any attempt of the peasants to defend their persons or their property within the mud walls of their villages only calls for the more signal vengeance on those useful, but ill-fated, mortals. They are then surrounded and attacked with musketry and field pieces til resistance ceases, when the survivors are sold, and their habitations burned and leveled with the ground. Hence you will frequently meet with the ryots gathering up the scattered remnants of what had yesterday been their habitation, if fear has permitted them to return; but oftener the ruins are seen smoking, after a second visitation of this kind, without a human being to interrupt the awful silence of devastation. This description does not apply to the Mohammedan chieftains alone; it is equally applicable to the rajahs in the districts governed by Hindoos.

Early British Rule in India

To this merciless rapidity, which would have produced want and famine had the population been but one to a square mile and the land a Garden of Eden, succeeded, in the first era of British rule, as merciless a rapacity, backed by a far more irresistible power. Says Macaulay, in his essay of Lord Clive: "Enormous fortunes were rapidly accumulated in Calcutta, while thirty millions of human beings were reduced to the extremity of wretchedness. They had been accustomed to live under tyranny, but never under tyranny like this. They found the little finger of the Company thicker than the loins of Surajah Dowlah.... It resembled the government of evil genii, rather than the government of human tyrants.... Sometimes they submitted in patient misery. Sometimes they fled from the white man, as their fathers had been used to fly from the Mahratta; and the palanquin of the English traveller was often carried through silent villages and towns through which the report of his approach has made desolate."

Upon horrors that Macaulay thus but touches, the vivid eloquence of Burke throws a stronger light - whole districts surrendered to the unrestrained cupidity of the worst of humankind, poverty-stricken peasants fiendishly tortured to compel them to give up their little hoards, and once populous tracts turned into deserts.

The Persistence of Famines

But the lawless license of early English rule having long been restrained, the strong hand of England gave to all that vast population a more than Roman peace. The principles of English law were extended by an elaborate system of codes and law officers, designed to secure to the humblest of these peoples the rights of Anglo-Saxon freemen. The whole peninsula was intersected by railways, and great irrigation works were constructed. Yet, with increasing frequency, famine succeeded famine, raging with greater intensity over wider areas.

Is not this a demonstration of the Malthusian theory? Does it not show that no matter how much the possibilities of subsistence are increased, population still continues to press upon it? Does it not show, as Malthus contended, that to shut up the sluices by which superabundant population is carried off is but to compel nature to open new one, and that unless the sources of human increase are checked by prudential regulation, the alternative of war is famine? This has been the orthodox explanation. But the truth is that these famines are no more due to the pressure of population upon the natural limits of subsistence than was the desolation of the Carnatic when Hyder Ali's horsemen burst upon it in a whirlwind of destruction.

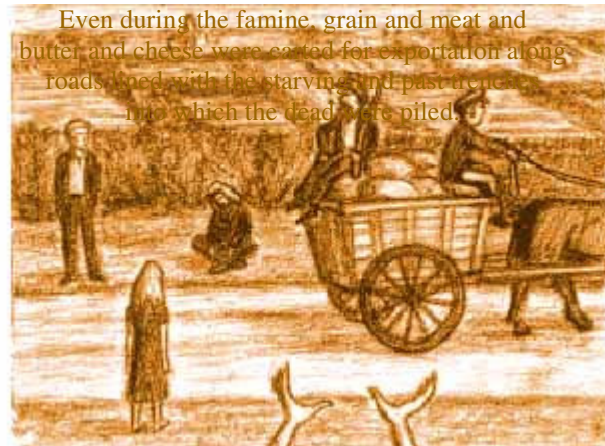
It is only the most superficial view that can attribute want and starvation to pressure of population upon the ability of the land to produce subsistence. Could the cultivators retain their little capital, then industry, reviving and assuming more productive forms, would undoubtedly suffice to keep a much greater population. There are still in India great areas uncultivated, vast mineral resources untouched, and it is certain that the population of India does not reach, as within historical times it never has reached, the real limit of the soil to furnish subsistence nor even the point where this power begins to decline with the increasing drafts made upon it. The real cause of want in India has been, and yet is, the rapacity of man, not the niggardliness of nature.

The Truth About Ireland

Ireland, of all European countries, furnishes the great stock example of over-population. The extreme poverty of the peasantry, the Irish famine and Irish emigration have been constantly referred to as a demonstration of the Malthusian theory worked out under the eyes of the civilized world. I doubt if a more striking instance can be cited of the power of a preaccepted theory to blind men as to the true relations of facts. The truth is, and it lies on the surface, that Ireland has never yet had a population that the natural powers of the country, in the existing state of the productive arts, could not have maintained in ample comfort.

At the period of her greatest population (1840-45) Ireland contained something over eight millions of people.

But a very large proportion of them managed merely to exist, lodging in miserable cabins, clothed with miserable rags, and with but potatoes for their staple food. When the potato blight came, they died by thousands. But was it the inability of the soil to support so large a population that compelled so many to live in this miserable way and exposed them to starvation on the failure of a single root crop? On the contrary, it was the



same remorseless rapacity as robbed the Indian ryot of the fruits of his toil and left him to starve where nature offered plenty. A merciless banditti of tax-gatherers did not march through the land plundering and torturing, but the labourer was just as effectually stripped by as merciless a horde of landlords, among whom the soil had been divided as their absolute possession, regardless of any rights of those who lived upon it.

Not Over-population but Extortion

Consider the conditions of production under which this eight million managed to live until the potato blight came. Cultivation was for the most part carried on by tenants-at-will, and they, even if the rack-rents they were forced to pay had permitted them, did not dare to make improvements, which would have been but the signal for an increase of rent. Labour was thus applied in the most inefficient and wasteful manner and labour, that with any security for its fruits would have been applied unremittingly, was dissipated in aimless idleness. But even under these conditions, it is a matter of fact that Ireland did more than support eight millions. For when her population was at its highest, Ireland was a food-exporting country. Even during the famine, grain and meat and butter and cheese were carted for exportation along roads lined with the starving and past trenches into which the dead were piled. For these exports of food, or at least for a great part of them, there was no return. So far as the people of Ireland were concerned, the food thus exported might as well have been burned up or thrown into the sea, or never produced. It went not as an exchange, but as a tribute - to pay the rent of absentee landlords; a levy wrung from producers by those who in no wise contributed to production.

Had this food been left to those who raised it, had the cultivators of the soil been permitted to retain and use the wealth their labour produced, had security stimulated industry and permitted the adoption of economical methods, there would have been enough to support in bounteous comfort the largest population Ireland ever had. The potato blight might have come and gone without stinting a single human being of a full meal. For it was not, as English economists coldly said, "the imprudence of Irish peasants" that induced them to make the potato the staple of their food. Irish emigrants, when they can get other things, do not live upon the potato, and certainly in the United States the prudence of the Irish character, in endeavouring to lay by something for a rainy day, is remarkable. They lived on the potato because rack-rents stripped everything else from them.

Had Ireland been by nature a grove of bananas and bread-fruit, had her coasts been lined by the guano deposits of the Chinchas and the sun of lower latitudes warmed into more abundant life her moist soil, the social conditions that have prevailed there would still have brought forth poverty and starvation. How could there fail to be pauperism and famine in a country where rack-rents wrested from the cultivator of the soil all the produce of his labour except just enough to maintain life in good seasons; where tenure-at-will forbade improvements and removed incentive to any but the most wasteful and poverty-stricken culture; where the tenant dared not accumulate capital, even if he could get it, for fear the landlord would demand it in the rent; where in fact he was an abject slave who, at the nod of a human being like himself, might at any time be driven from his

miserable mud cabin, a houseless, homeless, starving wanderer, forbidden even to pluck the spontaneous fruits of the earth, or to trap a wild hare to satisfy his hunger?

No matter how sparse its population, no matter what its natural resources, would not pauperism and starvation be necessary consequences in any land where the producers of wealth were compelled to work under conditions which deprived them of hope, of self-respect, of energy, of thrift; where absentee landlords drained away without return at least a fourth of the net produce of the soil; and when, besides them, a starving industry had to support resident landlords, with their horses and hounds, agents, jobbers, middlemen and bailiffs, and an army of policemen and soldiers to overawe and hunt down any opposition to the iniquitous system?

If we turn from an examination of the facts brought forward in illustration of the Malthusian theory to a consideration of the analogies by which it is supported, we shall find the same inconclusiveness.

False Analogies

The strength of the reproductive force in the animal and vegetable kingdoms - considering that a single pair of salmon might in fact, if preserved from their natural enemies for a few years, fill the ocean; that a pair of rabbits would, under the same circumstances, soon overrun a continent; that many plants scatter their seeds by the hundredfold, and some insects deposit thousands of eggs; and that everywhere each species constantly tends to press against the limits of subsistence and evidently does press against them when not limited by the numbers of its enemies - is constantly cited as showing that humankind likewise tends to press against subsistence. Accordingly, when population is unrestrained by other means, its natural increase must necessarily result in such low wages and want or (if that will not suffice and the increase still goes on) in such actual starvation as will keep population within the limits of subsistence.

But is this analogy valid? It is from the vegetable and animal kingdoms that man's food is drawn, and hence the greater strength of the reproductive force in the vegetable and animal kingdoms than in man simply proves the power of subsistence to increase faster than population. Does not the fact, that all things that furnish man's subsistence have the power to multiply many-fold - some of them many thousandfold, and some of them many million or even billionfold - while he is only doubling his numbers, show that, let human beings increase to the full extent of their reproductive power, the increase of population will never exceed subsistence?

Of all living things, man is the only one that can give play to the reproductive forces, more powerful than his own, which supply him with food. Beast, insect, bird and fish take only what they find. Their increase is at the expense of their food. When they have reached the existing limits of food, their food must increase before they can increase.

Man Produces His Food

Unlike that of any other living thing, the increase of man results in the increase of his food. If bears instead of men had been shipped from Europe to the North American continent, there would now be no more bears than in the time of Columbus; possibly fewer, for by the bear immigration bear food would not have been increased nor would the conditions of bear life have been extended, but probably the reverse. Yet within the limits of the United States alone there are now millions of men where then there were only a few hundred thousand and there is now within that territory much more food per capita for the millions than there was then for the few hundred thousand. It is not the increase of food that has caused the increase of men; it is the increase of men that has brought about the increase of food. There is more food simply because there are more men.

There is a difference between the animal and the man. Both the jay-hawk and the man eat chickens, but the more jay-hawks the fewer chickens, while the more men the more chickens. Both the seal and the man eat salmon, but when a seal takes a salmon there is a salmon the less, and were seals to increase past a certain point salmon must diminish; while by placing the spawn of the salmon under favourable conditions man can so increase the number of salmon as to make up for more than all he may take. Thus, no matter how much men may increase, their increase need never outrun the supply of salmon. In short, while all through the vegetable and animal kingdoms the limit of subsistence is independent of the thing subsisted, with man the limit of subsistence is, within the final limits of earth, air, water, and sunshine, dependent upon man himself. And this being the case, the analogy it is sought to draw between the lower forms of life and man manifestly fails.

The danger that the human race may increase beyond the possibility of finding elbow room is so far off as to have for us no more practical interest than the recurrence of the glacial period or the final extinguishment of the sun. Yet, remote and shadowy as it is, it is this possibility that gives to the Malthusian theory its apparently self-evident character. But if we follow it, even this shadow will disappear. It also springs from a false analogy. That vegetable and animal life tend to press against the limits of space does not prove the same tendency in human life.

Further Differences Between Man and Beast

Granted that man is only a more highly developed animal, that the ring-tailed monkey is a distant relative who has gradually developed acrobatic tendencies, and the hump-backed whale a far-off connection who in early life took to the sea; granted that back of these man is kin to the vegetable and still subject to the same laws as plants, fishes, birds and beasts. Yet there is still this difference between man and all other animals - he is the only animal whose desires increase as they are fed; the only animal that is never satisfied. The wants of every other living thing are uniform and fixed. The ox of today aspires to no more than did the ox when man first yoked him. The seagull of the English Channel that poises himself above the swift steamer wants no better food or lodging than the gulls that circled round as the keels of Caesar's galleys first grated on a British beach. Of what nature offers them, be it ever so abundant, all living things save man can take and care for

only enough to supply wants that are definite and fixed. The only use they can make of additional supplies or additional opportunities is to multiply.

But not so with man. No sooner are his animal wants satisfied than new wants arise. Food he wants first, as does the beast; shelter next, as does the beast; and these given, his reproductive instincts assert their sway, as do those of the beast. But here man and beast part company. The beast never goes further; the man has but set his feet on the first step of an infinite progression - a progression upon which the beast never enters; a progression away from and above the beast. Give more food, open fuller conditions of life, and the vegetable or animal can but multiply; the man will develop. In the one, the expansive force can but extend existence in new numbers; in the other, it will inevitably tend to extend existence in higher forms and wider powers.

Logical Error of Malthus

Whichever way it be turned, the reasoning by which this theory of the constant tendency of population to press against the limits of subsistence is supported shows an unwarranted assumption, an undistributed middle, as the logicians would say. It is as unfounded, if not as grotesque, as an assumption we can imagine Adam might have made had he been of an arithmetical turn of mind and figured on the growth of his first baby from the rate of its early months. From the fact that at birth it weighed ten pounds and in eight months thereafter twenty pounds, he might, with the arithmetical knowledge which some sages have supposed him to possess, have ciphered out a result quite as striking as that of Mr. Malthus - namely, that by the time it got to be ten years old it would be as heavy as an ox, at twelve as heavy as an elephant, and at thirty would weigh no less than 175,716,339,548 tons. The fact is, there is no more reason for us to trouble ourselves about the pressure of population upon subsistence than there was for Adam to worry himself about the rapid growth of his baby.

Forces Influencing the Birthrate

In new settlements where the struggle with nature leaves little opportunity for intellectual life, and among the poverty-bound classes of older countries who in the midst of wealth are deprived of all its advantages and are reduced to an all but animal existence, the proportion of births is notoriously greater than it is among the classes to whom the increase of wealth has brought independence, leisure, comfort and a fuller and more varied life.

If the real law of population is thus indicated, as I think it must be, then the tendency to increase, instead of being always uniform, is strong where the perpetuity of the race is threatened by the mortality induced by adverse conditions; but it weakens just as the higher development of the individual becomes possible and the perpetuity of the race is assured. Any danger that human beings may be brought into a world where they cannot be provided for arises not from the ordinances of nature, but from social maladjustments that in the midst of wealth condemn men to want.

Alleged Niggardliness of Nature

Manifestly the question whether increase of population necessarily tends to reduce wages and cause want is simply the question whether it tends to reduce the amount of wealth that can be produced by a given amount of labour. The theory is that the more that is required from nature the less generously does she respond, so that doubling the application of labour will not double the product; and hence, increase of population must tend to reduce wages and deepen poverty, or, in the phrase of Malthus, must result in vice and misery. To quote the language of John Stuart Mill:

"A greater number of people cannot, in any given state of civilization, be collectively so well provided for as a smaller. The niggardliness of nature, not the injustice of society, is the cause of the penalty attached to over-population. An unjust distribution of wealth does not even aggravate the evil, but, at most, causes it to be somewhat earlier felt. It is vain to say that all mouths which the increase of mankind calls into existence bring with them hands. The new mouths require as much food as the old ones, and the hands do not produce as much. If all instruments of production were held in joint property by the whole people, and the produce divided with perfect equality among them, and if in a society thus constituted, industry were as energetic and the produce as ample as at present, there would be enough to make all the existing population extremely comfortable; but when that population had doubled itself, as, with existing habits of the people, under such an encouragement, it undoubtedly would in little more than twenty years, what would then be their condition? Unless the arts of production were in the same time improved in an almost unexampled degree, the inferior soils which must be resorted to, and the more laborious and scantily remunerative cultivation which must be employed on the superior soils, to procure food for so much larger a population, would, by an insuperable necessity, render every individual in the community poorer than before. If the population continued to increase at the same rate, a time would soon arrive when no one would have more than mere necessaries, and, soon after, a time when no one would have a sufficiency of those, and the further increase of population would be arrested by death. (Principles of Political Economy, Book I, chapter 13, section 2.)

All this I deny. I assert that the very reverse of these propositions is true. I assert that in any given state of civilization a greater number of people can collectively be better provided for than a smaller. I assert that the injustice of society, not the niggardliness of nature, is the cause of the want and misery which the current theory attributes to over population. I assert that the new mouths which an increasing population calls into existence require no more food than the old ones, while the hands they bring with them can in the natural order of things produce more. I assert that, other things being equal, the greater the population, the greater will be the comfort which an equitable distribution of wealth would give to each individual. I assert that in a state of equality the natural increase of population would constantly tend to make every individual richer instead of poorer.

The question of fact into which this issue resolves itself is not in what stage of population most subsistence is produced, but in what stage of population the greatest power of

producing wealth is exhibited. For the power of production, wealth in any form is the power of producing subsistence - and the consumption of wealth in any form, or of wealth-producing power, is equivalent to the consumption of subsistence.

Where Productive Power is Greatest

There is no necessity for abstract reasoning. The question is one of simple fact. Does the relative power of producing wealth decrease with the increase of population?

The facts are so patent that it is only necessary to call attention to them. 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?

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? Where will you find in largest proportion those whom the general production suffices to keep without productive labour on their part? Is it not where population is dense rather than where it is sparse? Whence is it that capital over-flows for remunerative investment? Is it not from densely populated countries to sparsely populated countries?



Wealth is the greatest where population is densest.

countries where the largest proportion of the produce can be devoted to luxury and the support of non-producers; they are the countries where capital overflows, the countries that can upon exigency, such as war, stand the greatest drain.

These things are apparent wherever we turn our eyes. On the same level of civilization, the same stage of the productive arts, government, etc., the most populous countries are always the most wealthy.

The richest countries are not those where nature is most prolific; but those where labour is most efficient - not Mexico, but Massachusetts; not Brazil, but England. The countries where population is densest and presses hardest upon the capabilities of nature are, other things being equal, the

Whether we compare different communities with each other, or examine the same community at different times, it is obvious that the progressive society, which is marked by increase of population, is also marked by an increased consumption and an increased accumulation of wealth, not merely in the aggregate, but per capita. And hence, increase of population, so far as it has yet anywhere gone, does not mean a reduction, but an increase, in the average production of wealth.

Look simply at the facts. Can anything be clearer than that the cause of the poverty which festers in the centres of civilization is not in the weakness of the productive forces? In countries where poverty is deepest, the forces of production are evidently strong enough, if fully employed, to provide for the lowest not merely comfort but luxury. Want appears where productive power is greatest and the production of wealth is largest - it is this very fact that constitutes the enigma which perplexes the civilized world. It is this that we are trying to unravel. Evidently the Malthusian theory, which attributes want to the decrease of productive power, will not explain it.

CHAPTER 7

THE DISTRIBUTION OF WEALTH

Our reasoning has led us to the conclusion that each labourer produces his own wages and that increase in the number of labourers should increase the wages of each. This at least is clear - that the cause by which, in spite of the enormous increase in productive power, the great body of producers are confined to the least share of the product upon which they will consent to live, is not the lack of capital nor yet the limitation of the powers of nature that respond to labour. As it is not therefore to be found in the laws that bound the production of wealth, it must be sought in the laws that govern distribution. To them let us turn.



Land, labor and capital are the factors of production.
In return to these three factors is the whole
produce distributed.

The produce or production of a community is the sum of the wealth produced by that community. It is the general fund from which, as long as previously existing stock is not lessened, all consumption must be met and all revenues drawn.

Production does not merely mean the making of things, but includes the increase of value gained by transporting or exchanging things. There is a produce of wealth in a purely commercial community, as there is in a purely agricultural or manufacturing community; and in the one case as in the others, some part of this produce

will go to capital, some part to labour and some part, if land has any value, to the owners of land.

As a matter of fact, a portion of the wealth produced is constantly going to the replacement of capital, which is constantly consumed and constantly replaced. But it is not necessary to take this into account, since it is eliminated by considering capital as continuous, which, in speaking or thinking of it, we habitually do. When we speak of the produce, we mean therefore the wealth that is produced over and above what is necessary to replace the capital consumed in production; and when we speak of interest, or the return to capital, we mean what goes to capital after its replacement or maintenance.

It is further a matter of fact that, in every community that has passed the most primitive stage, some portion of the produce is taken in taxation and consumed by government. But it is not necessary, in seeking the laws of distribution, to take this into consideration. We may consider taxation either as not existing, or as by so much reducing the produce. And

so too of what is taken from the produce by certain forms of monopoly, which exercise powers analogous to taxation. After we have discovered the laws of distribution we can then see what bearing, if any, taxation has upon them.

Rent, Wages and Interest

The three factors in production are land, labour and capital, and the whole produce is primarily distributed into three corresponding parts.

Three terms therefore are needed, each of which shall clearly, express one of these parts to the exclusion of the others.

Rent, as defined, clearly enough expresses the first of these parts - that which goes to the owners of land.

Wages, as defined, clearly enough expresses the second - that part which constitutes the return to labour.

But as to the third term - that which should express the return to capital - there is in the standard works a most puzzling ambiguity and confusion.

Of words in common use, the word interest comes nearest to expressing the idea of return for the use of capital. As commonly used it implies the return for the use of capital, exclusive of any labour in its use or management.

Profits an Ambiguous Term

The word profits, as commonly used, is almost synonymous with revenue. It means a gain, an amount received in excess of an amount expended, and frequently includes receipts that are properly rent while it nearly always includes receipts that are properly wages, as well as compensations for the risk peculiar to the various uses of capital. Unless extreme violence is done to the meaning of the word, it cannot therefore be used in Political Economy to signify that share of the produce which goes to capital, in contradistinction to those parts which go to labour and to landowners.

Adam Smith well illustrates how wages and compensation for risk largely enter into profits, pointing out how the large profits of apothecaries and small retail dealers are in reality wages for their labour, and not interest on their capital; and how the great profits sometimes made in risky businesses, such as smuggling and the lumber trade, are in reality but compensations for risks that in the long run reduce the returns to capital so used to the ordinary or below the ordinary rate. Similar illustrations are given in midst of the subsequent works, where profit is formally defined in its common sense with, perhaps, the exclusion of rent. In these works, the reader is told that profits are made up of three elements - wages of superintendence, compensation for risk, and interest or the return for the use of Capital.

Thus neither in its common meaning nor in the meaning expressly assigned to it in Political Economy can profits have any place in the discussion of the distribution of wealth among the three factors of production. To talk about the distribution of wealth into rent, wages and "profits" either in its common meaning or in the meaning expressly assigned to that term) is like talking of the division of mankind into men, women, and human beings. With profits this inquiry has manifestly nothing to do.

We want to find what it is that determines the division of their joint produce between land, labour and capital; and profits is not a term that refers exclusively to any one of these three divisions. Of the three parts into which profits are divided by political economists, namely compensation for risk, wages of superintendence and return for the use of capital, the third falls under the term interest, which includes all the returns for the use of capital, and excludes everything else; wages of superintendence falls under the term wages, which includes all returns for human exertion, and excludes everything else; and compensation for risk has no place whatever, as risk is eliminated when all the transactions of a community are taken together. Consistently with the definitions of political economists, I shall therefore use the term interest as signifying that part of the produce which goes to capital.

Definitions Restated

To recapitulate: Land, labour and capital are the factors of production. The term land includes all natural opportunities and forces; the term labour, all human exertion; and the term capital, all wealth used to produce more wealth. In returns to these three factors is the whole produce distributed. The part that goes to landowners as payment for the use of natural opportunities is called rent; the part that constitutes the reward of human exertion is called wages; and the part that constitutes the return for the use of capital is called interest. These terms mutually exclude each other. The income of any individual may be made up from any one, two, or all three of these sources; but in the effort to discover the laws of distribution we must keep them separate.

There must be land before labour can be exerted, and labour must be exerted before capital can be produced. Capital is a result of labour, and is used by labour to assist it in further production. Labour is the active and initial force, and labour is therefore the employer of capital.

Labour can only be exerted upon land, and it is from land that the matter which labour transmutes into wealth must be drawn. Land, therefore, is the condition precedent, the field and material of labour. The natural order is land, labour, capital; and instead of starting from capital as our initial point we should start from land.

CHAPTER 8

THE LAW OF RENT

The term rent, in its economic sense, differs in meaning from the word rent as commonly used. In some respects the economic meaning is narrower than the common meaning, in other respects it is wider.

It is narrower in this: In common speech, we apply the word rent to payments for the use of buildings, machinery, fixtures, etc., as well as to payments for the use of land or other natural capabilities; and in speaking of the rent of a house or the rent of a farm, we do not separate the price for the use of the improvements from the price for the use of the bare land. But in the economic meaning of rent, payments for the use of any of the products of human exertion are excluded, and of the lumped payments for the use of houses, farms, etc., only that part is rent which constitutes the consideration for the use of the land. The part that is paid for the use of buildings or other improvements is properly interest, as it is a consideration for the use of capital.

It is wider in this: In common speech we speak of rent only when owner and user are distinct persons. But in the economic sense there is also rent where the same person is both owner and user. Where owner and user are thus the same person, whatever part of his income he might obtain by letting the land to another is rent, while the return for his labour and capital is that part of his income which they would yield him did he hire the land instead of working it.

Rent is also expressed in a selling price. When land is purchased, the payment which is made for the ownership, or right to perpetual use, is rent commuted or capitalized. If I buy land for a small price and hold it until I can sell it for a large price, I have become rich, not by wages for my labour or by interest upon my capital, but by the increase of rent. Rent, in short, is the share in the wealth produced which the exclusive right to the use of natural resources gives to the owner. Wherever any land has an exchange value there is rent in the economic meaning of the term. Wherever land having a value is used, either by owner or hirer, there is rent actual; wherever it is not used, but still has a value, there is rent potential. It is the capacity of yielding rent that gives value to land. Until its ownership will confer some advantage, land has no value. (In speaking of the value of land I use and shall use the words as referring to the value of the bare land. When I wish to speak of the value of land and improvements I shall use those words.)

How Rent Arises

Thus rent or land value does not arise from the productiveness or utility of land. It represents in no wise any help or advantage given to production, but simply the power of securing a part of the results of production. No matter what are its capabilities, land can yield no rent and have no value until someone is willing to give labour or the results of labour for the privilege of using it; and what any one will thus give depends not upon the

capacity of the land but upon its capacity as compared with that of land that can be had for nothing.



I may have very rich land, but it will yield no rent and have no value so long as there is other land as good to be had without cost. But when this other land is appropriated and the best land to be had for nothing is inferior, either in fertility, situation or other quality, my land will begin to have a value and yield rent. And though the productiveness of my land may decrease, yet if the productiveness of the land to be had without charge decreases in greater proportion, the

rent I can get, and consequently the value of my land, will steadily increase.

If one man owned all the land accessible to any community, he could of course demand any price or condition for its use that he saw fit; and as long as his ownership was acknowledged the other members of the community would have but death or emigration as the alternative to submission to his terms. This has been the case in many communities; but in the modern form of society, the land, though generally reduced to individual ownership, is in the hands of too many different persons to permit the price which can be obtained for its use to be fixed by mere caprice or desire. While each individual owner tries to get all he can, there is a limit to what he can get, this constituting the market price or market rent of the land and varying with different lands and at different times.

The Law of Rent

The relationship that determines under circumstances of free competition (the condition always to be assumed when tracing out the principles of Political Economy) what rent or price can be got by the owner is styled the law of rent. This fixed with certainty, we have more than a starting point from which we may trace the laws that regulate wages and interest. For, since the distribution of wealth is a division, in ascertaining what fixes the share of the produce that goes as rent, we ascertain also what fixes the share that is left for wages, where there is no cooperation of capital; and what fixes the joint share that is left for wages and interest, where capital does cooperate in production.

This accepted law of rent is sometimes styled "Ricardo's law of rent," from the fact that, although not the first to announce it, he first brought it prominently into notice. It is, that:

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.

The mere statement has all the force of a self-evident proposition, for it is clear that the effect of competition is to make the lowest reward for which labour and capital will engage in production the highest that they can claim. Hence the effect is to enable the owner of more productive land to appropriate in rent all the return in excess of what is required to recompense labour and capital at the ordinary rate - that is to say, what they can obtain upon the least productive land in use, or at the least productive point, where of course no rent is paid.

Perhaps it may conduce to a fuller understanding of the law of rent to put it in this form: The ownership of a natural agent of production will give the power of appropriating so much of the wealth produced by the application of labour and capital upon it as exceeds the return that the same application of labour and capital could secure in the least productive occupation in which they freely engage. This, however, amounts to precisely the same thing, for there, is no occupation in which labour and capital can engage that does not require the use of land; furthermore, the cultivation or other use of land will always be carried to as low a point of remuneration, all things considered, as is freely accepted in any other pursuit.

Deduction from the Law of Competition

Suppose, for instance, a community in which part of the labour and capital is devoted to agriculture and part to manufactures. The poorest land cultivated yields an average return which we will call 20, and 20 therefore will be the average return to labour and capital, in manufactures as well as in agriculture. Suppose that from some permanent cause the return in manufactures is now reduced to 15. Clearly, the labour and capital engaged in manufactures will turn to agriculture; and the process will not stop until, either by the extension of cultivation to inferior lands or to inferior points on the same land, or by an increase in the relative value of manufactured products, owing to their diminished production - or, as a matter of fact, by both processes - the yield to labour and capital in both units has, all things considered, been brought again to the same level. So that whatever be the final point of productiveness at which manufactures are still carried on, whether it be 19, 18, 17 or 16, cultivation will also be extended to that point. And thus to say that rent will be the excess in productiveness over the yield at the margin or lowest point of cultivation is the same thing as to say that it will be the excess of produce over what the same amount of labour and capital obtains in the least remunerative occupation.

The law of rent is in fact but a deduction from the law of competition and amounts simply to the assertion that as "rages and interest tend to a common level, all that part of the general production of wealth which exceeds what the labour and capital employed could have secured for themselves, if applied to the poorest natural agent in use, will go to landowners in the shape of rent. 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?

Relation of Rent to 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 that results from the application of labour 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 in use. For if, of the produce, all over the amount which labour 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 labour and capital as wages and interest is the amount which they could have secured from land yielding no rent.

Thus wages and interest depend not upon the produce of labour and capital but upon what is left after rent is taken out, or upon the produce which they could obtain without paying rent - that is, from the poorest land in use. Hence, no matter what be the increase in productive power, if the increase in rent keeps pace with it, neither wages nor interest can increase.

The moment this simple relation is recognized, a flood of light streams in on what was before inexplicable and facts seemingly discordant range themselves under an obvious law. The increase of rent that goes on in progressive countries is at once seen to be the key that explains why wages and interest fail to increase with increase of productive power. For the wealth produced in every community is divided into two parts by what may be called the rent line, which is fixed by the margin of cultivation; that is the return that labour and capital could obtain from such natural opportunities as are free to them without the payment of rent. From the part of the produce below this line wages and interest must be paid. All that is above goes to the owners of land.

CHAPTER 9

THE LAW OF WAGES

We have by inference already obtained the law of wages. But to verify the deduction and to strip the subject of all ambiguities, let us seek the law from an independent starting point.

Wages, which include all returns received from labour, vary not only with the differing powers of individuals but, as the organization of society becomes elaborate, they vary also largely as between occupations. Nevertheless, there is a certain general relation between all wages, so that we express a clear and well-understood idea when we say that wages are higher or lower in one time or place than in another. In their degrees, wages rise and fall in obedience to a common law. What is this law?

The fundamental principle of human action - the law that is to Political Economy what the law of gravitation is to physics - is that men seek to gratify their desires with the least exertion. Evidently this principle must bring to an equality, through the competition it induces, the reward gained by equal exertions under similar circumstances. When men work for themselves, this equalization will be largely effected by the equation of prices; and between those who work for themselves and those who work for others, the same tendency to equalization will operate.

Under this principle, what, in conditions of freedom, will be the terms on which one man can hire others to work for him? Evidently, they will be fixed by what those others could make if labouring for themselves. The principle which will prevent him from having to give anything above that, except what is necessary to induce the change, will also prevent them from taking less. Did they demand more, the competition of others would prevent them from getting employment. Did he offer less, none would accept the terms, as they could obtain greater results by working for themselves. Thus although the employer wishes to pay as little as possible, and the employee to receive as much as possible, wages will be fixed by the value of such labour to the labourers themselves. If wages are temporarily carried either above or below this line, a tendency to carry them back at once arises.

But the results, or the earnings of labour, do not depend merely upon the intensity or quality of the labour itself. What a given amount of labour will yield will vary with the powers of the natural opportunities to which it is applied. This being the case, the principle that men seek to gratify their desires with the least exertion will fix wages at the produce of such labour at the point of highest natural productiveness open to it.

The Determinant of Wages

By virtue of the same principle, the highest point of natural productiveness open to labour under existing conditions will be the lowest point at which production continues, for men

will not expend labour at a lower point of productiveness while a higher is open to them. Thus the wages which an employer must pay will be measured by the lowest point of natural productiveness to which production extends, and wages will rise or fall as this point rises or falls.

To illustrate: In a simple state of society, each man, as in the primitive mode, works for himself - some in hunting, let us say, some in fishing, some in cultivating the ground. Cultivation we will suppose has just begun, and the land in use is all of the same quality, yielding a similar return to similar exertions. Wages therefore - for, though there is neither employer nor employed, there are yet wages - will be the full produce of labour; and, making allowance for the difference of agreeableness, risk, etc., in the three pursuits, they will on the average be equal in each that is to say, equal exertions will yield equal results. Now, if one of their number wishes to employ some of his fellows to work for him instead of for themselves, he must pay wages fixed by this full average produce of labour.

The Margin of Production

Let a period of time elapse. Cultivation has extended and embraces, instead of land of the same quality, lands of different qualities. Wages now will not be the average produce of labour as they were before. They will be the average produce of labour at the margin of cultivation, or point of lowest return. For, as men seek to satisfy their desires with the least possible exertion, the point of lowest return in cultivation must yield to labour a return equivalent to the average return in hunting and fishing. (This equalization will be effected by the equation of prices.) Labour will no longer yield equal returns to equal exertions, but those who expend their labour on the superior land will obtain a greater produce for the same exertion than those who cultivate the inferior land. Wages, however, will still be equal, for this excess which the cultivators of the superior land receive is in reality rent; and if land has been subjected to individual ownership, the result will be to give it a value.



If under these changed circumstances, one member of this community wishes to hire others to work for him, he will have to pay only what the labour yields at the lowest point of cultivation.

If thereafter the margin of cultivation sinks to points of lower productiveness, so must wages sink; if on the contrary the margin rises, so also must wages rise.

Here then we have the law of wages as a deduction from a principle most obvious and most universal. That wages depend

upon the margin of cultivation, that they will be greater or less according as the produce which labour can obtain from the highest natural opportunities open to it is greater or less, flows from the principle that men will seek to satisfy their wants with the least exertion.

Wages in Various Occupations

If we turn from simple social states to the complex phenomena of highly civilized societies, we shall find upon examination that they also fall under this law.

In such societies wages differ widely but they still bear a more or less definite and obvious relation to each other. This relation is not invariable. As at one time a philosopher of repute may earn by his lectures many-fold the wages of the best mechanic, and at another time can hardly hope for the pay of a footman; so there are occupations which in a great city may yield relatively high wages but which in a new settlement would yield relatively low wages. Yet these variations between wages may, under all conditions and in spite of arbitrary divergences caused by custom, law, etc., be traced to certain circumstances.

In one of his most interesting chapters (*Wealth of Nations*, book I, chapter 10, part 1), Adam Smith enumerates the principal circumstances which, as he puts it, make lip for small pecuniary gain in some employments and counterbalance a great one in others: First, the agreeableness or disagreeableness of the employments themselves; secondly, the easiness and cheapness, or the difficulty and expense of learning them; thirdly, the constancy or inconstancy of employment in them; fourthly, the small or great trust which must be reposed in those who exercise them; and fifthly, the probability or improbability of success in them. It is not necessary to dwell in detail on these causes of variation in wages between different employments. They have been admirably explained and illustrated by Adam Smith and the economists who have followed him, who have well worked out the details, even if they have failed to apprehend the main law.

(1) This last, which is analogous to the element of risk in profits, accounts for the high wages of successful lawyers, physicians, contractors, actors, etc.

Demand for and Supply of Labour

It is perfectly correct to say that the wages in different occupations will vary relatively according to differences in the supply and demand of labour - meaning by demand the call that the community as a whole makes for services of the particular kind, and by supply the relative amount of labour that can, under the existing conditions, be determined to the performance of those particular services.

But though this is true as to the relative differences of wages, the words are meaningless when it is said that the general rate of wages is determined by supply and demand. For supply and demand are but relative terms. The supply of labour can only mean labour offered in exchange for labour or the produce of labour, and the demand for labour can

only mean labour or the produce of labour offered in exchange for labour. Supply is thus demand, and demand supply, and, in the whole community, one must be coextensive with the other. What conceals the absurdity of speaking generally of supply and demand in reference to labour is the habit of considering the demand for labour as springing from capital and as something distinct from labour; but the analysis to which this idea has heretofore been subjected has sufficiently shown its fallacy.

Wage Variations are Interdependent

It is indeed evident from observation, as it must be from theory, that whatever be the circumstances which produce the difference of wages in different occupations, and although they frequently vary in relation to each other (producing, as between time and time, and place and place, greater or less relative differences) yet the rate of wages in one occupation is always dependent on the rate in another; and so on, down, until the lowest and widest stratum of wages is reached, in occupations where the demand is more nearly uniform and in which there is the greatest freedom to engage. For although barriers of greater or less difficulty may exist, the amount of labour that can be determined to any particular pursuit is nowhere absolutely fixed. All mechanics could act as labourers, and many labourers could readily become mechanics; all storekeepers could act as shopmen, and many shopmen could easily become storekeepers; many farmers would, upon inducement, become hunters or miners, fishermen or sailors; and many hunters, miners, fishermen and sailors could on demand turn their hands to farming.

On the verge of each occupation stand those to whom the inducements between one occupation and another are so nicely balanced that the slightest change is sufficient to determine their labour in one direction or another. Thus, any increase or decrease in the demand for labour of a certain kind cannot, except temporarily, raise wages in that occupation above, nor depress them below, the relative level of wages in other occupations, which is determined by the circumstances previously adverted to, such as relative agreeableness or continuity of employment, etc. Even where artificial barriers, such as limiting laws, guild regulations, the establishment of caste, etc., are imposed on this interaction, experience shows that they may interfere with, but cannot prevent, the maintenance of this equilibrium. They operate like dams that pile up the water of a stream above its natural level but cannot prevent its overflow.

The General Law of Wages

Thus, although wages may from time to time alter in relation to each other, as the circumstances change that determine relative levels, yet it is evident that wages in all strata must ultimately depend upon wages in the lowest and widest stratum - the general rate of wages rising or falling as the latter rise or fall. The primary and fundamental occupations upon which, so to speak, all others are built up, are evidently those which procure wealth directly from nature; hence the law of wages in them must be the general law of wages. And, as wages in such occupations clearly depend upon what labour can produce at the lowest point of natural productiveness to which it is habitually applied, therefore wages generally depend upon the margin of cultivation or, to put it more

exactly, upon the highest point of natural productiveness to which labour is free to apply itself without the payment of rent.

The law of wages we have thus obtained is that which we previously obtained as the corollary of the law of rent.

It is, that:

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

Like Ricardo's law of rent, of which it is the corollary, this law of wages carries with it its own proof and becomes self-evident by mere statement. For it is but an application of the central truth, which is the foundation of economic reasoning, that men will seek to satisfy their desires with the least exertion. The average man will not work for an employer for less, all things considered, than he can earn by working for himself; nor yet will he work for himself for less than he can earn by working for an employer. Hence the return that can be secured by labour from such natural opportunities as are free to it must fix the wages that labour everywhere gets. That is to say, the line of rent is the necessary measure of the line of wages. In fact, the accepted law of rent depends for its recognition upon a previous, though in many cases it seems to be an unconscious, acceptance of this law of wages. What makes it evident that land of a particular quality will yield as rent the surplus of its produce over that of the least productive land in use, is the apprehension of the fact that the owner of the higher quality of land can procure the labour to work his land by the payment of what that labour could produce if exerted upon land of the poorer quality.

Wages a Proportion of the Product

Perhaps it may be well to remind the reader that I am using the word wages not in the sense of a quantity, but in the sense of a proportion. When I say that wages fall as rent rises, I do not mean that the quantity of wealth obtained by labourers as wages is normally less, but that the proportion which it bears to the whole produce is necessarily less. The proportion may diminish while the quantity remains the same or even increases. If the margin of cultivation descends from the productive point which we will call 25 to the productive point we will call 20, the rent of all lands that before paid rent will increase by this difference, and the proportion of the whole produce that goes to labourers as wages will to the same extent diminish. But if, in the meantime, the advance of the arts or the economies that become possible with greater population have so increased the productive power of labour that at 20 the same exertion will produce as much wealth as before at 25, labourers will get as wages as great a quantity as before. The relative fall of wages will not be noticeable in any diminution of the necessaries or comforts of the labourer, but only in the increased value of land and the greater incomes and more lavish expenditure of the rent-receiving class.

In its simpler manifestations, the law of wages is recognized by people who do not trouble themselves about Political Economy, just as the fact that a heavy body would fall to the earth was long recognized by those who never thought of the law of gravitation. It does not require a philosopher to see that, if in any country natural opportunities were thrown open which would enable labourers to make for themselves wages higher than the lowest now paid, the general rate of wages would rise.

Adam Smith himself saw the cause of high wages where land was yet open to settlement, though he failed to appreciate the importance and connection of the fact. In treating of the Causes of the Prosperity of New Colonies (*Wealth of Nations*, book 4, chapter 7), he says: "Every colonist gets more land than he can possibly cultivate. He has no rent, and scarce any taxes to pay.... He is eager, therefore, to collect labourers from all quarters, and to reward them with most liberal wages. But those liberal wages, joined to the plenty and cheapness of land, soon make those labourers leave him in order to become landlords themselves, and to reward, with equal liberality, other labourers, who soon leave them for the same reason that they left their first master."

It is impossible to read the works of the economists who since the time of Smith have endeavoured to build up and elucidate the science of Political Economy without seeing how, over and over again, they stumble over the law of wages and never once recognize 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 that 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!

CHAPTER 10

INTEREST ON CAPITAL

Capital is not a fixed quantity, but can always be increased or decreased, **(1) by the greater or less application of labour to the production of capital, and (2) by the conversion of wealth into capital, or capital into wealth.**

It is manifest that under conditions of freedom the maximum that can be given for the use of capital will be the increase it will bring, and the minimum or zero will be the replacement of capital; for above the one point the borrowing of capital would involve a loss, and below the other, capital could not be maintained.

The power of applying itself in advantageous forms is a power of labour, which capital as capital cannot claim nor share. A bow and arrows will enable an Indian to kill, let us say, a buffalo every day, while with sticks and stones he could hardly kill one in a week; but the weapon maker of the tribe could not claim from the hunter six out of every seven buffaloes killed as a return for the use of a bow and arrows. Nor will capital invested in a woollen factory yield to the capitalist the difference between the produce of the factory and what the same amount of labour could have obtained with the spinning-wheel and handloom.

Capital is produced by labour; it is, in fact, but labour impressed upon matter - labour stored up in matter, to be released again as needed, as the heat of the sun stored up in coal is released in the furnace. The use of capital in production is, therefore, but a mode of labour. As capital can be used only by being consumed, its use is the expenditure of labour; and, for the maintenance of capital, its production by labour must be commensurate with its consumption in aid of labour.

The normal point of interest, which lies between the necessary, maximum and the necessary minimum of the return to capital must, wherever it rests, be such that all things considered the reward of labour and the return to capital will give an equally attractive result for the exertion on the one hand or the sacrifice on the other hand that is involved. It is perhaps not possible to formulate this point as wages are habitually estimated in quantity and interest in a ratio. But there must be such a point at, or rather about which the rate of interest must tend to settle; since, unless such an equilibrium were effected, labour would not accept the use of capital, or capital would not be placed at the disposal of labour.

This natural relation between interest and wages may be stated in a form which suggests a relation of opposition; but this opposition is apparent only. In a partnership between Dick and Harry, the statement that Dick receives a certain share of the income implies that the share of Harry is less or greater as Dick's is greater or less; but where, as in this case, each gets only what he adds to the common fund, the increase of the portion of the one does not decrease what the other receives.

We are, of course, not speaking of particular wages and particular interest, but of the general rate of wages and the general rate of interest, meaning always by interest the return which capital can secure, less insurance and wages of superintendence.

In a particular branch of production the line may be clearly drawn between those who furnish labour and those who furnish capital, yet even in communities where there is the sharpest distinction between the general class labourers and the general class capitalists, these two classes shade off into each other by imperceptible gradations, and in the extremes where the two classes meet in the same persons, the interaction which restores equilibrium can go on without obstruction.

Relative Positions of Capitalist and Landowner

If we could imagine a place where the production of wealth went on without the aid of labour and solely by the reproductive force of capital and that certain capitalists were transported with their capital in appropriate forms to such a place, manifestly they would get, as the return for their capital, the whole amount of wealth it produced, only so long as none of its produce was demanded as rent. When rent arose, it would come out of the produce of capital, and as it increased, the return to the owners of capital must necessarily diminish.



Even in communities where there is the sharpest distinction between the general class of laborers and the general class of capitalists, these two classes shade off into each other by imperceptible gradations.

If we imagine the place where capital possessed this power of producing wealth without the aid of labour to be of limited extent, say an island, we shall see that as soon as capital had increased to the limit of the island to support it, the return to capital must fall to a trifle above its minimum of mere replacement, and the landowners would receive nearly the whole produce as rent, for the only alternative capitalists would have would be to throw their capital into the sea. Or, if we imagine such an island to be in communication with the rest of the world, the return to capital would settle at the rate of return in other places. Interest there would be neither higher nor lower than anywhere else. Rent would obtain the whole of the superior advantage, and the land of such an island would have a great value.

Capital as a Form of Labour

In truth, the primary division of wealth in distribution is dual, not tripartite. Capital is but a form of labour, and its distinction from labour is in reality but a subdivision, just as the division of labour into skilled and unskilled would be. We have reached the same point as would have been attained had we simply treated capital as a form of labour and sought

the law which divides the produce between rent and wages; that is to say, between the possessors of the two factors, natural substances and powers, and human exertion - which two factors by their union produce all wealth.

Profits Often Mistaken for Interest



Everyone knows the tyranny and rapacity with which capital when concentrated in large amounts is frequently wielded to corrupt, to rob, and to destroy. Profits thus derived are not to be confounded with the legitimate returns of capital.

Attention has already been called to the fact that land values, which constitute such an enormous part of what is commonly called capital, are not capital at all; and that rent, which is as commonly included in the receipts of capital and which takes an ever-increasing portion of the produce of an advancing community, is not the earnings of capital, and must be carefully separated from interest.

Nothing can be capital, let it always be remembered, that is not wealth - that is to say, nothing can be capital that does not consist of actual, tangible things, not the spontaneous offerings of nature, which have in themselves, and not by proxy, the power of directly or

indirectly ministering to human desire.

Thus, a Government bond is not capital, nor yet is it the representative of capital. The capital that was once received for it by the Government has been consumed unproductively - blown away from the mouths of cannon, used up in warships, expended in keeping men marching and drilling, killing and destroying. The bond cannot represent capital that has been destroyed. It does not represent capital at all. It is simply a solemn declaration that the Government will, some time or other, take by taxation from the then existing stock of the people so much wealth, which it will turn over to the holder of the bond; and that, in the meanwhile, it will from time to time take in the same way enough to make up to the holder the increase which so much capital, as it some day promises to give him, would yield him were it actually in his possession. The immense sums that are thus taken from the produce of every modern country to pay interest on public debts are not the earnings or increase of capital; they are not really interest in the strict sense of the term, but are taxes levied on the produce of labour and capital, leaving so much less for wages and so much less for real interest.

But suppose the bonds have been issued for the deepening of a river bed, the construction of lighthouses, or the erection of a public market; or suppose, to embody the same idea while changing the illustration, they have been issued by a railway company. Here they do represent capital, existing and applied to productive uses, and like stock in a dividend-paying company may be considered as evidences of the ownership of capital. But they

can be so considered only in so far as they actually represent capital, and not in so far as they have been issued in excess of the capital used.

There are economic writers who decompose profits into interest, insurance, and wages of superintendence. But while wages of superintendence clearly enough include the income derived from such personal qualities as skill, tact, enterprise, organizing ability, inventive power, character, etc., there is another contributing element to the profits we are speaking of, which can only arbitrarily be classed with those qualities - the element of monopoly.

When James I granted to his minion the exclusive privilege of making gold and silver thread, and under severe penalties prohibited everyone else from making such thread, the income that Buckingham enjoyed in consequence did not arise from the interest upon the capital invested in the manufacture, nor from the skill, etc., of those who really conducted the operations, but from what he got from the King - namely, the exclusive privilege - in reality the power to levy a tax for his own purposes upon all the users of such thread. From a similar source comes a large part of the profits which are commonly confounded with the earnings of capital.

Receipts from the patents granted for a limited term of years for the purpose of encouraging invention are clearly attributable to this source, as are the returns derived from monopolies created by protective tariffs under the pretence of encouraging home industry.

Profits properly due to the elements of risk are also frequently confounded with interest. Some people acquire wealth by taking chances which to the majority of people must necessarily bring loss. Such are many forms of speculation and especially that mode of gambling known as stock dealing; just as at a gaming table, whatever one gains someone else must lose.

How necessary it is to note the distinctions to which I have been calling attention is shown in current discussions, where the shield seems alternately black or white as the standpoint is shifted from one side to the other. On the one hand we are called upon to see, in the existence of deep poverty side by side with vast accumulations of wealth, the aggressions of capital on labour. On the other hand, it is pointed out that capital aids labour, and hence we are asked to conclude that there is nothing unjust or unnatural in the wide gulf between rich and poor; that wealth is but the reward of industry, intelligence and thrift; and poverty but the punishment of indolence, ignorance and imprudence.

CHAPTER 11

THE EFFECT OF MATERIAL PROGRESS ON THE DISTRIBUTION OF WEALTH

To say that wages remain low because rent advances is like saying that a steam-boat moves because its wheels turn round. The further question is, what causes rent to advance? What is the force or necessity that, as productive power increases, distributes a greater and greater proportion of the produce as rent?

The only cause pointed out by Ricardo as advancing rent is the increase of population, which by requiring larger supplies of food necessitates the extension of cultivation to inferior lands, or to points of inferior production on the same lands. Now while it is unquestionably true that the increasing pressure of population, which compels a resort to inferior points of production, will raise rents and does raise rents, I do not think that it fully accounts for the increase of rent as material progress goes on. There are evidently other causes which conspire to raise rent but which seem to have been wholly or partially hidden by erroneous views as to the functions of capital and genesis of wages. To see what these are, and how they operate, let us trace the effect of material progress upon the distribution of wealth.

The changes that constitute or contribute to material progress are three: (i) increase in population; (2) improvements in the arts of production and exchange; and (3) improvements in knowledge, education, government, manners and morals, so far as they increase the power of producing wealth. Material progress, as commonly understood, consists of those three elements or directions of progression, in all of which the progressive nations have for some time past been advancing, though in different degrees.

Considered in the light of material forces or economies, the increase of knowledge, the betterment of government, etc., have the same effect as improvement in the arts. It will therefor not be necessary in this view to consider them separately. What bearing intellectual or moral progress, merely as such, has upon our problem we may hereafter consider. We are at present dealing with material progress, to which these things contribute only as they increase wealth-producing power, and we shall see their effects when we see the effects of improvements in the arts.

Effect of Increases in Population

The manner in which increasing population enhances rent, as it is generally explained and illustrated, is that the increased demand for subsistence forces production to inferior soils or to inferior productive points. Thus if, with a given population, the margin of cultivation is at 30, all lands of productive power over 30 will pay rent. If the population be doubled, an additional supply of land is required and that can be obtained only by an extension of cultivation, causing other lands to yields rent that before yielded none. If the

extension be to 20, then all the land between 20 and 30 will yield rent and have a value, and all land over 30 will yield increased rent and have increased value.

But a misapprehension arises which it is necessary to clear up for a proper understanding of the effect of increase of population upon the distribution of wealth. It is the presumption that the recourse to lower points of production involves a smaller aggregate produce in proportion to the labour expended.

Increased population, of itself, and without any advance in the arts, implies an increase in the productive power of labour. The labour of 100 men, other things being equal, will produce more than 100 times as much as the labour of one man, and the labour of 1,000 men much more than ten times as much as the labour of 100 men; and so, with every additional pair of hands which increasing population brings, there is a more than proportionate addition to the productive power of labour. Thus with an increasing population there may be a recourse to lower natural powers of production, not only without any diminution in the average production of wealth, but without any diminution at the lowest point. If population be doubled, land of but 20 productiveness may yield to the same amount of labour as much as land of 30 productiveness could before yield. For it must not be forgotten (what often is forgotten) that the productiveness either of land or of labour is not to be measured in any one thing, but in all desired things. A settler and his family may raise as much corn on land a hundred miles away from the nearest habitation as they could raise were their land in the centre of a populous district. But in the populous district they could obtain with the same labour as good a living from much poorer land, or they could make as good a living from land of equal quality after paying a high rent, because in the midst of a large population their labour would have become more effective; not, perhaps, in the production of corn, but in the production of wealth generally-or the obtaining of all the commodities and services that are the real object of their labour.

Wages as a Quantity and as a Proportion

Let us suppose land of diminishing qualities. The best would naturally be settled first, and as population increased production would take in the next lower quality, and so on. But as the increase of population, by permitting greater economies, adds to the effectiveness of labour, the cause which brought each quality of land successively into cultivation would at the same time increase the amount of wealth that the same quantity of labour could produce from that land. But it would also do more than this - it would increase the power of producing wealth on all the superior lands already in cultivation. If the relations of quantity and quality were such that increasing population added to the effectiveness of labour faster than it compelled a resort to less productive qualities of land, though the margin of cultivation would fall and rent would rise, the minimum return to labour would increase. That is to say though wages as a proportion would fall, wages as a quantity would rise. The average production of wealth would increase.

If the relations were such that the increasing effectiveness of labour just compensated for the diminishing productiveness of the land as it was called into use, the effect of

increasing population would be to increase rent by lowering the margin of cultivation without reducing wages as a quantity, and to increase the average production.

If we now suppose population still increasing but that the difference between the poorest land in use and the land next below that in quality is so great that it cannot be compensated by the increased power of labour that comes with the increased population - the minimum return to labour will be reduced, and with the rise of rents wages will fall, not only as a proportion, but as a quantity. But unless the descent in the quality of land is far more precipitous than we can well imagine, or than, I think, ever exists, the average production will still be increased. The increased effectiveness which comes by reason of the increased population attaches to all labour, and the gain on the superior qualities of land will more than compensate for the diminished production on the quality last brought in. The aggregate wealth production, as compared with the aggregate expenditure of labour, will be greater, though its distribution will be more unequal.

Thus increase of population, as it operates to extend production to lower natural levels, operates to increase rent and reduce wages as a proportion, and may or may not reduce wages as a quantity; increase of population seldom can, and probably never does, reduce the aggregate production of wealth as compared with the aggregate expenditure of labour; on the contrary it increases and frequently largely increases the aggregate production.

The Effect of Inventions and Improvements



As invention and improvement go on, constantly adding to the efficiency of labor, the margin of production will be pushed lower and lower, and rent constantly increased.

The effect of inventions and improvements in the productive arts is to save labour-that is, to enable the same result to be secured with less labour, or a greater result with the same labour.

In a state of society in which the existing power of labour served to satisfy all material desires, and there was no possibility of new desires being called forth by the opportunity of gratifying them, the effect of labour-saving improvements would be simply to reduce the amount of labour expended.

In the state of society called civilized, with which in this inquiry we are concerned, the very reverse is the case. Demand is not a fixed quantity, which increases only as population increases. In each individual it rises with his power of getting the things demanded. The amount of wealth produced is nowhere commensurate with the desire for wealth, and desire mounts with every additional opportunity for gratification. This being the case, the effect of labour-saving improvements will be to increase the production of wealth.

Let me ask the reader to bear in mind that the possession or production of any form of wealth is virtually the possession or production of any other form of wealth for which it will exchange. The object of labour on the part of any individual is not the obtainment of wealth in one particular form, but the obtainment of wealth in all the forms that consort with his desires. Hence an improvement which effects a saving in the labour required to produce one of the things desired is tantamount to an increase in the power of producing all the other things.

If it take half a man's labour to keep him in food, and the other half to provide him clothing and shelter, an improvement which would increase his power of producing food would also increase his power of providing clothing and shelter. If his desires for more or better food, and for more or better clothing and shelter, were equal, an improvement in one department of labour would be precisely equivalent to a like improvement in the other. If the improvement consisted in a doubling of the power of his labour in producing food, he would give one-third less labour to the production of food, and one-third more to the providing of clothing and shelter. If the improvement doubled his power to provide clothing and shelter, he would give one-third less labour to the production of those things, and one-third more to the production of food. In either case, the result would be the same—he would be enabled with the same labour to get one-third more in quantity or quality of all the things he desired.

And so, where production is carried on by the division of labour between individuals, an increase in the power of producing one of the things sought by production in the aggregate adds to the power of obtaining others. It will increase the production of the other things to an extent determined by the proportion that the saving of labour bears to the total amount of labour expended, and by the relative strength of desires.

Increased Effectiveness Absorbed in Increased Rent

To illustrate this effect of labour-saving machinery and improvements, let us suppose a country where, as in all the countries of the civilized world, the land is in the possession of but a portion of the people. Let us suppose a permanent barrier fixed to prevent further increase of population. Let the margin of cultivation, or production, be represented by 20. Thus land with its natural opportunities which, from the application of labour and capital, will yield a return of 20, will just give the ordinary rate of wages and interest, without yielding any rent; while all lands yielding more than 20 to equal applications of labour and capital will yield the excess as rent.

Population remaining fixed, let there be made inventions and improvements which will reduce by one-tenth the expenditure of labour and capital necessary to produce the same amount of wealth. Now, either one-tenth of the labour and capital may be freed, and production remain the same as before; or the same amount of labour and capital may be employed, and production be correspondingly increased. But the industrial organization, as in all civilized countries, is such that any reduction in the application of labour to production will, at first at least, take the form, not of giving each labourer the same amount of produce for less work, but of throwing some of the labourers out of work and

giving them none of the produce. Now, owing to the increased efficiency of labour secured by the new improvements, as great a return can be secured at the point of natural productiveness represented by 18, as before at 20. Thus the effect of the unsatisfied desire for wealth and the competition of labour and capital for employment would be to extend the margin of production, we will say to 18. Accordingly, rent would be increased by the difference between 18 and 20, while wages and interest, in quantity, would be no more than before and, in proportion to the whole produce, would be less.

If invention and improvement still go on, the efficiency of labour will be still further increased, and the amount of labour and capital necessary to produce a given result will be further diminished. The same causes will lead to the utilization of this new gain in productive power for the production of more wealth; the margin of cultivation will be again extended, and rent will increase, both in proportion and amount.

In what has preceded, I have, of course, spoken of inventions and improvements when generally diffused. It is hardly necessary to say that as long as an invention or an improvement is used by so few that they derive a special advantage from it, it does not, to the extent of this special advantage, affect the general distribution of wealth. So, in regard to the limited monopolies created by patent laws. Although generally mistaken for profits of capital, the special profits thus arising are really the returns of monopoly and, to the extent that they subtract from the benefits of an improvement, they do not primarily affect general distribution. For instance, the benefits of a railway or similar improvement in cheapening transportation are diffused or monopolized, according as its charges are reduced to a rate which will yield ordinary interest on the capital invested, or as its charges are kept up to a point which will yield an extraordinary return. And, as is well known, the rise in land values corresponds with the reduction in the charges.

As has been said before, there are to be included in the improvements which increase the value of land not only the improvements which directly increase productive power, but also such improvements in government, manners and morals as indirectly increase it. Considered as material forces, the effect of all these is to increase productive power and, like improvements in the productive arts, their benefit is ultimately monopolized by the possessors of the land.

CHAPTER 12

THE UNBOUNDED SAVANNAH



While the increase of population increases rent by lowering the margin of cultivation, it is a mistake to look upon this as the only mode by which rent advances as population grows.

Increasing population increases rent without reference to the natural qualities of land, for the increased powers of cooperation and exchange which come with increased population give an increased capacity to land.

The increased power that comes with increased population brings out a superior power in labour which is localized on land-which attaches not to labour generally but only to labour exerted on particular land and which thus inheres in the land as much as any qualities of soil, climate, mineral deposit, or natural situation, and passes, as they do, with the possession of the land.

An improvement in the method of cultivation which, with the same outlay, will give two crops a year in place of one, or an improvement in tools and machinery which will double the result of labour on a particular piece of ground, manifestly will have the same effect on the produce as a doubling of the fertility of the land.

Here, let us imagine, is an unbounded savannah, stretching off in unbroken sameness of grass and flower, tree and rill, till the traveller tires of the monotony. Along comes the waggon of the first immigrant. Where to settle he cannot tell - every acre seems as good as every other acre. As to wood, as to water, as to fertility, as to situation, there is absolutely no choice, and he is perplexed by the embarrassment of richness. Tired out with the search for one place that is better than another, he stops somewhere, anywhere - and starts to make himself a home. The soil is virgin and rich, game is abundant, the streams flash with the finest trout. Nature is at her very best. He has what, were he in a populous district, would make him rich; but he is very poor. To say nothing of the mental

craving which would lead him to welcome the sorriest stranger, he labours under all the material disadvantages of solitude. He can get no temporary assistance for any work that requires a greater union of strength than that afforded by his own family or by such help as he can permanently keep. Though he has cattle, he cannot often have fresh meat, for to get a beefsteak he must kill a bullock. He must be his own blacksmith, waggonmaker, carpenter, and cobbler - in short, a "jack of all trades and master of none." He cannot have his children schooled; to do so, he must himself pay and maintain a teacher. Such things as he cannot produce himself, he must buy in quantities and keep on hand, or else go without, for he cannot be constantly leaving his work and making a long journey to the verge of civilization; and when forced to do so, the getting of a vial of medicine or the replacement of a broken auger may cost him the labour of himself and horses for days. Under such circumstances, though nature is prolific, the man is poor. It is an easy matter for him to get enough to eat, but beyond that his labour will only suffice to satisfy the simplest wants in the rudest way.

Soon there comes another immigrant. Although every quarter section of the boundless plain is as good as every other quarter section, he is not beset by any embarrassment as to where to settle. Though the land is the same, there is one place that is clearly better for him than any other place, and that is where there is already a settler and he may have a neighbour. He settles by the side of the first comer, whose condition is at once greatly improved, and to whom many things are now possible that were before impossible, for two men may help each other to do things that one man could never do.

The Benefits of Association

Another immigrant comes and, guided by the same attraction, settles where there are already two. Another, and another, until around our first comer there are a score of neighbours. Labour has now an effectiveness which, in the solitary state, it could not approach. If heavy work is to be done, the settlers have a log-rolling, and together accomplish in a day what singly would require years. When one kills a bullock the others take part of it, returning when they kill, and thus they have fresh meat all the time. Together they hire a schoolmaster, and the children of each are taught for a fractional part of what similar teaching would have cost the first settler. It becomes a comparatively easy matter to send to the nearest town, for some one is always going. But there is less need for such journeys. A blacksmith and a wheelwright scion set up shops, and our settler can have his tools repaired for a small part of the labour they formerly cost him. A store is opened, and he can get what he wants as he wants it; a post-office, soon added, gives him regular communication with the rest of the world. Then come a cobbler, a carpenter, a harness-maker, a doctor; and a little church soon arises. Satisfactions become possible that in the solitary state were impossible. There are gratifications for the social and the intellectual nature-for that part of the man that rises above the animal. The power of sympathy, the sense of companionship, the emulation of comparison and contrast, open a wider, and fuller, and more varied life.

Go to our settler now, and say to him: " You have so many fruit trees which you planted; so much fencing, such a well, a barn, a house - in short, you have by your labour added

so much value to this farm. Your land itself is not quite so good. You have been cropping it, and by and by it will need manure. I will give you the full value of all your improvements if you will give it to me and go again with your family beyond the verge of settlement." He would laugh at you. His land yields no more wheat or potatoes than before, but it does yield far more of all the necessaries and comforts of life. His labour upon it will bring no heavier crops, and, we will suppose, no more valuable crops, but it will bring far more of all the other things for which men work. The presence of other settlers-the increase of population-has added to the productiveness, in these things, of labour bestowed upon it, and this added productiveness gives it a superiority over land of equal natural quality where as yet there are no settlers.

The Settlement Grows to a City

Population still continues to increase, and as it increases so do the economies which its increase permits and which in effect add to the productiveness of the land. Our first settler's land being the centre of population, the store, the blacksmith's forge, the wheelwright's shop, are set up on it, or on its margin, where soon arises a village, which rapidly grows into a town, the centre of exchanges for the people of the whole district. With no greater agricultural productiveness than it had at first, this land now begins to develop a productiveness of a higher kind. To labour expended in raising corn, or wheat, or potatoes, it will yield no more of those things than at first. But to labour expended in the subdivided branches of production that require proximity to other producers and especially to labour expended in that final part of production which consists in distribution, it will yield much larger returns. The wheatgrower may go further on and find land on which his labour will produce as much wheat, and nearly as much wealth. But the artisan, the manufacturer, the storekeeper, the professional man, find that their labour expended here, at the centre of exchanges, will yield them much more than if expended even at a little distance away from it; and this excess of productiveness for such purposes the landowner can claim, just as he could an excess in its wheat-producing power. And so our settler is able to sell in building lots a few of his acres for prices which it would not bring for wheat-growing if its fertility had been multiplied many times. 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 condition that he will let them avail themselves of the superior productiveness which the increase of population has given to that land.

Population still keeps on increasing, giving greater and greater utility to the land, and more and more wealth to its owner. The town has grown into a city - a St. Louis, a Chicago or a San Francisco - and still it grows. Production is here carried on upon a great scale, with the best machinery and the most favourable facilities; the division of labour becomes extremely minute, wonderfully multiplying efficiency; exchanges are of such volume and rapidity that they are made with the minimum of friction and loss. Here is the heart, the brain, of the vast social organism that has grown up from the germ of the first settlement; here has developed one of the great ganglions of the human world. Hither run all roads, hither set all currents, through all the vast regions round about. Here, if you have anything to sell, is the market; here, if you have anything to buy, is the largest and

the choicest stock. Here intellectual activity is gathered into a focus, and here springs that stimulus which is born of the collision of mind with mind. Here are the great libraries, the storehouse and granaries of knowledge, the learned professors, the famous specialists. Here are museums and art galleries, and all things rare and valuable, the best of their kind. Here come great actors, and orators, and singers, from all over the world. Here, in short, is a centre of human life, in all its varied manifestations.

So enormous are the advantages which this land now offers for the application of labour that instead of one man with a span of horses scratching over acres, you may count in places thousands of workers to the acre, working tier on tier, on floors raised one above the other, five, six, seven, and eight storeys from the ground, while underneath the surface of the earth engines are throbbing with pulsations that exert the force of thousands of horses.

Immense increase in Land Values

All those advantages adhere to the land; it is on this land and no other that they can be utilized, for here is the centre of population—the focus of exchanges, the market place and workshop of the highest forms of industry. The productive powers that density of population has attached to this land are equivalent to the multiplication of its original fertility by the hundredfold and the thousandfold. And rent, which measures the difference between this added productiveness and that of the least productive land in use, has increased accordingly. Our settler, or whoever has succeeded to his right to the land, is now a millionaire. Like another Rip Van Winkle, he may have lain down and slept; still he is rich—not from anything he has done, but from the increase of population. There are lots from which for every foot of frontage the owner may draw more than an average mechanic can earn; there are lots that will sell for more than would suffice to pave them with gold. In the principal streets are towering buildings, of granite, marble, iron, and plate glass, finished in the most expensive style, replete with every convenience. Yet they are not worth as much as the land upon which they rest—the same land, in nothing changed, which when our first settler came upon it had no value at all.

That this is the way in which the increase of population powerfully acts in increasing rent, whoever, in a progressive country, will look around him may see for himself. The process is going on under his eyes.

The increasing difference in the productiveness of the land in use, which causes an increasing rise in rent, results not so much from the necessities of increased population compelling the resort to inferior land as from the increased productiveness which increased population gives to the lands already in use.

The most valuable lands on the globe, the lands that yield the highest rent, are not lands of surpassing natural fertility but lands to which a surpassing utility has been given by the increase of population.

To recapitulate: The effect of increasing population upon the distribution of wealth is to increase rent and consequently to diminish the Proportion of the produce that goes to capital and labour, in two ways:

First: by lowering the margin of cultivation.

Second: by bringing out in land special capabilities otherwise latent and by attaching special capabilities to particular lands.

I am disposed to think that the latter mode, to which little attention has been given by political economists, is really the more important.

CHAPTER 13

THE PRIMARY CAUSE OF INDUSTRIAL DEPRESSIONS

There is a cause, not yet adverted to, that must be taken into consideration to explain fully the influence of material progress upon the distribution of wealth. That cause is the confident expectation of the future enhancement of land values which arises in all progressive countries from the steady increase of rent and which leads to speculation, or the holding of land for a higher price than it would otherwise bring.

We have hitherto assumed, as is generally assumed in elucidations of the theory of rent, that cultivation extends to less productive points only as opportunities at the more productive points are fully utilized. But in rapidly progressing communities, where the steady increase of rent gives confidence to calculations of further increase, this is not the case. The confident expectation of increased prices produces, to a greater or less extent, the effects of a combination among landholders and tends to the withholding of land from use in expectation of higher prices, thus, forcing the margin of cultivation farther than required by the necessities of production.

This may be seen in every rapidly growing city. If the land of superior quality as to location were always fully used before land of inferior quality was resorted to, no vacant lots would be left as the city extended nor would we find miserable shanties in the midst of costly buildings. These lots, some of them extremely valuable, are withheld from use or from the full use to which they might be put, because their owners, not being able or not wishing to develop them, prefer, in expectation of the advance of land values, to hold them for a higher rate than could now be obtained from those willing to develop them. And in consequence of this land being withheld from use, or from the full use of which it is capable, the margin of the city is pushed away so much farther from the centre.

But when we reach the limits of the growing city - the actual margin of building which corresponds to the margin of cultivation in agriculture - we shall not find the land purchasable at its value for agricultural purposes, as it would be were rent determined simply by present requirements; but we shall find that, for a long distance beyond the city, land bears a speculative value based upon the belief that it will be required in the future for urban purposes; we shall find that, to reach the point at which land can be purchased at a price not based upon urban rent, we must go very far beyond the actual margin of urban use.

Effects of Land Speculation



Given, then, a progressive community in which population is increasing and one improvement succeeds another, land must constantly increase in value. This steady increase naturally leads to speculation in which future increase is anticipated and land values are carried beyond the point at which, under the existing conditions of production, the accustomed returns would be left to labour and capital.

Production therefore begins to stop. There is not necessarily, or even

probably, an absolute diminution in production; but there is what in a progressive community would be equivalent to an absolute diminution of production in a stationary community - a failure in production to increase proportionately, owing to the failure of new increments of labour and capital to find employment at the accustomed rates.

This stoppage of production at some points must necessarily show itself at other points of the industrial network in a cessation of demand which would again check production there and thus the paralysis would communicate itself through all the interlacings of industry and commerce producing everywhere a partial disjuncting of production and exchange and resulting in the phenomena that seem to show over-production or over-consumption, according to the standpoint from which they are viewed.

The period of depression thus ensuing would continue until (1) the speculative advance in rents had subsided; or (2) the increase in the efficiency of labour, owing to the growth of population and the progress of improvement, had enabled the normal rent line to overtake the speculative rent line; or (3) labour and capital had become reconciled to engaging in production for smaller returns. Or, most probably, all three of these causes would cooperate to produce a new equilibrium, at which all the forces of production would again engage, and a season of activity ensue; whereupon rent would begin to advance again, a speculative advance would again take place, production be again checked, and the same round be gone over.

Conflicting Explanations

These seasons of depression are always preceded by seasons of activity and speculation, and on all hands the connection between the two is admitted - the depression being looked upon as the reaction from the speculation, as the headache of the morning is the reaction from the debauch of the night. But as to the manner in which the depression results from the speculation, there are two classes or schools of opinion.

One school says that the speculation produced the depression by causing over-production and they point to warehouses filled with goods that cannot be sold at remunerative prices,

to mills closed or working on half-time, to mines shut down and steamers laid up, to money lying idly in bank vaults and to workmen compelled to idleness and privation. They point to these facts as showing that the production has exceeded the demand for consumption and they point moreover to the fact that when government during war enters the field as an enormous consumer brisk times prevail

The other school say that the speculation has produced the depression by leading to over-consumption, and point to full warehouses, rusting steamers, closed mills, and idle workmen as evidences of a cessation of effective demand, which, they say, evidently results from the fact that people, made extravagant by a fictitious prosperity, have lived beyond their means and are now obliged to retrench - that is, to consume less wealth. They point, moreover, to the enormous consumption of wealth by wars, by the building of unremunerative railways, by loans to bankrupt governments, etc., as extravagances which, though not felt at the time, just as the spendthrift does not at the moment feel the impairment of his fortune, must now be made up by a season of reduced consumption.

Neither Over-production nor Over-consumption

Each of these theories evidently expresses one side or phase of a general truth, but each of them evidently fails to comprehend the full truth. As an explanation of the phenomena, each is equally and utterly preposterous.

For while the great masses of men want more wealth than they can get, how can there be over-production? And while the machinery of production wastes and producers are condemned to unwilling idleness, how can there be over-consumption?

When, with the desire to consume more, there coexist the ability and willingness to produce more, industrial and commercial paralysis cannot be charged either to over-production or to over-consumption. Manifestly, the trouble is that production and consumption cannot meet and satisfy each other.

How does this inability arise? It is evidently and by common consent the result of speculation. But of speculation in what? Certainly not of speculation in things which are the products of labour - in agricultural or mineral productions or manufactured goods, for the effect of speculation in such things is simply to equalize supply and demand, and to steady the interplay of production and consumption by an action analogous to that of a fly-wheel in a machine.

If speculation be the cause of these industrial depressions, it must be speculation in things not the production of labour, but yet necessary to the exertion of labour in the production of wealth - of things of fixed quantity; that is to say, it must be speculation in land.

The Check to Production

All trade, let it be remembered, is the exchange of commodities for commodities, and hence the cessation of demand for some commodities, which marks the depression of

trade, is really a cessation in the supply of other commodities. That dealers find their sales declining and manufacturers find orders falling off, while the things which they have to sell, or stand ready to make, are things for which there is yet a widespread desire, simply shows that the supply of other things, which in the course of trade would be given for them, has declined. In common parlance we say that "buyers have no money," or that "money is becoming scarce," but in talking in this way we ignore the fact that money is but the medium of exchange. What the would-be buyers really lack is not money, but commodities which they can turn into money - what is really becoming scarcer is produce of some sort. The diminution of the effective demand of consumers is therefore but a result of the diminution of production.

This is seen very clearly by storekeepers in a manufacturing town when the mills are shut down and operatives are thrown out of work. It is the cessation of production that deprives the operatives of means to make the purchases they desire and thus leaves the storekeeper with what, in view of lessened demand has a superabundant stock, forcing him to discharge some of his clerks and otherwise reduce his demands. And the cessation of demand (I am speaking, of course, of general cases and not of any alteration in relative demand from such causes as change of fashion) which has left the manufacturer with superabundant stock and compelled him to discharge his hands, must arise in the same way. Somewhere, it may be at the other end of the world, a check in production has produced a check in the demand for consumption. The lessening of demand without want being satisfied shows that production is somewhere checked.

People want as much as ever the things the manufacturer makes just as the operatives want the things the storekeeper has to sell. But they do not have as much to give for them. Production has somewhere been checked and this reduction in the supply of some things has shown itself in cessation of demand for others, the check propagating itself through the whole framework of industry and exchange.

The Real Obstacle



Land values are carried beyond the point at which, under the existing conditions of production, their accustomed returns would be left to labor

The industrial pyramid manifestly rests on the land. The primary and fundamental occupations, which create a demand for all others, are evidently those that extract wealth from nature; and hence, if from one exchange point to another and from one occupation to another we trace this check to production, which shows itself in decreased purchasing power, we must ultimately find it in some obstacle that checks labour in expending itself on land. And that obstacle, it is clear, is the speculative advance in rent, or the value of land, which produces the same effects as (in fact, it is) a lock-out of labour and capital by landowners.

This check to production, beginning at the basis of interlaced industry, propagates itself from exchange point to exchange point, cessation of supply becoming failure of demand, until, so to speak, the whole machine is thrown out of gear, and the spectacle is everywhere presented of labour going to waste while labourers suffer from want. Though custom has dulled us to it, it is a strange and unnatural thing that men who wish to labour, in order to satisfy their wants, cannot find the opportunity.

We talk about the supply of labour and the demand for labour, but evidently these are only relative terms. The supply of labour is everywhere the same - two hands always come into the world with one mouth; and the demand for labour must always exist as long as men want things which labour alone can procure.

We talk about the "want of work," but evidently it is not work that is short while want continues; the supply of labour cannot be too great, nor the demand for labour too small, when people suffer for the lack of things that labour produces. The real trouble must be that supply is somehow prevented from satisfying demand, that somewhere there is an obstacle which prevents labour from producing the things that labourers want.

Denial of Access to Land

When we speak of labour creating wealth, we speak metaphorically. Man creates nothing. The whole human race, were they to labour for ever, 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, labour with the aid of natural forces but works up preexisting matter into the forms desired and must therefore have access to this matter and to these forces - that is to say, to land. The land is the source of all wealth. It is the mine from which must be drawn the ore that labour fashions. It is the substance to which labour gives the form. And hence, when labour cannot satisfy its wants, may we not with certainty infer that it can be from no other cause than that labour is denied access to land?

When in all trades there is what we call scarcity of employment, when everywhere labour wastes while desire is unsatisfied, must not the obstacle that prevents labour from producing the wealth it needs lie at the foundation of the industrial structure? That foundation is land. Milliners, optical instrument makers, gilders and polishers are not the pioneers of new settlements. Miners did not go to California or Australia because shoemakers, tailors, machinists and printers were there. But those trades followed the

miners. It is not the storekeeper who is the cause of the farmer; it is the farmer who brings the storekeeper. It is not the growth of the city that develops the country - it is the development of the country that makes the city grow.

If men now unemployed were given the opportunity to produce wealth from the land, they would not only be employing themselves, but would be employing all the mechanics of the city, giving custom to the storekeepers, trade to the merchants, audiences to the theatres and subscribers and advertisements to the newspapers. I do not mean to say that every unemployed man could turn farmer or build himself a house, if he had the land; but that enough could and would do so to give employment to the rest. What is it, then, that prevents labour from employing itself on this land? Simply, that it has been monopolized and is held at speculative prices, based not upon present value, but upon the added value that will come with the future growth of population.

Let the reader remember that it is only the main causes and general courses of industrial depressions that we are seeking to trace or in fact that it is possible to trace with any exactness. Political Economy can only deal, and has only need to deal, with general tendencies. The derivative forces are so multiform, the actions and reactions are so various, that the exact character of the phenomena cannot be predicted. We know that if a tree is cut through it will fall, but precisely in what direction will be determined by the inclination of the trunk, the spread of the branches, the impact of the blows, the quarter and force of the wind; and even a bird lighting on a twig, or a frightened squirrel leaping from bough to bough, will not be without its influence. We know that an insult will arouse a feeling of resentment in the human breast, but to say how far and in what way it will manifest itself, would require a synthesis which would build up the entire man and all his surroundings, past and present.

The social phenomena which all over the civilized world appall the philanthropist and perplex the statesman, which hang with clouds the future of the most advanced races and suggest doubts of the reality and ultimate goal of what we have fondly called progress, are now explained.

The reason why, in spite of the increase of productive power, wages constantly tend to a minimum that will give but a bare living, is that, with increase in productive power, rent tends to even greater increase, thus producing a constant tendency to the forcing down of wages.

This explanation is in accordance with all the facts.

CHAPTER 14

THE PERSISTENCE OF POVERTY AMIDST ADVANCING WEALTH

Look over the world today. In countries the most widely differing - under conditions the most diverse as to government, as to industries, as to tariffs, as to currency - you will find distress among the working-classes; but everywhere that you thus find distress and destitution in the midst of wealth you will find that the land is monopolized; that, for its use by labour, large revenues are extorted from the earnings of labour.

Look over the world today, comparing different countries with each other, and you will see that it is not the abundance of capital nor the productiveness of labour that makes wages high or low, but the extent to which the monopolizers of land can, in rent, levy tribute upon the earnings of labour.

Is it not a fact that new countries, where the aggregate wealth is small but where land is cheap, are always better countries for the labouring classes than the rich countries, where land is dear?

In the new settlements, where land is cheap, you will find no beggars, and the inequalities in condition are very slight. In the great cities, where land is so valuable that it is measured by the foot, you will find the extremes of poverty, and of luxury. And this disparity in condition between the two extremes of the social scale may always be measured by the price of land. Compare the same country in different times, and the same, relation is obvious.

There is no mystery for example as to the cause to which so suddenly and so largely raised wages in California in 1849. It was the discovery of the placer mines in unappropriated land to which labour was free that raised the wages of cooks in San Francisco restaurants to \$500 a month, and left ships to rot in the harbour without officers or crew until their owners would consent to pay rates that in any other part of the globe seemed fabulous. Had those mines been on appropriated land, or had they been immediately monopolized so that rent could have arisen, it would have been land values that would have leaped upwards, not wages. The Comstock Lode (1) has been richer than the placers, but the Comstock Lode was readily monopolized, and it was only by virtue of the strong organization of the miners' association and the fears of the damage which it might do, that men were enabled to get four dollars a day before they would parboil themselves two thousand feet underground, where the air that they breathed had to be pumped down to them. The wealth of the Comstock Lode has added to rent. The selling price of those mines has run into hundreds of millions, and it has produced individual fortunes whose monthly returns can only be estimated in hundreds of thousands, if not in millions.

Nor is there any mystery about the cause which has operated to reduce wages in California from the maximum of the early days to very nearly a level with wages in the Eastern States. The productiveness of labour did not decrease, on the contrary it increased; but out of what it produced, labour had to pay rent. As the placer deposits were exhausted, labour had to resort to the deeper ones and to agricultural land, but monopolization of those resources being permitted, men walked the streets of San Francisco ready to go to work for almost anything - for natural opportunities were no longer free to labour.

(1) *The Comstock Lode, a famous silver mine in Nevada, U.S.A., discovered in 1859.*

The Island of Free Opportunity

Put to any one capable of consecutive thought this question: "Suppose there should arise from the English Channel or the North Sea a No-man's Land, on which common labour to an unlimited amount should be able to earn twice or thrice its present wage, the land remaining unappropriated and of free access, like the commons which once comprised so large a part of English soil. What would be the effect upon wages in England?"

He would at once tell you that common wages throughout England must soon increase to the equivalent of what could be gained on that island.

And in response to another question, "What would be the effect on rents?" he would at a moment's reflection say that rents must necessarily fall; and if he thought out the next step he would tell you that all this would happen without any very large part of English labour being diverted to the new natural opportunities, or the forms and direction of industry being much changed; only that kind of production being abandoned which now yields to labour and to landlord together less than labour could secure on the new opportunities. The rise in wages would be at the expense of rent.

Take now the same man or another - some hard-headed business man, who has no theories, but knows how to make money. Say to him: "Here is a little village; in ten years it will be a great city - in ten years it will abound with all the machinery and improvements that so enormously multiply the effective power of labour, will, in ten years, interest be any higher?"

He will tell you, "No!"

"Will the wages of common labour be any higher; will it be easier for a man who has nothing but his labour to make an independent living?"

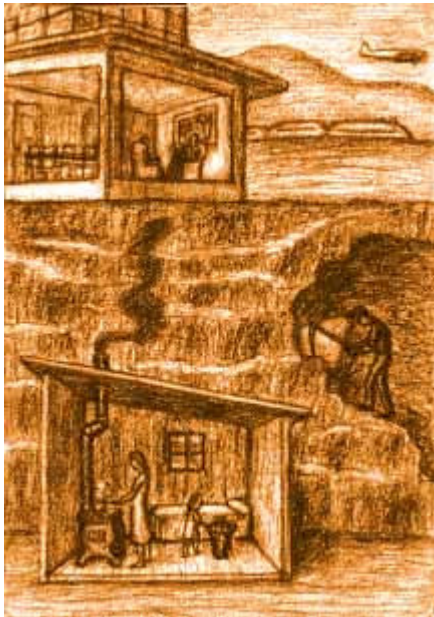
He will tell you, "No; the wages of common labour will not be any higher; on the contrary, all the chances are that they will be lower; it will not be easier for the mere labourer to make an independent living; the chances are that it will be harder."

"What, then, will be higher?"

"Rent; the value of land. Go, get yourself a piece of ground, and hold possession."

And if, under such circumstances, you take his advice, you need do nothing more. You may sit down and smoke your pipe; you may lie around like the lazzaroni of Naples or the leperos of Mexico; you may go up in a balloon, or down a hole in the ground; and without doing one stroke of work, without adding one iota to the wealth of the community, in ten years you will be rich! In the new city you may have a luxurious mansion; but among its public buildings will be an almshouse.

The Picture Made Clear



All the advantages gained by the march of progress go to the owners of land, and wages do not increase.

In our investigation we have been advancing to the truth: That as land is necessary to the exertion of labour in the production of wealth, to command the land that is necessary to labour is to command all the fruits of labour save enough to enable labour to exist. This simple truth, in its application to social and political problems, is hid from the great masses of men partly by its very simplicity, and in greater part by widespread fallacies and erroneous habits of thought that lead them to look in every direction but the right one for an explanation of the evils that oppress and threaten the civilized world. And back of these elaborate fallacies and misleading theories is an active, energetic power, a power that in every country, be its political forms what they may, writes laws and moulds thought - the power of a vast and dominant pecuniary interest.

But so simple and so clear is this truth, that fully to see it once is always to recognize it. There are pictures which, though looked at again and again, present only a confused labyrinth of lines or scroll work - a landscape, trees, or something of the kind - until once the attention is called to the fact that these things make up a face or a figure. This relation once recognized, is always afterwards clear. It is so in this case.

In the light of this truth all social facts group themselves in an orderly relation, and the most diverse phenomena are seen to spring from one great principle. It is not in the relations of capital and labour, it is not in the pressure of population against subsistence, that an explanation of the unequal development of our civilization is to be found. The great cause of inequality in the distribution of wealth is inequality in the ownership of land.

The ownership of land is the great fundamental fact that ultimately determines the social, tile political, and consequently the intellectual and moral condition of a people. And it must be so. For land is the habitation of man, the storehouse upon which he must draw for all his needs, the material to which his labour must be applied for the supply of all his desires; for even the products of the sea cannot be taken, the light of the sun enjoyed, or any of the forces of nature utilized, without the use of land or its products. On the land we are born, from it we live, to it we return again - children of the soil as truly as is the blade of grass or the flower of the field. Take away from man all that belongs to land, and he is but a disembodied spirit.

Material progress cannot rid us of our dependence upon land; it can but add to the power of producing wealth from land; and hence, when land is monopolized, it might go on to infinity without increasing wages or improving the condition of those who have but their labour. It can but add to the value of land and to the power that its possession gives.

Everywhere, in all times, among all peoples, the possession of land is the base of aristocracy, the foundation of great fortunes, the source of power. As said the Brahmins, ages ago:

"To whomsoever the soil at any time belongs, to him belong the fruits of it. White parasols and elephants mad with pride are the flowers of a grant of land."

CHAPTER 15

EXAMINATION OF SOME PROPOSED REMEDIES

The remedy to which our conclusions point is at once radical and simple - so radical that, on the one side, it will not be fairly considered so long as any faith remains in the efficacy of less caustic measures; so simple that, on the other side, its real efficacy and comprehensiveness are likely to be overlooked, until the effect of more elaborate measures is estimated.



There are many persons who still retain a comfortable belief that material progress will ultimately extirpate poverty, and there are many who look to prudential restraint upon the increase of population as the most efficacious means; but the fallacy of these views has already been sufficiently shown.

Let us now consider what may be hoped for from: 1. Greater economy in government; 2. Improved habits of industry and thrift and better education of the working classes; 3. Combinations of workmen for the advance of wages; 4. Cooperation of labour and capital; 5. Governmental direction and interference; 6. A more general distribution of land.

Greater Economy in Government

Social distress is largely attributed to the immense burdens that existing governments impose - the great debts, the military and naval establishments, the extravagance that is characteristic of republican as well as of monarchical rulers, and especially characteristic of the administration of great cities. Now there seems to be an evident connection between the immense sums thus taken from the people and the privations of the lower classes, and it is upon a superficial view natural to suppose that a reduction in the enormous burdens thus uselessly imposed would make it easier for the poorest to get a living. But a consideration of the matter in the light of the economic principles heretofore traced out will show that this would not be the effect. A reduction in the amount taken from the aggregate produce of a community by taxation would be simply equivalent to an increase in the power of net production. It would in effect add to the productive power of labour just as do the increasing density of population and improvement in the arts. And as the advantage in the one case goes, and must go, to the owners of land in increased rent, so would the advantage in the other.

The condition of those who live by their labour would ultimately not be improved. A dim consciousness of this pervades the masses. Those who have nothing but their labour care little about the prodigality of government, and in many cases are disposed to look upon it as a good thing - "furnishing employment," or "putting money in circulation."

Let me be clearly understood. I do not say that governmental economy is not desirable, but simply that reduction in the expenses of government can have no direct effect in extirpating poverty and increasing wages, so long as land is monopolized.

Although this is true, yet even with sole reference to the interests of the lowest class no effort should be spared to keep down useless expenditures. The more complex and extravagant government becomes, the more it becomes a power distinct from and independent of the people, the greater is the difficulty of bringing questions of real public policy to a popular decision. So great is the amount of money in politics, so large are the personal interests involved, that the average voter with his prejudices, party feelings and general notions, gives but little consideration to the fundamental questions of government. Were this not the case, so many hoary abuses could not have survived nor could so many new ones have been added. Anything that tends to make government simple and inexpensive tends to put it under control of the people and to bring questions of real importance to the front. But no reduction in the expenses of government can of itself cure or mitigate the evils that arise from a constant tendency to the unequal distribution of wealth.

Improved Habits of Industry and Thrift

There is and always has been a widespread belief among the more comfortable classes that the poverty and suffering of the masses are due to their lack of industry, frugality and intelligence. This belief, which at once soothes the sense of nobility and flatters by its suggestion of superiority, is but natural for those who can trace their own better circumstances to the superior industry and frugality that gave them a start, and to the superior intelligence that enabled them to take advantage of every opportunity.

But whoever has grasped the laws of the distribution of wealth, as in previous chapters they have been traced out, will see the mistake in this notion. For as soon as land acquires a value, wages, as we have seen, do not depend upon the real earnings or product of labour, but upon what is left to labour after rent is taken out; and when land is all monopolized, rent must drive wages down to the point at which the poorest paid class will be just able to live. Thus wages are forced to a minimum fixed by what is called the standard of comfort - that is, the amount of necessaries and comforts which habit leads the working-classes to demand as the lowest that they will accept. This being the case, industry, skill, frugality and intelligence can only avail the individual in so far as they are superior to the general level - just as in a race, speed can only avail the runner in so far as it exceeds that of his competitors. If one man work harder, or with superior skill or intelligence than ordinary, he will get ahead; but if the average of industry, skill, or intelligence is brought up to the higher point, the increased intensity of application will secure but the old rate of wages, and he who would get ahead must work harder still.

One individual may save money from his wages, and many poor families might be made more comfortable by being taught to prepare cheap dishes. But if the working classes generally came to live in that way, wages would ultimately fall in proportion, and whoever wished to get ahead by the practice of economy, or to mitigate poverty by teaching it, would be compelled to devise some still cheaper mode of keeping soul and body together. If, under existing conditions, American mechanics would come down to the Chinese standard of living, they would ultimately have to come down to the Chinese standard of wages; or if English labourers would content themselves with the rice diet and scanty clothing of the Bengalee, labour would soon be as ill-paid in England as in Bengal. The introduction of the potato into Ireland was expected to improve the condition of the poorer classes, by increasing the difference between the wages they received and the cost of their living. The consequences that did ensue were a rise of rent and a lowering of wages and, with the potato blight, there followed the ravages of famine among a population that had already reduced its standard of comfort so low that the next Step was starvation.

And so if one individual work more hours than the average, he will increase his wages; but the wages of all cannot be increased in that way. In occupations where working hours are long, wages are not higher than where working hours are shorter; generally the reverse, for the longer the working day, the more helpless does the labourer become - the less time has he to look around him and develop other powers than those called forth by his work; the less becomes his ability to change his occupation or to take advantage of circumstances. And so the individual workman who gets his wife and children to assist him may thus increase his income; but in occupations where it has become habitual for the wife and children of the labourer to supplement his work, the wages earned by the whole family do not on the average exceed those of the head of the family in occupations where it is usual for him only to work.

Better Education

As to the effects of education, it is evident that intelligence, which is or should be the aim of education, until it induces and enables the masses to discover and remove the cause of the unequal distribution of wealth, can only operate upon wages by increasing the effective power of labour. It has the same effect as increased skill or industry. And it can only raise the wages of the individual in so far as it renders him superior to others. When to read and write were rare accomplishments, a clerk commanded high respect and large wages, but now the ability to read and write has become so nearly universal as to give no advantage. The diffusion of intelligence, except as it may make men discontented with the state of things that condemns producers to a life of toil while non-producers loll in luxury, cannot tend to raise wages generally, or in any way improve the condition of the lowest class.

Greater industry and skill, greater prudence and a higher intelligence are, as a rule, found associated with a better material condition of the working-classes; but that this is effect, not cause, is shown by the relation of the facts. Wherever the material condition of the labouring classes has been improved, improvement in their personal qualities has

followed, and wherever their material condition has been depressed, deterioration in these qualities has been the result.

The fact is that the qualities that raise man above the animal are superimposed on those he shares with the animal, and that it is only as he is relieved from the wants of his animal nature that his intellectual and moral nature can grow. Compel a man to drudgery for the necessities of animal existence, and he will lose the incentive to industry - the progenitor of skill - and will do only what he is forced to do. Make his condition such that it cannot be much worse, while there is little hope that anything he can do will make it much better, and he will cease to look beyond the day.

It is true that improvement in the material condition of a people or class may not show immediately in mental and moral improvement. Increased wages may at first be taken out in idleness and dissipation. But they will ultimately bring increased industry, skill, intelligence and thrift. Comparisons between different countries; between different classes in the same country; between the same people at different periods; and between the same people when their conditions are changed by emigration, show as an invariable result that the personal qualities of which we are speaking appear as material conditions are improved, and disappear as material conditions are depressed. To make people industrious, prudent, skilful, and intelligent, they must be relieved from want. If you would have the slave show the virtues of the freeman, you must first make him free.

Combinations of Workmen

To raise wages in particular industries or occupations, which is all that any combination of workmen yet made has been equal to attempting, is manifestly a task the difficulty of which progressively increases. For the higher are wages of any particular kind raised above their normal level with other wages, the stronger are the tendencies to bring them back. All that trades unions can do in the way of raising wages, even when supporting each other, is comparatively little and that little moreover is confined to their own sphere. The only way wages could be raised to any extent by this method and with any permanence would be by a general combination which should include labourers of all kinds such as was aimed at by the Internationals. But this may be set down as practically impossible, for the difficulties of combination, great enough in the most highly paid and smallest trades, become greater and greater as we descend in the industrial scale.

In the struggle of endurance it must not be forgotten who the real parties are that are pitted against each other. It is not labour and capital. It is labourers on the one side and the owners of land on the other. If the contest were between labour and capital, it would be on much more equal terms. For the power of capital to stand out is only some little greater than that of labour. Capital not only ceases to earn anything when not used, but it goes to waste - for in nearly all its forms it can be maintained only by constant reproduction. But land will not starve like labourers or go to waste like capital - its owners can wait. They may be inconvenienced, it is true, but what is inconvenience to them is destruction to capital and starvation to labour.

Besides these practical difficulties in the plan of forcing by endurance an increase of wages, there are in such methods inherent disadvantages that working-men should not blink. A strike, which is the only recourse that a trade union has for enforcing its demands, is a destructive contest - just such a contest as that to which an eccentric, called "The Money King," once, in the early days of San Francisco, challenged a man who had taunted him with meanness, that they should go down to the wharf and alternately toss twenty-dollar pieces into the bay until one gave in. The struggle of endurance involved in a strike is really what it has often been compared with - a war; and, like all war, it lessens wealth. And the organization for it must, like the organization for war, be tyrannical. As even the man who would fight for freedom must, when he enters an army, give up his personal freedom and become a mere part in a great machine, so must it be with workmen who organize for a strike. These combinations are, therefore, necessarily destructive of the very things that workmen seek to gain through them - wealth and freedom.

Cooperation

Co-operation is of two kinds - co-operation in supply and cooperation in production. Now cooperation in supply, let it go as far as it may in excluding middlemen, only reduces the cost of exchanges. It is simply a device to save labour and eliminate risk, and its effect can only be the same as that of the improvements and inventions which in modern times have so wonderfully cheapened and facilitated exchanges - namely, to increase rent. And cooperation in production is simply the substitution of proportionate wages for fixed wages - a substitution of which there are occasional instances in almost all employments. Or, if the management is left to the workmen, and the capitalist takes but his proportion of the net produce, it is simply the system that has prevailed to a large extent in European agriculture since the days of the Roman Empire - the colonial or metayer system.

All that is claimed for cooperation in production is that it makes the workman more active and industrious - in other words, that it increases the efficiency of labour. Thus its effect is in the same direction as the steam engine, the cotton gin, the reaping machine - in short, all the things in which material progress consists - and it can produce only the same result, the increase of rent.

Suppose cooperation either of supply or of production to be so extended as to supplant present methods - that cooperative stores made the connection between producer and consumer with the minimum of expense; that cooperative workshops, factories, farms and mines abolished the employing capitalist who pays fixed wages and that they greatly increased the efficiency of labour - what then? Why, simply it would become possible to produce the same amount of wealth with less labour, and consequently those who owned the land, the source of all wealth, could command a greater amount of wealth for the use of their land.

Improved methods and improved machinery have the same effect as cooperation aims at; they reduce the cost of bringing commodities to the consumer and increase the efficiency of labour. It is in these respects that the older countries have the advantage of new

settlements. But, as experience has amply shown, the advantage of improvements in the methods and machinery of production and exchange only adds to rent.

But suppose cooperation between producers and landowners? That would simply amount to the payment of rent in kind - the same system under which much land is rented in California and the Southern States, where the landowner gets a share of the crop. Save as a matter of computation it in no wise differs from the system of a fixed money rent that prevails in England. Call it cooperation, if you choose, the terms of the cooperation would still be fixed by the laws that determine rent, and wherever land was monopolized, increase in productive power would simply give the owners of the land the power to demand a larger share.

That cooperation is by so many believed to be the solution of the "labour question" arises from the fact that, where it has been tried, it has in many instances improved perceptibly the condition of those immediately engaged in it. But this is due simply to the fact that those cases are isolated. Just as industry, economy, or skill may improve the condition of the workmen who possess them in superior degree, but cease to have this effect when improvement in those respects becomes general, so a special advantage in procuring supplies, or a special efficiency given to some labour, may secure advantages which would be lost as soon as those improvements became so general as to affect the general relations of distribution.

Co-operation can produce no general results that competition will not produce. It is not because of competition that increasing productive power fails to add to the reward of labour; it is because competition is one-sided. Land is monopolized and the competition of producers for its use forces wages to a minimum and gives all the advantage of increasing productive power to landowners in higher rents and increased land values. Destroy this monopoly, and competition could only exist to accomplish the end that cooperation aims at - to give to each what he fairly earns. Destroy this monopoly, and industry must become the cooperation of equals.

Governmental Direction and Interference

It is not possible here to examine in detail the methods proposed for mitigating or extirpating poverty through governmental regulation of industry and accumulation, which in their most thorough - going form are called socialistic. Nor is it necessary, for the same defects attach to them all. These are the substitution of governmental direction for the play of individual action and the attempt to secure by restriction what can better be secured by freedom. It is evident that whatever savours of regulation and restriction is in itself bad and should not be resorted to if any other mode of accomplishing the same end presents itself.

For instance, to take one of the simplest and mildest of the class of measures I refer to - a graduated tax on incomes. The object at which it aims, the reduction or prevention of immense concentrations of wealth, is good; but the method involves the employment of a large number of officials clothed with inquisitorial powers. The temptations to bribery

and perjury and all other means of evasion beget a demoralization of opinion and they put a premium upon unscrupulousness and a tax upon conscience. And finally, just in proportion as the tax accomplishes its effect, there is a lessening in the incentive to accumulate wealth, which is one of the strong forces of industrial progress. If the elaborate schemes for regulating everything and finding a place for everyone could be carried out, instead of an intelligent award of duties and earnings, we should have a Roman distribution of Sicilian corn, and the demagogue would soon become the Emperor.

The ideal of socialism is grand and noble; and it is, I am convinced, possible of realization; but such a state of society cannot be manufactured - it must grow. Society is an organism, not a machine. It can live only by the individual life of its parts. And in the free and natural development of all the parts will be secured the harmony of the whole. All that is necessary to social regeneration is included in the motto of those Russian patriots sometimes called Nihilists - "Land and Liberty!"

More General Distribution of Land

There is a rapidly growing feeling that the tenure of land is in some manner connected with social distress, but this feeling as yet shows itself mostly in propositions that look to the more general division of landed property. If land in large bodies can be cultivated more cheaply than land in small bodies, then to restrict ownership to small bodies will be to reduce the aggregate production of wealth.

But there is not merely this objection. There is the further and fatal objection that restriction will not secure the end which is alone worth aiming at - a fair division of the produce. It will not reduce rent, and therefore it cannot increase wages. It may make the comfortable classes larger, but it will not improve the condition of those in the lowest class.

If what is known as the Ulster tenant-right were extended to the whole of Great Britain, it would be but to carve out of the estate of the landlord an estate for the tenant. The condition of the labourer would not be a whit improved. If landlords were prohibited from asking an increase of rent from their tenants and from ejecting a tenant so long as the fixed rent was paid, the body of the producers would gain nothing. Economic rent would still increase, and would still steadily lessen the proportion of the produce going to labour and capital. The only difference would be that the tenants of the first landlords, who would become landlords in their turn, would profit by the increase.

If by a restriction upon the amount of land any one individual might hold, by the regulation of devises and successions, or by cumulative taxation, the few thousand landholders of Great Britain should be increased by two or three million, these two or three million people would be gainers. But the rest of the population would gain nothing. They would have no more share in the advantages of landownership than before. And if, what is manifestly impossible, a fair distribution of the land were made among the whole population, giving to each his equal share, and laws were enacted for interposing a barrier

to the tendency to concentration, by forbidding the holding by any one of more than the fixed amount, what would become of the increase of population?

Thus the subdivision of land can do nothing to cure the evils of land monopoly. While it can have no effect in raising wages or in improving the condition of the lowest classes, its tendency is to prevent the adoption or even advocacy of more thorough-going measures, and to strengthen the existing system by interesting a larger number in its maintenance.

CHAPTER 16

THE ENIGMA RESOLVED - THE FIRST GREAT REFORM



There is but one way to remove an evil and that is to remove its cause. To extirpate poverty, to make wages what justice commands they should be, the full earnings of the labourer, we must 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.

But this is a truth which, in the present state of society, will arouse the most bitter antagonism, and must fight its way, inch by inch. It will be necessary, therefore, to meet the objections of those who, even when driven to admit this truth, will declare that it cannot be practically applied.

In doing this we shall bring our previous reasoning to a new and crucial test. Just as we try addition by subtraction and multiplication by division, so may we, by testing the sufficiency of the remedy, prove the correctness of our conclusions as to the cause of the evil.

The laws of the universe are harmonious. And if the remedy to which we have been led is the true one, it must be consistent with justice; it must be practicable of application; it must accord with the tendencies of social development and it must harmonize with other reform.

I propose to show that this simple measure is not only easy of application, but that it is a sufficient remedy for all the evils which, as modern progress goes on, arise from the greater and greater inequality in the distribution of wealth - that it will substitute equality for inequality, plenty for want, justice for injustice, social strength for social weakness, and will open the way to grander and nobler advances of civilization.

But a question of method remains. How shall we do it?

We should satisfy the law of justice, we should meet all economic requirements, by at one stroke abolishing all private titles, declaring all land public property, and letting it out to the highest bidders in lots to suit, under such conditions as would sacredly guard the private right to improvements.

Thus we should secure, in a more complex state of society, the same equality of rights that in a ruder state were secured by equal partitions of the soil and, by giving the use of the land to whoever could procure the most from it, we should secure the greatest production.

But such a plan, though perfectly feasible, does not seem to me the best.

To do that would involve a needless shock to present customs and habits of thought - which is to be avoided.

To do that would involve a needless extension of governmental machinery - which is to be avoided.

It is an axiom of statesmanship, which the successful founders of tyranny have understood and acted upon, that great changes can best be brought about under old forms. We, who would free men, should heed the same truth. It is the natural method. When nature would make a higher type, she takes a lower one and develops it. This is the law also of social growth. Let us work by it. With the current we may glide fast and far. Against it, it is hard pulling and slow progress.

I do not propose either the purchase or the confiscation of 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. 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. 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 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.

Therefore, what I propose is - to appropriate rent by taxation.

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 field, 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.

As we have seen, the value of land is at the beginning of society nothing, but as society develops by the increase of population and the advance of the arts, it becomes greater and greater. Hence it will not be enough merely to place all taxes upon the value of land. It will be necessary, where rent exceeds the present governmental revenues, to increase commensurately the amount demanded in taxation, and to continue this increase as society progresses and rent advances. But this is so natural and easy a matter, that it may be considered as involved, or at least understood, in the proposition to put an taxes on the value of land.

Wherever the idea of concentrating all taxation upon land values finds lodgment sufficient to induce consideration, it invariably makes way, but there are few of the classes most to be benefited by it, who at first, or even for a long time afterwards, see its full significance and power. It is difficult for working-men to get over the idea that there is a real antagonism between capital and labour. It is difficult for small farmers and homestead owners to get over the idea that to put all taxes on the value of land would be to tax them unduly. It is difficult for both classes to get over the idea that to exempt capital from taxation would be to make the rich richer, and the poor poorer. These ideas spring from confused thought. But behind ignorance and prejudice there is a powerful interest, which has hitherto dominated literature, education and opinion. A great wrong always dies hard, and the great wrong which in every civilized country condemns the masses of men to poverty and want will not die without a bitter struggle.

CHAPTER 17

THE PROPOSITION TRIED BY THE CANONS OF TAXATION

Inasmuch as any popular discussion must deal with the concrete, rather than with the abstract, we may try the remedy I have proposed by the accepted canons of taxation. In doing so, many incidental bearings may be seen that otherwise might escape notice.

The best tax by which the public revenues can be raised is evidently that which will most closely conform to the following conditions:

1. That it bear as lightly as possible upon production so as least to check the increase of the general fund from which taxes must be paid and the community maintained.
2. That it be easily and cheaply collected, and fall as directly as may be upon the ultimate payers - so as to take from the people as little as possible in addition to what it yields the government.
3. That it be certain so as to give the least opportunity for tyranny or corruption on the part of officials, and the least temptation to law-breaking and evasion on the part of the taxpayers.
4. That it bear equally so as to give no citizen an advantage nor put any at a disadvantage as compared with others.

Let us consider what form of taxation best accords with these conditions. Whatever it be, it will evidently be the best mode in which the public revenues can be raised.

Effects upon Production

All taxes must evidently come from the produce of land and labour, since there is no other source of wealth than the union of human exertion with the material and forces of nature. But the manner in which equal amounts of taxation may be imposed may affect very differently the production of wealth. Taxation that lessens the reward of the producer necessarily lessens the incentive to production; taxation that is conditioned upon the act of production, of the use of any of the three factors of production, necessarily discourages production. Thus taxation that diminishes the earnings of the labourer or the returns of the capitalist tends to render the one less industrious and intelligent, the other less disposed to save and invest. Taxation that falls upon the processes of production interposes an artificial obstacle to the creation of wealth. Taxation that falls upon labour as it is exerted, wealth as it is used as capital, land as it is cultivated, will manifestly tend to discourage production much more powerfully than taxation to the same amount levied upon labourers whether they work or play, upon wealth whether used productively or unproductively, or upon land whether cultivated or left waste.

The mode of taxation is, in fact, quite as important as the amount. As a small burden badly placed may distress a horse that could carry with ease a much larger one properly adjusted, so a people may be impoverished and their power of producing wealth may be destroyed by taxation which, if levied in another way, could be borne with ease. A tax on date trees, imposed by Mohammed Ali, caused the Egyptian fellahs to cut down their trees; but a tax of twice the amount imposed on the land produced no such result.

The checking of production is in greater or less degree characteristic of most of the taxes by which the revenues of modern governments are raised. All taxes upon manufactures, all taxes upon commerce, all taxes upon capital, all taxes upon improvements, are of this kind. Their tendency is the same as that of Mohammed Ali's tax on date trees, though their effect may not be so clearly seen.

Unlike taxes upon commodities, or exchange, or capital, or any of the tools or processes of production, taxes levied upon the value of land do not bear upon production. The value of land does not express the reward of production, as does the value of crops, of cattle, of buildings, or of any of the things which are styled personal property and improvements. It expresses the exchange value of monopoly. Hence the community can take it all without in any way lessening the incentive to improvements or in the slightest degree lessening the production of wealth. Taxes may be imposed upon the value of land until all rent is taken by the state, without reducing the wages of labour or the reward of capital one iota; without increasing the price of a single commodity, or making production in any way more difficult.

But more than this. Taxes on the value of land not only do not check production as do most other taxes, but they tend to increase production by destroying speculative rent. How speculative rent checks production may be seen not only in the valuable land withheld from use, but in the paroxysms of industrial depression that, originating in the speculative advance in land values, propagate themselves over the whole civilized world, everywhere paralysing industry. Taxation that would take rent for public uses would prevent all this. If land were taxed to anything near its rental value, no one could afford to hold land that he was not using; and consequently, land not in use would be thrown open to those who would use it.

It is evident that, with regard to production, the tax upon the value of land is the best tax that can be imposed. Tax manufactures, and the effect is to check manufacturing; tax improvement, and the effect is to lessen improvement; tax commerce - and the effect is to prevent exchange; tax capital, and the effect is to drive it away. But the whole value of land may be taken in taxation, and the effect will be to stimulate industry, to open new opportunities to capital, and to increase the production of wealth.

Ease and Cheapness of Collection

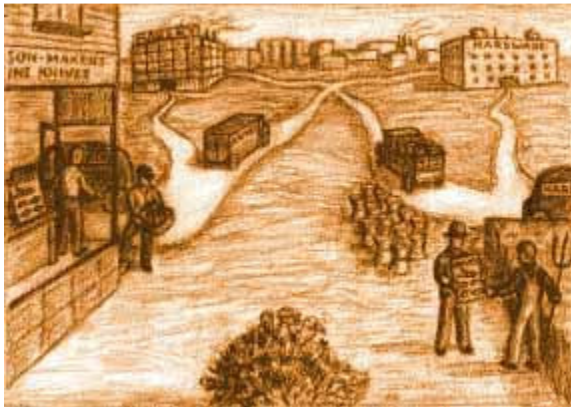
With, perhaps, the exception of certain licenses and stamp duties, which may be made almost to collect themselves but which can be relied on for only a trivial amount of revenue, a tax upon land values can, of all taxes, be most easily and cheaply collected.

For land cannot be hidden or carried off; its value can be readily ascertained and, the assessment once made, nothing but a receiver is required for collection.

A tax on land values does not add to prices, and is thus paid directly by the persons on whom it falls; whereas all taxes upon things of unfixed quantity increase prices, and in the course of exchanges they are shifted from seller to buyer, increasing as they go.

If we impose a tax upon money loaned, as has been often attempted, the lender will charge the tax to the borrower, and the borrower must pay it or not obtain the loan. If the borrower uses it in his business, he in his turn must get back the tax from his customers, or his business becomes unprofitable.

If we impose a tax upon buildings, the users of buildings must finally pay it, for the erection of buildings will cease until building rents become high enough to pay the regular profit and the tax besides.



If we impose a tax upon manufactures or imported goods, the manufacturer or importer will charge it in a higher price to the buyer, the buyer to the retailer, and the retailer to the consumer. Now the consumer, on whom the tax thus ultimately falls, must not only pay the amount of the tax, but also a profit on this amount to every one who has thus advanced it - for profit on the capital he has advanced in paying taxes is as much required by each dealer as profit on the capital he has advanced in paying for

goods.

In this way all taxes which add to prices are shifted from hand to hand, increasing as they go, until they ultimately rest upon consumers, who thus pay much more than is received by the government.

Though a tax on rent compels payment from landowners, it gives them no power to obtain more for the use of their land. On the contrary, by compelling those who hold land on speculation to sell or let for what they can get, a tax on land values tends to increase the competition between owners and thus to reduce the price of land.

The Element of Certainty

Certainty is an important element in taxation, for just as the collection of a tax depends upon the diligence and faithfulness of the collectors and the public spirit and honesty of those who are to pay it, so will opportunities be opened for tyranny and corruption on the one side and for evasions and frauds on the other.

The constant under-valuations of the Custom House, the ridiculous untruthfulness of income tax returns, and the absolute impossibility of getting anything like a just valuation of personal property, are matters of notoriety. The material loss that such taxes inflict - the item of cost that this uncertainty adds to the amount paid by the people but not received by the government - is very great. When coasts and frontiers are lined with an army of men endeavoring to prevent smuggling, and another army of men is engaged in evading them, it is evident that the maintenance of both armies has to come from the produce of labour and capital. The expenses and profits of the smugglers, as well as the pay of the Custom House officers, constitute a tax upon the industry of the nation, in addition to the tax that is received by the government. And so all moneys expended in procuring acts or decisions which avoid taxation; all the costly modes of so bringing in goods as to evade duties; all expenses of legal proceedings and punishments, not only to the government, but to those prosecuted, are so much which these taxes take from the general fund of wealth without adding to the revenue.

Yet this is the least part of the cost. Taxes that lack the element of certainty tell most fearfully upon morals. The revenue laws as a body might well be entitled, "Acts to promote the corruption of public officials, to suppress honesty and encourage fraud, to set a premium upon perjury and the subornation of perjury, and to divorce the idea of law from the idea of justice." This is their true character, and in this they succeed admirably.

The tax on land values possesses in the highest degree the element of certainty. It may be assessed and collected with a definiteness that partakes of the immovable and inconceivable character of the land itself. Were all taxes placed upon land values, irrespective of improvements, the scheme of taxation would be so simple and clear, and public attention would be so directed to it, that the valuation for taxation could and would be made with the same certainty as when a real estate agent determines the price a seller can get for a lot.

The Element of Equality

The common idea which our systems of taxing everything vainly attempt to carry out is that everyone should pay taxes in proportion to his means, or in proportion to his income. But waiving all the insuperable practical difficulties in the way of taxing everyone according to his means, it is evident that justice cannot be thus attained.

Here, for instance, are two men of equal means, or equal incomes, one having a large family, the other having no one to support but himself. Upon these two men indirect taxes fall very unequally, as the one cannot avoid the taxes on the food, clothing, etc., consumed by his family, while the other need pay only upon the necessaries consumed by himself. But supposing taxes levied directly, so that each pays the same amount. The income of the one is charged with the support of six, eight, or ten persons; the income of the other with that of but a single person. But it may be said that this is a difficulty that cannot be got over; that it is nature herself that brings human beings helpless into the world and devolves their support upon the parents, providing in compensation therefore

her own sweet and great rewards. Very well then, let us turn to nature and read the mandates of justice in her law.

Nature gives to labour, and to labour alone. In a very Garden of Eden a man would starve but for human exertion. Now here are two men of equal incomes - that of the one derived from the exertion of his labour, that of the other from the rent of land. Is it just that they should contribute equally to the expenses of the state? Evidently not. The income of the one represents wealth he creates and adds to the general wealth of the community; the income of the other represents merely wealth that he takes from the general stock, returning nothing. The right of the one to the enjoyment of one's income rests on the warrant of nature, which returns wealth to labour. The right of the other to the enjoyment of his income is a mere fictitious right, the creation of municipal regulation, which is unknown and unrecognized by nature. The father who is told that from his labour he must support his children must acquiesce, for such is the natural decree; but he may justly demand that from the income gained by his labour not one penny shall be taken, so long as a penny remains of incomes that are gained through monopoly of the opportunities nature offers impartially to all, and in which his children have, as their birthright, an equal share.

The equal taxation of all species of property is commonly insisted upon on the ground that all property is equally protected by the state. The basis of this idea is evidently that the enjoyment of property is made possible by the state; that there is a value created and maintained by the community, which is justly called upon to meet community expenses. Now, of what values is this true? Only of the value of land. This is a value that does not arise until a community is formed and, unlike other values, it grows with the growth of the community. It exists only as the community exists. Scatter again the largest community, and land, now so valuable, would have no value at all. With every increase of population the value of land rises; with every decrease it falls. This is true of nothing else save of things which, like the ownership of land, are in their nature monopolies.

The tax upon land values falls upon those who receive from society a peculiar and valuable benefit, and upon them in proportion to the benefit they receive. It is the taking by the community, for the use of the community, of the value that is the creation of the community. It is the application of the common property to common uses. When all rent is taken by taxation for the needs of the community, no citizen will have an advantage over any other citizen save as is given by his industry, skill and intelligence; and each will obtain what he fairly earns.

CHAPTER 18

ENDORSEMENTS AND OBJECTIONS

The grounds from which we have drawn the conclusion that the tax on land values or rent is the best method of raising public revenues have been admitted expressly or tacitly by all economists of standing, since the determination of the nature and of the law of rent.

Ricardo (1) says: "A tax on rent would affect rent only; it would fall wholly on landlords, and could not be shifted to any class of consumers," for it "would leave unaltered the difference between the produce obtained from the least productive land in cultivation and that obtained from land of every other quality.... A tax on rent would not discourage the cultivation of fresh land, for such land pays no rent, and would be untaxed."

McCulloch (2) declares that "in a practical point of view, taxes on the rent of land are among the most unjust and impolitic that can be imagined," but he makes this assertion solely on the ground of his assumption that it is practically impossible to separate the gross rent of land in an old settled and highly improved country into its components or to distinguish between the sum paid for the use of the soil and that paid on account of the capital expended upon it. On the other hand, he asserts that, if this separation were effected "the sum paid to landlords for the use of the natural powers of the soil might be entirely swept away by a tax, without their having it in their power to throw any portion of the burden upon anyone else," and without affecting the price of produce.

In fact, that rent should be the peculiar subject of taxation, on grounds both of expediency and justice, is involved in the accepted doctrine of rent, and may be found in embryo in the works of all economists who have accepted the law of Ricardo. That these principles have not been pushed to their necessary conclusions evidently arises from the indisposition to endanger or offend the enormous interest involved in private ownership in land, and from the false theories in regard to wages and the cause of poverty that have dominated economic thought.

The French Physiocrats

But there has been a school of economists who plainly perceived, what is clear to the natural perceptions of men when uninfluenced by habit, that the revenues of the common property, land, ought to be appropriated to the common service. As I am acquainted with the doctrines of Quesnay and his disciples only at second hand, through the medium of the English writers, I am unable to say how far his peculiar ideas as to agriculture being the only productive avocation, etc., are erroneous apprehensions, or mere peculiarities of terminology. But of this I am certain from the proposition in which his theory culminated - he saw the fundamental relation between land and labour that has since been lost sight of, and he arrived at practical truth, though, it may be, through a course of defectively expressed reasoning. The causes that leave in the hands of the landlord a "produce net" were by the Physiocrats no better explained than the suction of a pump was explained by

the assumption that nature abhors a vacuum. But the fact in its practical relations to social economy was recognized, and the benefit that would result from the perfect freedom given to industry and trade by a substitution of a tax on rent for all the impositions that hamper and distort the application of labour was as clearly seen by them. One of the things most to be regretted about the French Revolution is that it overwhelmed the ideas of the Economists, just as they were gaining strength among the thinking classes, and were apparently about to influence fiscal legislation.

Separating the Value of Land

The only objection to the tax on rent or land values that is to be met with in standard politico-economic works is one which concedes its advantages. It is that, because of the difficulty of separating the value of land from the value of improvements, we might, while taxing the rent of land, tax something else. McCulloch, for instance, declares taxes on the rent of land to be impolitic and unjust because the return received for the natural and inherent powers of the soil cannot be clearly distinguished from the return received from improvements and meliorations, which might thus be discouraged. If it discourages production to tax values that labour and capital have intimately combined with the value of land, how much greater discouragement is involved in taxing not only these, but all the clearly distinguishable values that labour and capital create?



No one can be rightfully entitled to the ownership of anything which is not the produce of his labor... and the recognition of private property in land is a wrong.

But as a matter of fact, the value of land can always be distinguished from the value of improvements. In countries like the United States there is much valuable land that has never been improved; and in many of the States the value of the land and the value of improvements are habitually estimated separately by the assessors, though afterwards reunited under the term real estate. Frequently land is owned by one person and the buildings by another, and when a fire occurs and improvements are destroyed, a clear and definite value remains in the land. In the oldest country in the world no difficulty whatever can attend the separation, if all that be attempted is to separate the value of the clearly distinguishable improvements, made within a moderate period, from the value of the land, should they be destroyed. This, manifestly, is all that justice or policy requires. Absolute accuracy is impossible in any system, and to attempt to separate all that the human race has done from what nature originally provided would be as absurd as it is impracticable. A swamp drained or a hill terraced by the Romans constitutes now as much a part of the natural advantages of the British Isles as though the work had been done by earthquake or glacier. The fact that after a certain lapse of time the value of such

permanent improvements would be considered as having lapsed into that of the land, and would be taxed accordingly, could have no deterrent effect on such improvements. The fact is that each generation builds and improves for itself, and not for the remote future.

Attitude of Interested Parties

But it may be asked: If the tax on land values is so advantageous a mode of raising revenue, how is it that so many other taxes are resorted to in preference by all governments?

The answer is obvious: The tax on land values falls upon the owners of land, and there is no way in which they can shift the burden upon any one else. Hence a large and powerful class is directly interested in keeping down the tax on land values and substituting, as a means for raising the required revenue, taxes on other things, just as the landowners of England, in the seventeenth century, succeeded in substituting an excise, which fell on all consumers, for the dues under the feudal tenures, which fell only on them.

There is thus a definite and powerful interest opposed to the taxation of land values; but to the other taxes upon which modern governments so largely rely there is no special opposition. The ingenuity of statesmen has been exerted in devising schemes of taxation that drain the wages of labour and the earnings of capital. Nearly all of these taxes are ultimately paid by the consumer; and he pays them in a way that does not call his attention to the fact - pays them in such small amounts and in such insidious modes that he does not notice it, and is not likely to take the trouble to remonstrate effectually. Those who pay the money directly to the tax collector are not only not interested in opposing a tax they so easily shift from their own shoulders, but are very frequently interested in its imposition and maintenance, as are other powerful interests that profit, or expect to profit, by the increase of prices such taxes bring about. Licence taxes are generally favoured by those on whom they are imposed, as they tend to keep others from entering the business. Imposts upon manufactures are frequently grateful to large manufacturers for similar reasons. Duties on imports not only tend to give certain producers special advantages, but accrue to the benefit of importers or dealers who have large stocks on hand. And so in the case of all such taxes, there are particular interests, capable of ready organization and concerted action, which favour the imposition of the tax, while, in the case of a tax upon the value of land, there is a solid and sensitive interest ready to oppose it steadily and bitterly.

(1) *Principles of Political Economy and Taxation*, chapter 10.

(2) Note No. 24 Of the "Supplemental Notes and Dissertations" in his edition, 1838, of Adam Smith's *Wealth of Nations*.

(3) This alleged difficulty can only apply to expenditures on improvements like manuring, draining, levelling, embankment and reclamation that merge in the land and are therefore not readily observable in the eyes of the valuer whose instructions are to assess the value of land on the assumption that any buildings and improvements thereon or therein did not exist. Making allowance for improvements that merge in the land is a familiar feature in the legislation in several countries where land value taxation is in some

measure already in operation. For example, in Denmark, provision for such allowance is made on proof of the expenditure incurred, setting however a time limit of thirty years during which the expenditure is considered to have been recouped. Of similar effect are the provisions in United Kingdom law whereby occupiers of farm land are indemnified, on the transfer or sale of land, for the unexhausted value of the improvements they have made at their own expense during their tenure. A.W.M.

CHAPTER 19

PROPERTY IN LAND HISTORICALLY CONSIDERED



The discovery of gold in California threw men back on first principles, and it was by common consent declared that this gold-bearing land should remain common property.

The treatment of land as individual property is so thoroughly recognized in our laws, manners and customs that the vast majority never think of questioning it but look upon it as necessary to the use of land.

If it were true that land had always been treated as private property, that would not prove the justice or necessity of continuing so to treat it, any more than the universal existence of slavery, which might once have been safely affirmed, would prove the justice or necessity of making property of human flesh and blood. Wherever we can trace the early history of society, whether in Asia, in Europe, in Africa, in America, or in Polynesia, land has been considered as common property. That is to say, all members of the community had equal rights to the use and enjoyment of the land of the community.

This recognition of the common right to land did not prevent the full recognition of the particular and exclusive right in things that are the result of labour, nor was it abandoned when the development of agriculture had imposed the necessity of recognizing exclusive possession of land in order to secure the exclusive enjoyment of the results of the labour expended in cultivating it. The division of land between the industrial units, whether families, joint families, or individuals, only went as far as was necessary for that purpose.

The causes that have operated to supplant this original idea of the equal right to the use of land by the idea of exclusive and unequal rights may, I think, be everywhere traced. They are everywhere the same that have led to the denial of equal personal rights and the establishment of privileged classes.

These causes may be summarized as the concentration of power in the hands of chieftains and the military class, consequent on a state of warfare, which enabled them to monopolize common lands.

Greece and Rome

It was the struggle between the idea of equal rights to the soil and the tendency to monopolize it in individual possession that caused the internal conflicts of Greece and Rome; and it was the final triumph of this tendency that destroyed both. Great states ruined Greece, as afterwards "great estates ruined Italy." (*Latifundia perdidere Italiam* - Pliny.) And as the soil, in spite of the warnings of great legislators and statesmen, passed finally into the possession of a few, population declined, art sank, the intellect became emasculate, and the race in which humanity had attained its most splendid development became a byword and reproach among men.

The idea of absolute individual property in land, which modern civilization derived from Rome, reached its full development there in historic times. When the future mistress of the world first loomed up, each citizen had his little homestead plot, which was inalienable, and the general domain - "the corn-land that was of public right" - was subject to common use. It was from this public domain, constantly extended by conquest, that the patrician families succeeded in carving their great estates. These great estates, by the power with which the great attracts the less, in spite of temporary checks by legal limitation and recurring divisions, finally crushed out all the small proprietors. Their little patrimonies were added to the *latifundia* of the enormously rich, while the small proprietors were forced into the slave gangs, became rent-paying *colonii*, or else were driven into the freshly conquered foreign provinces, where land was given to the veterans of the legions; or to the metropolis, to swell the ranks of the proletariat who had nothing to sell but their votes.

Caesarism, soon passing into an unbridled despotism of the Eastern type, was the inevitable political result, and the empire, even while it embraced the world, became in reality a shell, kept from collapse only by the healthier life of the frontiers, where the land had been divided between military settlers or where the primitive usages longer survived. But the *latifundia*, which had devoured the strength of Italy, crept steadily outward, carving the surface of Sicily, Africa, Spain and Gaul into great estates cultivated by slaves or tenants. The hardy virtues born of personal independence died out. An exhaustive agriculture impoverished the soil, and wild beasts supplanted men, until at length the barbarians broke through. Rome perished, and of a civilization once so proud nothing was left but ruins.

Feudal Tenure

The feudal system, which is not peculiar to Europe, but seems to be the natural result of the conquest of a settled country by a race among whom equality and individuality are yet strong, clearly recognized, in theory at least, that the land belongs to society at large, not to the individual.

In the feudal scheme the crown lands supported public expenditures that are now included in the civil list, the church lands defrayed the cost of public worship and

instruction, covered the care of the sick and the destitute, and maintained a class of men who were supposed to be, and no doubt to a great extent were, devoting their lives to purposes of public good; while the military tenures provided for the public defence. In the obligation under which the military tenant lay to bring into the field such and such a force when need should be, as well as in the aid he had to give when the sovereign's eldest son was knighted, his daughter married, or the sovereign himself made prisoner of war, was a rude and inefficient recognition, but still unquestionably a recognition, of the fact that land is not individual property but is common property.

Nor yet was the control of land by the possessor allowed to extend beyond his own life. Although the principle of inheritance soon displaced the principle of selection, as where power is concentrated it always must, yet feudal law required that there should always be some representative of a fief, capable of discharging the duties as well as of receiving the benefits that were annexed to a landed estate. Who this should be was not left to individual caprice, but was rigorously determined in advance.

Enclosures of Common Land

The feudal system in its rise and development changed an absolute tenure into a conditional tenure, and imposed peculiar obligations in return for the privilege of receiving rent. And amid that system there remained, or there grew up, communities of cultivators, more or less subject to feudal dues, who tilled the soil as common property; and although the lords, where and when they had the power, claimed pretty much all they thought worth claiming, yet the idea of common right was strong enough to attach itself by custom to a considerable part of the land.

The commons, in feudal ages, must have embraced a very large proportion of the area of most European countries. The extent of the common land of England during the feudal ages may be inferred from the fact that though enclosures by the landed aristocracy began during the reign of Henry VII, it is stated that no less than 7,660,413 acres of common lands were enclosed under Acts passed between 1710 and 1843, of which 600,000 acres have been enclosed since 1845; and it is estimated that there still remain 2,000,000 acres of common in England.

Apprehension of Land as Common Property

The doctrine of eminent domain, which makes the sovereign theoretically the only absolute owner of land, springs from nothing but the recognition of the sovereign as the representative of the collective rights of the people. Primogeniture and entail are but distorted forms of what was once an outgrowth of the apprehension of land as common property. The very distinction made in legal terminology between real and personal property is but the survival of a primitive distinction between what was originally looked upon as common property and what from its nature was always considered the peculiar property of the individual. And the greater care and ceremony still required for the

ceremonious consent once required for the transfer of rights that were looked upon as belonging not to any one member but to every member of a family or tribe.

The general course of the development of modern civilization since the feudal period has been to the subversion of those natural and primary ideas of collective ownership in the soil. Paradoxical as it may appear, the emergence of liberty from feudal bonds has been accompanied by a tendency, in the treatment of land, to the form of ownership that involves the enslavement of the working-classes. This is now beginning to be strongly felt all over the civilized world in the pressure of an iron yoke, which cannot be relieved by any extension of mere political power or personal liberty and which is mistaken by political economists for the pressure of natural laws, and by workmen for the oppressions of capital.

Creation of Great Estates

This is clear - that in Great Britain the right of the people as a whole to the soil of their native country is much less fully acknowledged than it was in feudal times. A much smaller proportion of the people own the soil, and their ownership is much more absolute. The commons, once so extensive and so largely contributing to the independence and support of the lower classes, have, all but a small remnant of yet worthless land, been appropriated to individual ownership and enclosed. The great estates of the Church, which were essentially common property devoted to a public purpose, have been diverted from that trust to enrich individuals. The dues of the military tenants have been shaken off, and the cost of maintaining the military establishment and paying the interest upon an immense debt accumulated by wars has been saddled upon the whole people, in taxes upon the necessaries and comforts of life. The Crown lands have mostly passed into private possession. The English yeoman is as extinct as the mastodon. The Scottish clansman, whose right to the soil of his native hills was then as undisputed as that of his chieftain, was driven out to make room for the sheep ranges or deer parks of that chieftain's descendants. The tribal right of the Irishman was turned into a tenancy-at-will. The vast majority of the British people have no right whatever to their native land save to walk the streets or trudge the roads. To them may be fittingly applied the words of a Tribune of the Roman People, Tiberius Gracchus:

"Men of Rome, you are called the lords of the world, yet have no right to a square foot of its soil. The wild beasts have their dens, but the soldiers of Italy have only water and air."

The growth of national power, either in the form of royalty or parliamentary government, stripped the great lords of individual power and importance, and of their jurisdiction and power over persons, and so repressed striking abuses. The disintegration of the large feudal estates operated to increase the number of landowners, and the abolition of the restraints by which landowners endeavoured to compel labourers to remain on their estates also contributed to draw away attention from the essential injustice involved in private property in land. At the same time, the steady progress of legal ideas drawn from

tended to level the natural distinction between property in land and property in other things. Thus, with the extension of personal liberty, went on an extension of individual proprietorship in land.

The Tenure of Land - the Fundamental Fact

The political power of the barons, moreover, was not broken by the revolt of the classes who could clearly feel the injustice of land ownership. Such revolts took place, again and again; but again and again they were repressed with vile cruelties. What broke the power of the barons was the growth of the artisan and trading classes, between whose wages and rent there is not the same obvious relation. These classes, too, developed under a system of close guilds and corporations, which enabled them somewhat to fence themselves in from the operation of the general law of wages. These classes did not see, and do not yet see, that the tenure of land is the fundamental fact which must ultimately determine the conditions of industrial, social and political life. And so the tendency has been to assimilate the idea of property in land with that of property in things of human production, and steps backwards have even been hailed as steps in advance.

Origin of National Debts

The French Constituent Assembly, in 1789, thought it was sweeping away a relic of tyranny when it abolished tithes and imposed the support of the clergy on general taxation. The Abbe Sieyes stood alone when he told them that they were simply remitting to the proprietors a tax that was one of the conditions on which they held their lands and re-imposing it on the labour of the nation. But in vain. The Abbe Sieyes, being a priest, was looked on as defending the interests of his order, when in truth he was defending the rights of man. In those tithes, the French people might have retained a large public revenue which would not have taken one centime from the wages of labour or the earnings of capital.

And so the abolition of the military tenures in England by the Long Parliament, ratified after the accession of Charles II, though simply an appropriation of public revenues by the feudal landholders who thus got rid of the consideration on which they held the common property of the nation and saddled it on the people at large in the taxation of all consumers, has been long characterized, and is still held up in the law books as a triumph of the spirit of freedom. Yet here is the source of the immense debts and heavy taxation of England. Had the form of these feudal dues simply been changed into one better adapted to the changed times, English wars need never have occasioned the incurring of debt to the amount of a single pound, and the labour and capital of England need not have been taxed a single farthing for the maintenance of a military establishment. All this would have come from rent, which the landholders since that time have appropriated to themselves.

CHAPTER 20

THE RIGHTFUL BASIS OF PROPERTY

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.

What constitutes the rightful basis of property? What is it that enables a man justly to say of a thing, "It is mine?" From what springs the sentiment that acknowledges his exclusive right as against all the world? Is it not, primarily, the right of a man to himself, to the use of his own powers, to the enjoyment of the fruits of his own exertions? Is it not this individual right, which springs from and is testified to by the natural facts of individual organization - the fact that each particular pair of hands obey a particular brain and are related to a particular stomach; the fact that each man is a definite, coherent, independent whole - which alone justifies individual ownership? As a man belongs to himself, so his labour when put in concrete form belongs to him. And for this reason, that which a man makes or produces is his own, as against all the world. No one else can rightfully claim it, and his exclusive right to it involves no wrong to any one else.

Thus there is to everything produced by human exertion a clear and indisputable title to exclusive possession and enjoyment, which is perfectly consistent with justice, as it descends from the original producer, in whom it vested by natural law.

Title to Ownership - How Derived

Now, this is not only the original source from which all ideas of exclusive ownership arise - as is evident from the natural tendency of the mind to revert to it when the idea of exclusive ownership is questioned, and the manner in which social relations develop - but it is necessarily the only source. There can be to the ownership of anything no rightful title that is not derived from the title of the producer and does not rest upon the natural right of the man to himself. There can be no other rightful title, because there is no other natural right from which any other title can be derived, and because the recognition of any other title is inconsistent with and destructive of this.

For what other right exists from which the right to the exclusive possession of anything can be derived, save the right of a man to himself. With what other power is man by nature clothed, save the power of exerting his own faculties? How can he in any other

way act upon or affect material things or other men? Paralyse the motor nerves, and your man has no more external influence or power than a log or stone. From what else, then, can the right of possessing and controlling things be derived? If it spring not from man himself, from what can it spring?

Nature acknowledges no ownership or control in man save as the result of exertion. In no other way can her treasures be drawn forth, her powers directed, or her forces utilized or controlled. She makes no discriminations among men, but is to all absolutely impartial. She knows no distinction between master and slave, king and subject, saint and sinner. All men to her stand upon an equal footing and have equal rights. She recognizes no claim but that of labour, and recognizes that without respect to the claimant. If a pirate spread his sails, the wind will fill them as well as it will fill those of a peaceful merchantman or missionary barque. If a king and a common man be thrown overboard, neither can keep his head above water except by swimming. Birds will not come to be shot by the proprietor of the soil any quicker than they will come to be shot by the poacher. Fish will bite or will not bite at a hook in utter disregard as to whether it is offered them by a good little boy who goes to Sunday-school, or a bad little boy who plays truant. Grain will grow only as the ground is prepared and the seed is sown. It is only at the call of labour that ore can be raised from the mine. The sun shines and the rain falls alike upon the just and the unjust.

Secondly, this right of ownership that springs from labour excludes the possibility of any other right of ownership. If a man be rightfully entitled to the produce of his labour, then no one can be rightfully entitled to the ownership of anything that is not the produce of labour or of the labour of someone else from whom the right has passed to him. If production gives 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 labour, and the recognition of private property in land is wrong. For the right to the produce of labour cannot be enjoyed without the right to the free use of the opportunities offered by nature, and to admit the right of property in these is to deny the right of property in the produce of labour. When non-producers can claim as rent a portion of the wealth created by producers, the right of the produces to the fruits of their labour is to that extent denied. There is no escape from this position.

Confusions as to Property

What most prevents the realization of the injustice of private property in land is the habit of including all the things that are made the subject of ownership in one category as property or, if any distinction is made, drawing the line according to the unphilosophical distinction of the lawyers between personal property and real estate, or things movable and things immovable. The real and natural distinction is between things that are the produce of labour and things that are the gratuitous offerings of nature; or, to adopt the terms of Political Economy, between wealth and land.

These two classes of things are in essence and relations widely different, and to class

them together as property is to confuse all thought when we come to consider the justice or the injustice, the right or the wrong of property.

A house and the lot on which it stands are alike property, as being the subject of ownership, and are alike classed by the lawyers as real estate. Yet in nature and relations they differ widely. The one is produced by human labour, and belongs to the class in Political Economy styled wealth. The other is a part of nature, and belongs to the class in Political Economy styled land.

The essential character of the one class of things is that they embody labour, are brought into being by human exertion, their existence or non-existence, their increase or diminution, depending on man. The essential character of the other class of things is that they do not embody labour, and exist irrespective of human exertion and irrespective of man; they are the field or environment in which man finds himself; the storehouse from which his needs must be supplied; the raw material upon which, and the forces with which, his labour alone can act.

The moment this distinction is realized, that moment is it seen that the sanction that natural justice gives to one species of property is denied to the other; that the rightfulness that attaches to individual property in the produce of labour implies the wrongfulness of individual property in land; that, whereas the recognition of the one places all men upon equal terms, securing to each the due reward of his labour, the recognition of the other is the denial of the equal rights of men, permitting those who do not labour to take the natural reward of those who do.



Is it any wonder that to the slaveholders of the South the demand for the abolition of slavery seemed like the cant of hypocrisy?

The Equal Right to Land

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

There is in nature no such thing as a fee simple in land. There is on earth no power which can rightfully make

a grant of exclusive ownership in land. If all existing men were to unite to grant away their equal rights, they could not grant away the right of those who follow them.

For what are we but tenants for a day? Have we made the earth, that we should determine the rights of those who after us shall tenant it in their turn? Let the parchments be ever so many, or possession ever so long, natural justice can recognize no right in one man to the possession and enjoyment of land that is not equally the right of all his fellows.

If one man command the land upon which others must labour, he can appropriate the produce of their labour as the price of his permission to labour. The fundamental law of nature, that her enjoyment by man shall be consequent upon his exertion, is thus violated. The one receives without producing; the others produce without receiving. The one is unjustly enriched; the others are robbed. To this fundamental wrong we have traced the unjust distribution of wealth which is separating modern society into the very rich and the very poor. It is the continuous increase of rent, the price that labour is compelled to pay for the use of land, which strips the many of the wealth they justly earn and piles it up in the hands of the few who do nothing to earn it.

Distinction between Ownership and Use

The right to exclusive ownership of anything of human production is clear. No matter how many the hands through which it has passed, there was, at the beginning of the time, human labour - someone who, having procured or produced it by his exertions, had to it as against all the rest of mankind a clear title which could justly pass from one to another by sale or gift. But at the end of what string of conveyances or grants can be shown or supposed a like title to any part of the material universe? To improvements such an original title can be shown; but it is a title only to the improvements, and not to the land itself. If I clear a forest, drain a swamp, or fill a morass, all I can justly claim is the value given by these exertions. They give me no right to the land itself, no claim other than to my equal share with every other member of the community in the value that is added to it by the growth of the community.

But it will be said: There are improvements which in time become indistinguishable from the land itself! Very well. Then the title to the improvements becomes blended with the title to the land, the individual right is lost in the common right. It is the greater that swallows up the less, not the less that swallows up the greater. Nature does not proceed from man, but man proceeds from nature, and it is into the bosom of nature that he and all his works must return again.

Yet it will be said: As every man has a right to the use and enjoyment of nature, the man who is using land must be permitted the exclusive right to its use in order that he may get the full benefit of his labour. But there is no difficulty in determining where the individual right ends and the common right begins. A delicate and exact test is supplied by value, and with its aid there is no difficulty, no matter how dense population may become, in determining and securing the exact rights of each, the equal rights of all.

The value of land, as we have seen, is the price of monopoly. It is not the absolute, but the relative, capability of land that determines its value. No matter what may be its

intrinsic qualities, land that is no better than other land that may be had for the using can have no value. And the value of land always measures the difference between it and the best land that may be had for the using. Thus the value of land expresses in exact and tangible form the right of the community to land held by an individual and rent expresses the exact amount which the individual should pay to the community to satisfy the equal rights of all other members of the community.

How to Ensure the Best Use of Land

It will be obvious to whoever will look around him that what is required for the improvement of land is not absolute ownership of the land, but security for the improvements.

Nothing is more common than for land to be improved by those who do not own it. The greater part of the land of Great Britain is cultivated by tenants, the greater part of the buildings of London are built upon leased ground, and even in the United States the same system prevails everywhere to a greater or less extent. Thus it is a common matter for use to be separated from ownership. Would not all this land be cultivated and improved just as well if the rent went to the State or municipality, as now when it goes to private individuals?

If no private ownership in land were acknowledged, but all land were held in this way, the occupier or user paying rent to the State, would not land be used and improved as well and as securely as now? There can be but one answer: Of course it would.



Give a man security that he may reap,
and he will sow; assure him of the pssession
of the house he wants to build, and he will build it.

It is not necessary to say to a man, "this land is yours," in order to induce him to cultivate or improve it. It is only necessary to say to him, "whatever your labour or capital produces on the land shall be yours." Give a man security that he may reap, and he will sow; assure him of the possession of the house he wants to build, and he will build it. These are the natural rewards of labour. It is for the sake of the reaping that men sow; it is for the sake of possessing houses that men build. The ownership of land has nothing to do with it.

It is not the magic of property, as Arthur Young said, that has turned Flemish sands into fruitful fields. It is the magic of security to labour. This can be secured in other ways than by making land private property. The mere pledge of an Irish landlord that for twenty

years he would not claim in rent any share in their cultivation induced Irish peasants to turn a barren mountain into gardens; on the security of a fixed ground rent for a term of years the most costly buildings of such cities as London and New York are erected on leased ground.

The complete recognition of common rights to land need in no way interfere with the complete recognition of individual rights to improvements or produce. Two men may own a ship without sawing her in half. The ownership of a railway may be divided into a hundred thousand shares, and yet trains be run with as much system and precision as if there were but a single owner. In London, joint stock companies have been formed to hold and manage real estate. Everything could go on as now, and yet the common right to land be fully recognized by appropriating rent to the common benefit.

The Rights of Successive Generations

As for the deduction of a complete and exclusive individual right to land from priority of occupation, that is if possible the most absurd ground on which land ownership can be defended. Priority of occupation give exclusive and perpetual title to the surface of a globe on which, in the order of nature, countless generations succeed each other! Had the men of the last generation any better right to the use of this world than we of this? Or the men of a hundred years ago? Or of a thousand years ago? Or the moundbuilders, or the cave-dwellers, the contemporaries of the mastodon and the three-toed horse, or the generations still further back who, in dim aeons that we can only think of as geologic periods, followed each other on the earth we now tenant for our little day?

Has the first comer at a banquet the right to turn back all the chairs and claim that none of the other guests shall partake of the food provided, except as they make terms with him? Does the first man who present a ticket at the door of a theatre, and passes in, acquire by his priority the right to shut the doors and have the performance go on for him alone? Does the first passenger who enters a railway carriage obtain the right to scatter his baggage over all the seats and compel the passengers who come in after him to stand up?

Our rights to take and possess cannot be exclusive; they must be bounded everywhere by the equal rights of others. just as the passenger in a railway carriage may spread his baggage over as many seats as he pleases, until other passengers come in, so may a settler take and use as much land as he chooses, until it is needed by others - a fact that is shown by the land acquiring a value - when his right must be curtailed by the equal rights of the others, and no priority of appropriation can give a right that will bar these equal rights of others. If this were not the case, then by priority of appropriation one man could acquire and could transmit to whom he pleased, not merely the exclusive right to a few acres, but to a whole township, a whole country, a whole continent.

CHAPTER 21

CLAIM OF LANDOWNERS TO COMPENSATION

It is impossible for anyone to study Political Economy, or to think at all upon the production and distribution of wealth, without seeing that property in land differs from property in things of human production.

This is admitted, either expressly or tacitly, in every standard work on Political Economy, but in general only by vague admission or omission. Attention is in general called away from the truth, as a lecturer on moral philosophy in a slave-holding community might call away attention from too close a consideration of the natural rights of men; and private property in land is accepted without comment, as an existing fact, or is assumed to be necessary to the proper use of land and the existence of the civilized state.

The consideration that seems to cause hesitation is the idea that having permitted land to be treated as private property for so long, we should in abolishing it be doing a wrong to those who have been suffered to base their calculations upon its permanence; that having permitted land to be held as rightful property we should by the resumption of common rights be doing injustice to those who have purchased it with what was unquestionably their rightful property.

Thus it is held that if we abolish private property in land, justice requires that we should fully compensate those who now possess it, as the British government, in abolishing the purchase and sale of military commissions, felt itself bound to compensate those who held commissions which they had purchased in the belief that they could sell them again; or as, in abolishing slavery in the British West Indies, the sum of 20,000,000 pounds was paid to the slaveholders.

Land Purchase and Nationalization Condemned

It is this idea that suggests the proposition that the government shall purchase at its market price the individual proprietorship of the land of the country; the idea also which led John Stuart Mill, although clearly perceiving the essential injustice of private property in land, to advocate, not a full resumption of the land, but only a resumption of accruing advantages in the future. His plan was that a fair and even liberal estimate should be made of the market value of all the land in the kingdom, and that future additions to that value, not due to the improvements of the proprietor, should be taken by the state.

To say nothing of the practical difficulties that such cumbrous plans involve, the extension of the functions of government they would require and the corruption they would beget, their inherent and essential defect lies in the impossibility of bridging over by any compromise the radical difference between wrong and right. Just in proportion as the interests of the landholders are conserved, just in that proportion must general

interests and general rights be disregarded, and if landholders are to lose nothing of their special privileges, the people at large can gain nothing.

To buy up individual property rights would merely be to give the landholders in another form a claim of the same kind and amount that their possession of land now gives them. It would be to raise for them by taxation the same proportion of the earnings of labour and capital that they are now enabled to appropriate in rent. Their unjust advantage would be preserved and the unjust disadvantage of the non-landholders would be continued. To be sure there would be a gain to the people at large when the advance of rents had made the amount that the landholders would take under the present system greater than the interest upon the purchase price of the land at present rates; but this would be only a future gain, and in the meanwhile there would not only be no relief, but the burden imposed upon labour and capital for the benefit of the present landholders would be much increased. For one of the elements in the present market value of land is the expectation of future increase of value.

Thus to buy up the land at market rates and pay interest upon the purchase money would be to saddle producers not only with the payment of actual rent, but with the payment in full of speculative rent. Or to put it in another way: The land would be purchased at prices calculated upon a lower than the ordinary rate of interest (for the prospective increase in land values always makes the market price of land much greater than would be the price of anything else yielding the same present return), and interest upon the purchase money would be paid at the ordinary rate. Thus not only all that the land yields them now would have to be paid the landowners, but a considerably larger amount. It would be, virtually, the state taking a perpetual lease from the present landholders at a considerable advance in rent over what they now receive. For the present the state would merely become the agent of the landholders in the collection of their rents, and would have to pay over to them not only what they received, but considerably more.

The Case against Mere Increment Taxation

Mill's plan for nationalizing the future "unearned increase in the value of land," by fixing the present market value of all lands and appropriating to the state the future increase in value, would not add to the injustice of the present distribution of wealth, but it would not remedy it. Further speculative advance of rent would cease, and in the future the people at large would gain the difference between the increase of rent and the amount at which that increase was estimated in fixing the present value of land, in which, of course, prospective as well as present value is an element. But it would leave, for all the future, one class in possession of the enormous advantage that they now have over others.



Private property in land is a bold, bare,
enormous wrong.

Nor is it right that there should be any concern about the proprietors of land. That such a man as John Stuart Mill should have attached so much importance to the compensation of landowners as to have urged the confiscation merely of the future increase in rent, is only explainable by his acquiescence in the doctrines that wages are drawn from capital and that population constantly tends to press upon subsistence. These blinded him as to the full effects of the private appropriation of the rent of land. Great as he was and pure as he was - warm heart and noble mind - he yet never saw

the true harmony of economic laws, nor realized how from this one great fundamental wrong flow want and misery, and vice and shame. Else he could never have written this sentence: "The land of Ireland, the land of every country, belongs to the people of that country. The individuals called landowners have no right in morality and justice to anything but the rent, or compensation for its saleable value." (*Principles of Political Economy*, Book 2, chap. 2) In the name of the Prophet - figs! If the land of any country belong to the people of that country, what right, in morality and justice, have the individuals called landowners to the rent? If the land belong to the people, why in the name of morality and justice should the people pay its saleable value for their own?

Injustice of the Private Appropriation of Rent

It has been said: "Had we to deal with the parties who originally robbed the human race of its heritage, we might make short work of the matter." (*Herbert Spencer in Social Statics, first published in 1864.*)

Why not make short work of the matter anyhow? This robbery is not like theft of a horse or a sum of money that ceases with the act. It is a fresh and continuous robbery that goes on every day and every hour. It is not from the produce of the past that rent is drawn; it is from the produce of the present. It is a toll levied upon labour constantly and continuously. Every blow of the hammer, every stroke of the pick, every thrust of the shuttle, every throb of the steam engine, pays its tribute. It levies upon the earnings of those men who, deep underground, risk their lives, and of those who over white surges hang to reeling masts. It robs the shivering, of warmth; the hungry, of food; the sick, of medicine; the anxious, of peace. It debases, and embrutes, and embitters. It crowds families of eight and ten into a single squalid room. It makes lads who might be useful men candidates for prisons and penitentiaries. It sends greed and all evil passions prowling through society as a hard winter drives the wolves to the abodes of men. It darkens faith in the human soul, and across the reflection of a just and merciful Creator draws the veil of a hard, and blind, and cruel fate.

It is not merely a robbery in the past; it is a robbery in the present - a robbery that deprives of their birthright the infants that are now coming into the world. Why should we hesitate about making short work of such a system? Because you were robbed yesterday and the day before, and the day before that, is that any reason why you should suffer yourself to be robbed today and tomorrow? Any reason why you should conclude that the robber has acquired a vested right to rob you?

If the land belong to the people, why continue to permit landowners to take the rent, or compensate them in any manner for the loss of rent? Consider what rent is. It does not arise spontaneously from land; it is due to nothing that the landowners have done. It represents a value created by the whole community. Let the landholders have, if you please, all that the possession of the land would give them in the absence of the rest of the community. But rent, the creation of the whole community, necessarily belongs to the whole community.

Try the case of the landholders by the maxims of the common law by which the rights of man and man are determined. The common law we are told is the perfection of reason, and certainly the landowners cannot complain of its decision, for it has been built up by and for landowners. Now what does the law allow to the innocent possessor when the land for which he paid his money is adjudged to belong rightfully to another? Nothing at all. That he purchased in good faith gives him no right or claim whatever. The law does not concern itself with the "intricate question of compensation" to the innocent purchaser. The law does not say, as John Stuart Mill says: "The land belongs to A, therefore B who has thought himself the owner has no right to anything but the rent, or compensation for its saleable value." For that would be indeed like a famous fugitive slave case decision, in which the court was said to have given "the law to the North and the Black to the South." The law simply says: "The land belongs to A, let the Sheriff put him in possession!" It gives the innocent purchaser of a wrongful title no claim, it allows him no compensation. And not only this, it takes from him all the improvements that he has in good faith made upon the land.

You may have paid a high price for land, making every exertion to see that the title is good; you may have held it in undisturbed possession for years without thought or hint of an adverse claimant; made it fruitful by your toil or erected upon it a costly building of greater value than the land itself, or a modest home in which you hope, surrounded by the fig trees you have planted and the vines you have dressed, to pass your declining days. Yet if Quirk, Gammon and Snap can mouse out a technical flaw in your parchments or hunt up some forgotten heir who never dreamed of his rights, not merely the land, but all your improvements, may be taken away from you. And not merely that. According to the common law, when you have surrendered the land and given up your improvements, you may be called upon to account for the profits you derived from the land during the time you had it.

Now if we were to apply to this case of *The People v. The Landowners* the same maxims of justice that have been formulated by landowners into law, and are applied every day in English and American courts to disputes between man and man, we should not only not

think of giving the landholders any compensation for the land, but should take all the improvements and whatever else they might have as well.

But I do not propose, and I do not suppose that anyone else will propose, to go so far. It is sufficient if the people resume ownership of the rent of land. Let the landowners retain their improvements and personal property in secure possession.

And in this measure of justice would be no oppression, no injury to any class. The great cause of the present unequal distribution of wealth, with the suffering, degradation and waste that it entails, would be swept away. Even landholders would share in the general gain. The gain of even the large landholders would be a real one. The gain of the small landholders would be enormous. For in welcoming justice, men welcome the handmaid of Love. Peace and Plenty follow in her train, bringing their good gifts, not to some, but to all.

If in this chapter I have spoken of justice and expediency as if justice were one thing and expediency another, it has been merely to meet the objections of those who so talk. In justice is the highest and truest expediency.

CHAPTER 22

CHANGES WROUGHT IN ECONOMIC AND SOCIAL LIFE



With all the burdens removed which now oppress industry and hamper exchange, the production of wealth would go on with a rapidity now undreamed of.

The advantages that would be gained by substituting, for the numerous taxes by which the public revenues are now raised, a single tax levied upon the value of land, will appear more and more important the more they are considered.

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 that would be felt to the remotest arteries.

The present method of taxation operates upon exchange like artificial deserts and mountains.

To get goods through a customs house can cost as much as carrying them around the world. Today taxation operates upon energy, and industry, and skill, and thrift, like a fine upon those qualities. If you have worked harder and built yourself a good house while I have been contented to live in a hovel, the tax-gatherer now comes annually to make you pay a penalty for your energy and industry, by taxing you more than me. If you have saved while I have wasted, you are mulct while I am exempt.

We punish with a tax the man who covers barren fields with ripening grain; we fine him who puts up machinery and him who drains a swamp. How heavily these taxes burden production only those realize who have attempted to follow them through their ramifications, for their heaviest part is that which falls in increased prices. Manifestly these taxes are in their nature akin to the Egyptian Pasha's tax upon date trees. If they do not cause the trees to be cut down, they at least discourage the planting.

Taking Taxes Off Industry

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 horse and the locomotive, the fishing boat and the steamship, the farmer's plough and the merchant's stock, would be alike untaxed. All would be free to make or to save, to buy or

to sell, unfinned by taxes, unannoyed by the tax-gatherer. Instead of saying to the producer, as it does now, "The more you add to the general wealth the more shall you be taxed!" the Government would say, "Be as industrious, as thrifty, as enterprising as you choose, you shall have your full reward! You shall not be fined for making two blades of grass grow where one grew before; you shall not be taxed for adding to the aggregate wealth."

And will not the community gain by thus refusing to kill the goose that lays the golden eggs; by thus refraining from muzzling the ox that treadeth out the corn; by thus leaning to industry, and thrift, and skill, their natural reward, full and unimpaired? For there is to the community also a natural reward. The law of society is each for all as well as all for each. No one can keep to himself the good he may do, any more than he can keep the bad. Every productive enterprise, besides its return to those who undertake it, yields collateral advantages to others. If a man plant a fruit tree, his gain is that he gathers the fruit in its time and season. But in addition to his gain, there is a gain to the whole community. Others than the owner are benefitted by the increased supply of fruit; the birds that it shelters fly far and wide; the rain that it helps to attract falls not alone on his field; and, even to the eye which rests upon it from a distance, it brings a sense of beauty. And so with everything else. The building of a house, a factory, a ship, or a railway, benefits others besides those who get the direct gains.

Well may the community leave to the individual producer all that prompts him to exertion; well may it let the labourer have the full reward of his labour, and the capitalist the full return of his capital. For the more that labour and capital produce, the greater grows the common wealth in which all may share. And in the value or rent of land this general gain is expressed in a definite and concrete form. Here is a fund which the state may take while leaving to labour and capital their full reward.

Opening New Opportunities

To shift the burden of taxation from production and exchange to the value or rent of land would be not merely to give new stimulus to the production of wealth; it would be to open new opportunities. For under this system no one would care to hold land unless to use it, and land now withheld from use would everywhere be thrown open to improvement. And it must be remembered that this would apply not merely to agricultural land but to all land. Mineral land would be thrown open to use as would agricultural land; and in the heart of a city no one could afford to keep land from its most profitable use, or on the outskirts to demand more for it than would be warranted by the use to which it could be put at the time.

Whoever planted an orchard, or sowed a field, or built a house, or erected a manufactory, no matter how costly, would have no more to pay in taxes than if he kept so much land idle. The owner of a vacant city lot would have to pay as much for the privilege of keeping other people off it until he wanted to use it as his neighbour who has a fine house upon his lot. It would cost as much to keep a row of tumble-down shanties upon valuable

land as it would were the land covered with a grand hotel or a pile of great warehouses filled with costly goods.

The selling price of land would fall; land speculation would receive its death-blow; land monopolization would no longer pay. Thus there would disappear the premium which, wherever labour is most productive, must now be paid before labour can be exerted. The farmer would not have to pay out half his means, or mortgage his labour for years, in order to obtain land to cultivate. The company that proposed to erect a manufactory would not have to expend a great part of its capital for a site. And what would be paid from year to year to the state would be in lieu of all the taxes now levied upon improvements, machinery and stock.

Effect upon the Labour Market

Consider the effect of such a change upon the labour market. Instead of labourers competing with each other for employment, and in their competition cutting down wages to the point of bare subsistence, employers would compete for labourers and wages would rise to the fair earnings of labour. For into the labour market would have entered the greatest of all competitors for the employment of labour, a competitor whose demand cannot be satisfied - the demand of labour itself. The employers of labour would have to bid not merely against other employers, all feeling the stimulus of greater trade, but against the ability of labourers to become their own employers upon the natural opportunities thrown open to them by the tax which prevented monopolization.

With natural opportunities thus set free to labour, with capital and improvements exempt from tax and exchange released from restrictions, the spectacle of willing men unable to turn their labour into the things they want would become impossible; the recurring paroxysms which paralyse industry would cease; every wheel of production would be set in motion; trade would increase in every direction and wealth augment on every hand.

But great as they thus appear, the advantages of a transference of all public burdens to a tax upon the value of land cannot be fully appreciated until we consider the effect upon the distribution of wealth.

Effect upon Individuals and Classes

Who can say to what infinite powers the wealth-producing capacity of labour may not be raised by social adjustments that will give to the producers of wealth their fair proportion of its advantages and enjoyments? Every new power engaged in the service of man would improve the condition of all. And from the general intelligence and mental activity springing from this general improvement of conditions would come new developments of power of which as yet we cannot dream.



When it is first proposed to put all taxes upon the value of land and thus to confiscate rent, there will not be wanting appeals to the fears of small farm and homestead owners, who will be told that this is a proposition to rob them of their hard-earned property.

As material progress went on, the condition of the masses would constantly improve. Not merely one class would become richer, but all would become richer.

But a moment's reflection will show that this proposition should commend itself to all whose interests as landholders do not largely exceed their interests as labourers or capitalists, or both.

Take the case of the mechanic, shopkeeper or professional man who has secured himself a house and plot where he lives and which he contemplates with satisfaction as a place from which his family cannot be ejected in case of his death. Although he will have 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 of wages, the constant employment, and the increased briskness of trade.

And so with the farmer. I speak not of the farmer who never touches the handles of a plough, but of the working farmer who holds a small farm which he cultivates with the aid of his sons and perhaps some hired help. He would be a great gainer by the substitution of a single tax upon the value of land for all the taxes now imposed on commodities because the taxation of land values rests only on the value of land, which is low in agricultural districts as compared with towns and cities, where it is high. Acre for acre, the improved and cultivated farm, with its buildings, fences, orchard, crops and stock, would be taxed no more than unused land of equal quality. For taxes, being levied upon the value of the land alone, would fall with equal incidence upon unimproved as upon improved land.

Government Simplified

The great wrong that takes wealth from the hands of those who produce, and concentrates it in the hands of those who do not, would be gone. Whatever disparities continued to exist would be those of nature, not the artificial disparities produced by the denial of equal rights. Wealth would not only be enormously increased; it would be distributed in accordance with the degree in which the industry, skill, knowledge or prudence of each contributed to the common stock.

It is not possible without too much elaboration to notice all the changes that would be wrought, or would become possible, by a change that would readjust the very foundation of society. Among these is the great simplicity that would become possible in government. To collect taxes, to prevent and punish evasions, to check and countercheck revenues drawn from so many distinct sources, now make up a large part of the business of government. An immense and complicated network of governmental machinery would thus be dispensed with. The rise of wages, the opening of opportunities for all to make an easy and comfortable living, would at once lessen and would soon eliminate from society the thieves, swindlers and other classes of criminals who spring from the unequal distribution of wealth. Thus the administration of the criminal law, with all its paraphernalia of policemen, detectives, prisons and penitentiaries, would cease to make such a drain upon the vital force and attention of society. The legislative, judicial and executive functions of government would be vastly simplified. Society would thus approach the ideal of Jeffersonian democracy.

CHAPTER 23

THE MASTER MOTIVE OF HUMAN ACTION

In thinking of the possibilities of social organization, we are apt to assume that greed is the strongest of human motives, and that systems of administration can be safely based only upon the idea that the fear of punishment is necessary to keep men honest - that selfish interests are always stronger than general interests. Nothing could be further from the truth.

Whatever is potent for evil may be made potent for good. The change I have proposed would destroy the conditions that distort impulses in themselves beneficent, and would transmute the forces that now tend to disintegrate society into forces that would tend to unite and purify it.

Give labour a free field and its full earnings; take for the benefit of the whole community that fund which the growth of the community creates, and want and the fear of want would be gone. The springs of production would be set free and the enormous increase of wealth would give the poorest ample comfort. Men would no more worry about finding employment than they worry about finding air to breathe; they need have no more care about physical necessities than do the lilies of the field. The progress of science, the march of invention, the diffusion of knowledge, would bring their benefits to all. With this abolition of want and the fear of want, the admiration of riches would decay and men would seek the respect and approbation of their fellows in other modes than by the acquisition and display of wealth. In this way there would be brought to the management of public affairs, and the administration of common funds the skill, the attention, the fidelity and the integrity that can now be secured only for private interests.

Short-sighted is the philosophy that counts on selfishness as the master motive of human action. It is blind to facts of which the world is full. It sees not the present, and reads not the past aright. If you would move men to action, to what shall you appeal? Not to their pockets, but to their patriotism; not to selfishness, but to sympathy. Self-interest is, as it were, a mechanical force - potent, it is true; capable of large and wide results. But there is in human nature what may be likened to a chemical force that melts and fuses and overwhelms, to which nothing seems impossible. "All that a man hath will he give for his life" - that is self-interest. But in loyalty to higher impulses men will give even life.

How Men Are Inspired

It is not selfishness that enriches the annals of every people with heroes and saints. It is not selfishness that on every page of the world's history bursts out in sudden splendour of noble deeds or sheds the soft radiance of benignant lives. It was not selfishness that turned Gautama's back to his royal home or bade the Maid of Orleans lift the sword from the altar; that held the Three Hundred in the Pass of Thermopylae, or gathered into Winkelried's bosom the sheaf of spears; that chained Vincent de Paul to the bench of the

galley, or brought little starving children, during the Indian famine, tottering to the relief stations with yet weaker starvelings in their arms. Call it religion, patriotism, sympathy, the enthusiasm for humanity, or the love of God - give it what name you will; there is yet a force that overcomes and drives out selfishness; a force that is the electricity of the moral universe; a force beside which all others are weak. Everywhere that men have lived it has shown its power, and today, as ever, the world is full of it. To be pitied is the man who has never seen and never felt it. Look around! Among common men and women, amid the care and the struggle of daily life, in the jar of the noisy street and amid the squalor where want hides - every here and there is the darkness lighted with the tremulous play of its lambent flares. He who has not seen it has walked with shut eyes. He who looks may see, as says Plutarch, that "the soul has a principle of kindness in itself, and is born to love, as well as to perceive, think, or remember."

What Prevents Harmonious Development

And this force of forces - which now goes to waste or assumes perverted forms - we may use for the strengthening, and building up, and ennobling of society, if we but will, just as we now use physical forces that once seemed but powers of destruction. All we have to do is to give it freedom and scope. The wrong that produces inequality; the wrong that in the midst of abundance tortures men with want or harries them with the fear of want; that stunts them physically, degrades them intellectually, and distorts them morally, is what alone prevents harmonious social development. For "all that is from the gods is full of providence. We are made for co-operation - like feet, like hands, like eyelids, like the rows of the upper and lower teeth."



To remove want and the fear of want, to give all classes... the decencies and refinements of life, the opportunities of mental and moral development, would be like turning water into a desert.

There are people who are unable to conceive of any better state of society than that which now exists - to whom the idea that there could be a state of society in which greed would be banished, prisons stand empty, individual interests be subordinated to general interests, and no one would seek to rob or to oppress his neighbour, is but the dream of impracticable dreamers. Such people - though some of them write books, and some of them occupy the chairs of universities, and some of them stand in pulpits - do not think. If they were accustomed to dine in those eating-houses where the knives and forks are chained to the table, they would deem it the natural, ineradicable disposition of man to carry off the knife and fork with which he has eaten.

Take a company of well-bred men and women dining together. There is no struggling for food, no attempt on the part of anyone to get more than his neighbour; no attempt to

gorge or to carry off. On the contrary, each one is anxious to help his neighbour before he partakes himself; to offer to others the best rather than pick it out for himself; and should anyone show the slightest disposition to prefer the gratification of his own appetite to that of the others, or in any way to act the pig or pilferer, the swift and heavy penalty of social contempt and ostracism would show how such conduct is reprobated by common opinion.

Differing States of Society

All this is so common as to excite no remark, as to seem the natural state of things. Yet it is no more natural that men should not be greedy of food than that they should not be greedy of wealth. They are greedy of food when they are not assured that there will be a fair and equitable distribution that will give enough to each. But when these conditions are assured, they cease to be greedy of food. And so in society, as at present constituted, men are greedy of wealth because the conditions of distribution are so unjust that instead of each being sure of enough, many are certain to be condemned to want. It is the "devil catch the hindmost" of present social adjustments that causes the race and scramble for wealth, in which all considerations of justice, mercy, religion and sentiment are trampled underfoot; in which men forget their own souls and struggle to the very verge of the grave for what they cannot take beyond. But an equitable distribution of wealth, by exempting all from the fear of want, would destroy the greed of wealth, just as in polite society the greed of food has been destroyed.

Consider this existing fact of a cultivated and refined society, in which all the coarser passions are held in check, not by force, not by law, but by common opinion and the mutual desire to please. If this is possible for a part of a community, it is possible for a whole community. There are states of society in which everyone has to go armed - in which everyone has to hold himself in readiness to defend person and property with the strong hand. If we have progressed beyond that, we may progress still further.

The Incentives to Progress

But it may be said, to banish want and the fear of want would be to destroy the stimulus to exertion; men would simply become idlers, and such a happy state of general comfort and content would be the death of progress. This is the old slaveholders' argument, that men can only be driven to labour with the lash. Nothing is more untrue.

Want might be banished, but desire would remain. Man is the unsatisfied animal. He has only begun to explore, and the universe lies before him. Each step that he takes opens new vistas and kindles new desires. He is the constructive animal; he builds, he improves, he invents and puts together, and the greater the thing he does, the greater the thing he wants to do. He is more than an animal. Whatever be the intelligence that breathes through nature, it is in that likeness that man is made. The steamship, driven by her throbbing engines through the sea, is in kind, though not in degree, as much a creation as the whale that swims beneath. The telescope and the microscope, what are they but added eyes, which man has made for himself? The soft webs and fair colours in which our

women array themselves, do they not answer to the plumage that nature gives the bird? Man must be doing something, or fancy that he is doing something, for in him throbs the creative impulse; the mere basker in the sunshine is not a natural, but an abnormal man.

It is not labour in itself that is repugnant to man; it is not the natural necessity for exertion that is a curse; it is only the labour that produces nothing - exertion of which he cannot see the results. To toil day after day, and yet get but the necessaries of life, this is indeed hard; it is like the infernal punishment of compelling a man to pump lest he be drowned, or to trudge on a treadmill lest he be crushed. But released from this necessity, men would but work the harder and the better, for then they would work as their inclinations led them; then, would they seem to be really doing something for themselves or for others.

The fact is that the work which improves the condition of mankind, the work which extends knowledge and increases power, enriches literature, and elevates thought, is not done to secure a living. It is not the work of slaves, driven to their task either by the lash of a master or by animal necessities. It is the work of men who perform it for its own sake, and not that they may get more to eat or drink, or wear, or display. In a state of society where want was abolished, work of this sort would be enormously increased.

Mental Powers Liberated

I am inclined to think that the result of confiscating rent in the manner I have proposed would be to cause the organization of labour, wherever large capitals were used, to assume the cooperative form, since the more equal diffusion of wealth would unite capitalist and labourer in the same person. But whether this would be so or not is of little moment. The hard toil of routine labour would disappear. Wages would be too high and opportunities too great to compel any man to stint and starve the higher qualities of his nature, and in every avocation the brain would aid the hand. Work, even of the coarser kinds, would become a lightsome thing. The tendency of modern production to subdivision would not involve monotony or the contraction of ability in the worker, since toil would be relieved by short hours, by change, by the alternation of intellectual with manual occupations.

The greatest of all the wastes that the present constitution of society involves is that of mental power. How infinitesimal are the forces that concur to the advance of civilization, as compared with the forces that lie latent!

How few are the thinkers, the discoverers, the inventors, the organizers, as compared with the great mass of the people! Yet such men are born in plenty; it is the conditions that permit so few to develop.

How little have the best of us, in acquirements, in position, even in character, that may be credited entirely to ourselves; how much to the influences that have moulded us. Who is there, wise, learned, discreet, or strong, who might not, were he to trace the inner history of his life, turn like the Stoic Emperor to give thanks to the gods, that by this one and that

one, and here and there, good examples have been set him, noble thoughts have reached him and happy opportunities opened before him. Who is there, with his eyes about him and having reached the meridian of life, who has not sometimes echoed the thought of the pious Englishman, as the criminal passed to the gallows, "But for the grace of God, there go I." How little does heredity count as compared with conditions. This one, we say, is the result of a thousand years of European progress, and that one of a thousand years of Chinese petrification. Yet place an infant in the heart of China and, but for the angle of the eye or the shade of the hair, the Caucasian would grow up as those around him, using the same speech, thinking the same thoughts, exhibiting the same tastes. Change Lady Vere de Vere in her cradle with an infant of the slum and will the blood of a hundred earls give you a refined and cultured woman?

To remove want and the fear of want, to give to all classes leisure, comfort and independence, the decencies and refinements of life, the opportunities of mental and moral development, would be like turning water into a desert. The sterile waste would clothe itself with verdure and the barren places where life seemed banned would ere long be dappled with the shade of trees and musical with the song of birds. Talents now hidden, virtues unsuspected, would come forth to make human life richer, fuller, happier, nobler. For in those round men who are stuck into three-cornered holes and three-cornered men who are rammed into round holes; in those men who are wasting their energies in the scramble to be rich; in those who in factories are turned into machines, or are chained by necessity to bench or plough; in those children who are growing up in squalor, vice and ignorance, are powers of the highest order, talents the most splendid. All they need is the opportunity to bring them forth.

Consider the possibilities of a state of society that gave that opportunity to all. Let imagination fill out the picture; its colours grow too bright for words to paint. Consider the moral elevation, the intellectual activity, the social life. Consider how by a thousand actions and interactions the members of every community are linked together and how, in the present condition of things, even the fortunate few who stand upon the apex of the social pyramid must suffer, though they know it not, from the want, ignorance and degradation that are underneath. The change I propose would be for the benefit of everyone, even the greatest landholder. Would he not be safer of the future of his children in leaving them penniless in such a state of society than in leaving them the largest fortune in this? Did such a state of society anywhere exist, would he not buy entrance to it cheaply by giving up all his possessions?

CHAPTER 24

THE LAW OF HUMAN PROGRESS



Even this, O Rome, must one day be thy fate...

However man may have originated, all we know of him is as man - just as he is now to be found.

There is no record or trace of him in any lower condition than that in which savages are still to be met. By whatever bridge he may have crossed the wide chasm that now separates him from the brutes, there remains of it no vestige. Between the lowest savages of whom we know and the highest animals, there is an irreconcilable difference - a difference not merely of degree but of kind.

Many of the characteristics, actions and emotions of man are exhibited by the lower animals; but man, no matter how low in the scale of humanity, has never yet been found destitute of one thing of which no animal shows the slightest trace, a clearly recognizable but almost undefinable something which gives him the power of improvement.

The beaver builds a dam, and the bird a nest, and the bee a cell; but while beavers' dams and birds' nests and bees' cells are always constructed on the same model, the house of the man passes from the rude hut of leaves and branches to the magnificent mansion replete with modern conveniences. The dog can to a certain extent connect cause and effect and may be taught some tricks; but his capacity in these respects has not been a whit increased during all the ages he has been the associate of improving man, and the dog of civilization is not a whit more accomplished or intelligent than the dog of the wandering savage. We know of no animal that uses clothes, or cooks its food, or makes itself tools or weapons, or has an articulate language. But men who do not do such things have never yet been found, or heard of, except in fable. That is to say, man, wherever we know him, exhibits this power - the capacity to supplement what nature has done for him by what he does for himself. And, in fact, so inferior is the physical endowment of man, that there is no part of the world where without this faculty he could maintain an existence.

Man everywhere and at all times exhibits this faculty. But the degree in which he makes use of it greatly varies. Between the rude canoe and the steamship, between the roughly carved wooden idol and the breathing marble of Grecian art, between savage knowledge and modern science, there is an enormous difference.

Conditions of Social Advancement

The varying degrees in which this faculty is used cannot be ascribed to differences in original capacity. The most highly improved peoples of the present day were savages within historic times, and we meet with the widest differences between peoples of the same stock. Nor can they be wholly ascribed to differences in physical environment; the cradles of learning and the arts are now in many cases tenanted by barbarians. All these differences are evidently connected with social development. Beyond perhaps the veriest rudiments, it becomes possible for man to improve only as he lives with his fellows. All these improvements, therefore, in man's powers and condition we summarize in the term civilization. Men improve as they become civilized, or learn to cooperate in society.

What is the law of this improvement? By what common principle can we explain the different stages of civilization at which different communities have arrived? In what does the progress of civilization essentially consist, that we may say of varying social adjustments that this favours it, and that does not; or explain why an institution or condition that may at one time advance it may at another time retard it?

The Evolutionary Theory

The prevailing belief is that the progress of civilization is a development or evolution, in the course of which man's powers are increased and his qualities improved by the operation of causes similar to those that are relied upon as explaining the genesis of species, namely, the survival of the fittest and the hereditary transmission of acquired qualities. In other words, the belief is that civilization is the result of forces that slowly change the character and improve and elevate the powers of man; and that this improvement tends to go on increasingly to a higher and higher civilization.

But the moment that those who hold this theory of progression, which seems so natural to us amid an advancing civilization, look around the world, they come against an enormous fact - the fixed, petrified civilizations. How, upon the theory that human progress is the result of general and continuous causes, shall we account for the civilizations that have progressed so far and then stopped? It cannot be said of the Hindoo and of the Chinese that our superiority is the result of a longer education; that we are, as it were, the grown men of nature, while they are the children. The Hindoos and the Chinese were civilized when we were savages. They had great cities, highly organized and powerful governments, literatures, philosophies, polished manners, considerable division of labour, large commerce and elaborate arts, when our ancestors were wandering barbarians, living in huts and skin tents. While we have progressed from this savage state, they have stood still.

The most fixed and petrified of all civilizations of which we know anything was that of Egypt, where even art finally assumed a conventional and inflexible form. But we know that behind this must have been a time of life and vigour - a freshly developing and expanding civilization, such as ours is now - or the arts and sciences could never have been carried to such a pitch. And recent excavations have brought to light from beneath what we before knew of Egypt an earlier Egypt still - in statues and carvings, which

instead of a hard and formal type beam with life and expression, and show art struggling, ardent, natural and free, the sure indication of an active and expanding life.

Arrested Civilizations

If progress be the result of fixed laws, inevitable and eternal, which impel men forward, how shall we account for those arrested civilizations? It is not merely that men have gone so far on the path of progress and then stopped; it is that men have gone far on the path of progress and then gone back. It is not merely an isolated case that thus confronts the theory - it is the universal rule. Every civilization that the world has yet seen has had its period of vigorous growth, of arrest and stagnation; its decline and fall. Of all the civilizations that have arisen and flourished, there remain only those that have been arrested, and our own, which is not yet as old as were the pyramids when Abraham looked upon them - while behind the pyramids were twenty centuries of recorded history.

That our own civilization has a broader base, is of a more advanced type, moves quicker and soars higher than any preceding civilization is undoubtedly true; but in these respects it is hardly more in advance of the Greco-Roman civilization than that was in advance of Asiatic civilization; and if it were, that would prove nothing as to its permanence and future advance, unless it be shown that it is superior in those things which caused the ultimate failure of its predecessors.

In truth, nothing could be further from explaining the facts of universal history than the theory that civilization is the result of a course of natural selection which operates to improve and elevate the powers of man. Civilization has arisen at different times, in different places, and has progressed at different rates, which is not inconsistent with the theory, for it might result from the unequal balancing of impelling and resisting forces. But absolutely inconsistent with this theory is the fact that progress has nowhere been continuous, but has everywhere been brought to a standstill or has retrogressed. For if progress operated to fix an improvement in man's nature and thus to produce further progress, though there might be occasional interruption, yet the general rule would be that progress would be continuous - that advance would lead to advance, and civilization develop into higher civilization.

Dead Empires

Not merely the general rule, but the universal rule, is the reverse of this. The earth is the tomb of dead empires, no less than of dead men. Instead of progress fitting men for greater progress, every civilization that was as vigorous and advancing in its time, as ours is now, has of itself come to a stop. Over and over again art has declined, learning sunk, power waned and population become sparse - until the remnants of people who had built great temples and mighty cities, turned rivers and pierced mountains, cultivated the earth like a garden and introduced the utmost refinement into the minute affairs of life, were squalid barbarians who had lost even the memory of what their ancestors had done and regarded the surviving fragments of former grandeur as the work of genii or the mighty race before the Flood. "Even this, O Rome, must one day be thy fate!" wept Scipio over

the ruins of Carthage; and Macaulay's picture of the New Zealander musing upon the broken arch of London Bridge appeals to the imagination even of those who see cities rising in the wilderness and help to lay the foundations of new empires. And so when we erect a public building, we make a hollow in the largest corner stone and carefully seal within it some mementos of our day, looking forward to the time when our works shall be ruins and ourselves forgotten.

The theory that civilization advances by changes wrought in the nature of man fails to explain the facts, for in every case it is not the race that has been educated and hereditarily modified by the old civilization that begins the new, but a fresh race coming from a lower level. It is the barbarians of the one epoch who have been the civilized men of the next, to be in their turn succeeded by fresh barbarians. Heretofore it has always been the case that men under the influences of civilization, though at first improving, afterwards degenerate. Every civilization that has been overwhelmed by barbarians has really perished from internal decay.

Individuals and Nations

Shall we therefore say that there is a national or race life as there is an individual life - that every social aggregate has, as it were, a certain amount of energy, the expenditure of which necessitates decay? This is an old and widespread idea that may be seen constantly cropping out incongruously in the writings of the expounders of the development philosophy. But while its members are constantly reproduced in all the fresh vigour of childhood, a community cannot grow old, as does a man, by the decay of its powers. While its aggregate force must be the sum of the forces of its individual components, a community cannot lose vital power unless the vital powers of its components are lessened. Yet in the common analogy that likens the life power of a nation to that of an individual lurks the recognition of an obvious truth - the truth that the obstacles that finally bring progress to a halt are raised by the course of progress and that what has destroyed all previous civilizations has been the conditions produced by the growth of civilization itself.

Differences in Civilization - Their Causes

In any large community we may see, as between different classes and groups, differences of the same kind as those existing between communities which we speak of as differing in civilization differences of knowledge, belief, custom, taste and speech, which in their extremes among people of the same race, living in the same country, show differences almost as great as those between civilized and savage communities. As all stages of social development, from the Stone Age up, are yet to be found in contemporaneously existing communities, so in the same country and in the same city are to be found, side by side, groups that show similar diversities. In such countries as England and Germany children of the same race, born and reared in the same place, will grow up speaking the language differently, holding different beliefs, following different customs and showing different tastes; and even in such a country as the United States differences of the same kind, though not of the same degree, may be seen between different circles or groups.

But these differences are certainly not innate. No baby is born a Methodist or a Catholic, or to drop its aitches or to sound them. All the differences that distinguish different groups or circles are derived from association within these circles.

The Janissairies were made up of youths torn from Christian parents at an early age, but they were none the less fanatical Moslems and they none the less exhibited all the Turkish traits. The Jesuits and other orders show distinct character, but it is certainly not perpetuated through hereditary transmissions. And even such associations as schools or regiments, where the components remain but a short time and are constantly changing, exhibit general characteristics which are the result of mental impressions perpetuated through association.

It is this body of traditions, beliefs, customs, laws, habits and associations, which arise in every community and surround every individual, that is the great element in determining national character. It is this, rather than hereditary transmission, that makes the Englishman differ from the Frenchman, the German from the Italian and the American from the Chinese. It is in this way that national traits are preserved, extended, or altered.

Physical and Mental Attributes

A race of men with no greater mental activity than the animals - men who only ate, drank, slept and propagated - might, I doubt not, by careful treatment and selection in breeding be made in course of time to exhibit as great diversities in bodily shape and character as have been produced by similar means in the domestic animals. But there are no such men; and in men as they are, mental influences, acting through the mind upon the body, would constantly interrupt the process. In all probability men have been upon the earth longer than many species of animals. They have been separated from each other under differences of Climate that produce the most marked differences in animals, and yet the physical differences between the different races of men are hardly greater than the difference between white horses and black horses - they are certainly nothing like as great as between dogs of the same sub-species, as, for instance, the different varieties of the terrier or spaniel. And even as to these physical differences between races of men, it is held by those who account for them by natural selection and hereditary transmission that they were brought out when man was much nearer the animal - that is to say, when he had less mind.

And if this be true of the physical constitution of man, in how much higher degree is it true of his mental constitution? All our physical parts we bring with us into the world; but the mind develops afterwards.

Take a number of infants born of the most highly civilized parents and transport them to an uninhabited country. Suppose them in some miraculous way to be sustained until they come of age to take care of themselves, and what would you have? More helpless savages than any we know of. They would have fire to discover; the raciest tools and weapons to invent; language to construct. They would, in short, have to stumble their way to the simplest knowledge such as the lowest races now possess, just as a child learns to walk.

That they would in time do all these things I have not the slightest doubt, for all those possibilities are latent in the human mind just as the power of walking is latent in the human frame, but I do not believe they would do them any better or worse, any slower or quicker, than the children of barbarian parents placed in the same conditions. Given the very highest mental powers that exceptional individuals have ever displayed, and what could mankind be if one generation were separated from the next by an interval of time, as are the seventeen-year locusts? One such interval would reduce mankind, not to savagery, but to a condition compared with which savagery, as we know it, would seem civilization.

Essential Similarities in Human Nature

And reversely, suppose a number of savage infants, unknown to the mothers (for even this would be necessary to make the experiment a fair one), could be substituted for as many children of civilization, can we suppose that growing up they would show any difference? I think no one who has mixed much with different peoples and classes will think so. The great lesson that is thus learned is that "human nature is human nature all the world over." And this lesson, too, may be learned in the library. I speak not so much of the accounts of travellers, for the accounts given of savages by the civilized men who write books are very often just such accounts as savages might give of us could they make flying visits and then write books; I speak of those mementos of the life and thought of other times and other peoples, which, translated into our language of today, are like glimpses of our own lives and gleams of our own thought. The feeling they inspire is that of the essential similarity of men. "This," says Emanuel Deutsch - "this is the end of all investigation into history or art. They were even as we are."

Modern Man and his Precursors

There is no warrant for assuming mental improvement in the race within any time of which we have knowledge. Can modern civilization show greater poets, artists, architects, philosophers, rhetoricians, statesmen or soldiers than the ancient? There is no use in recalling names; every schoolboy knows them. For our models and personifications of mental power we go back to the ancients. If we can suppose Homer or Virgil, Demosthenes or Cicero, Alexander, Hannibal or Caesar, Plato or Lucretius, Euclid or Aristotle, as entering this life again, can we suppose they would show any inferiority to the men of today? Or if we take any period since the classic age, even the darkest, or any previous period of which we know anything, shall we not find men who in the conditions and degree of knowledge of their times showed mental power of as high an order as men show now? And among the less advanced races do we not today, whenever our attention is called to them, find men who in their conditions exhibit mental qualities as great as civilization can show? Did the invention of the railway, coming when it did, prove any greater inventive power than did the invention of the wheelbarrow when wheelbarrows were not? We of modern civilization are raised far above those who have preceded us and those of the less advanced races who are our contemporaries. But it is because we stand on a pyramid, not that we are taller. What the centuries have done for

us is not to increase our stature, but to build up a structure on which we may plant our feet.

The Part Heredity Plays

I do not mean to say that all men possess the same capacities, or are mentally alike, any more than I mean to say that they are physically alike. Among the countless millions that have come and gone on this earth, there probably never were two that either physically or mentally were exact counterparts. Nor yet do I mean to say that there are not as clearly marked race differences in mind as there are clearly marked race differences in body. I do not deny the influence of heredity in transmitting peculiarities of mind in the same way, and possibly to the same degree, as bodily peculiarities are transmitted. Nevertheless there is, it seems to me, a common standard and natural symmetry of mind as there is of body, towards which all deviations tend to return. The conditions under which we fall may produce such distortions as the Flatheads produce by compressing the heads of their infants or the Chinese by binding their daughters' feet. But as Flathead babies continue to be born with naturally shaped heads and Chinese babies with naturally shaped feet, so does nature seem to revert to the normal mental type. A child no more inherits his father's knowledge than he inherits his father's glass eye or artificial leg; the child of the most ignorant parents may become a pioneer of science or a leader of thought.

The differences between the people of communities in different places and at different times, which we call differences of civilization, are not differences that inhere in the individuals, but differences that inhere in the society. They are not differences resulting from differences in the units, but they are differences resulting from the - conditions under which these units are brought within the society.

Importance of Social Environment

I take the explanation of the differences that distinguish communities to be this: That each society, small or great, necessarily weaves for itself a web of knowledge, beliefs, customs, language, tastes, institutions and laws. Into the web woven by each society (or rather, into these webs, for each community above the simplest is made up of minor societies that overlap and interlace each other) the individual is received at birth and continues until his death. This is the matrix in which mind unfolds and from which it takes its stamp. This is the way in which custom, and religions, and prejudices, and tastes, and languages, grow up and are perpetuated. This is the way skill is transmitted and knowledge is stored up, and the discoveries of one time are made the common stock and stepping-stone of the next. Though this is what often offers the most serious obstacles to progress, it is this that makes progress possible. It is this that enables any schoolboy in our time to learn in a few hours more of the universe than Ptolemy knew, and places the most humdrum scientist far above the level reached by the giant mind of Aristotle. This is to the race what memory is to the individual. Our wonderful arts, our far-reaching science, our marvellous inventions - they have come through this.

Human progress goes on as the advances made by one generation are in this way secured as the common property of the next and made the starting-point for new advances.

Mental Power the Motor of Progress

What then is the law of human progress - the law that must explain clearly and definitely why, though mankind started presumably with the same capacities and at the same time, there now exist such wide differences in social development? It is not difficult to discover such a law. I do not pretend to give it scientific precision but merely to point it out.

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

Mind is the instrument by which man advances and by which each advance is secured and made the ground for new advances. Mental power, therefore, is the motor of progress, and men tend to advance in proportion to the mental power that is expended in progression - the mental power that is devoted to the extension of knowledge, the improvement of methods and the betterment of social conditions.

There is a limit to the work a man can do with his mind, as there is to the work he can do with his body; therefore the mental power that can be devoted to progress is only what is left after what is required for non-progressive purposes. These non-progressive purposes in which mental power is consumed may be classified as maintenance and conflict. By maintenance I mean not only the support of existence, but the keeping up of the social condition and the holding of advances already gained. By conflict I mean not merely warfare and preparation for warfare, but all expenditure of mental power in seeking the gratification of desire at the expense of others, and in resistance to such aggression.

To compare society with a boat - her progress through the water will depend not upon the exertion of her crew, but upon the exertion devoted to propelling her. This will be lessened by any expenditure of force required for bailing, or any expenditure of force in fighting among themselves, or in pulling in different directions. **The Essentials of Progress**

In a separated state the whole powers of man are required to maintain existence. Mental power is set free for higher uses only by the association of men in communities, which permits the division of labour and all the economies that come with the cooperation of increased numbers. Therefore association is the first essential of progress.

Improvement becomes possible as men come together in peaceful association, and the wider and closer this association is, the greater are the possibilities of improvement. And as the wasteful expenditure of mental power in conflict becomes greater or less as the moral law which accords to each an equality of rights is ignored or is recognized, so equality (or justice) is the second essential of progress.



Thus association in equality is the law of progress.

Association frees mental power for expenditure in improvement, and equality (or justice, or freedom, for the terms here signify the same thing - the recognition of the moral law) prevents the dissipation of this power in fruitless struggles.

Man is social in his nature. He does not require to be caught and tamed in order to induce him to live with his fellows. The utter helplessness with which he enters the world, and the long period required for the maturity of his powers, necessitate the family relation; and that, as we may observe, is wider, and in its extensions is stronger, among the ruder than among the more cultivated peoples. The first societies are families, expanding into tribes, still holding a mutual blood relationship even when they have become great nations claiming a common descent.

Men tend to progress just as they come closer together. By cooperation with each other they increase the mental power that may be devoted to improvement, but just as conflict is provoked, or association develops inequality of condition and power, this tendency to progression is lessened, checked, and finally reversed.

Why Rome Fell

Long before Goth or Vandal had broken through the cordon of the legions, even while her frontiers were advancing, Rome was dead at the heart. Great estates had ruined Italy. Inequality had dried up the strength and destroyed the vigour of the Roman world. Government became despotism, which even assassination could not temper; patriotism became servility; vices the most foul flouted themselves in public; literature sank to puerilities; learning was forgotten; fertile districts became waste without the ravages of war-everywhere inequality produced decay, political, mental, moral and material. The

barbarism that overwhelmed Rome came not from without, but from within. It was the necessary product of the system that had substituted slaves and *colonii* for the independent husbandmen of Italy and had carved the provinces into estates for senatorial families.

The Basis of Civilization

In all its details, as in its main features, the rise and growth of European civilization illustrates the truth that progress goes on just as society tends toward closer association and greater equality. Civilization is cooperation. Union and liberty are its factors. The great extension of association - not alone in the growth of larger and denser communities, but in the increase of commerce and the manifold exchanges that knit each community together and link them with other though widely separated communities - the growth of international and municipal law; the advances in security of property and of person, in individual liberty and towards democratic government; advances, in short, towards the recognition of the equal rights to life, liberty, and the pursuit of happiness. It is this that makes our modern civilization so much greater, so much higher, than any that has gone before. It is these that have set free the mental power that has rolled back the veil of ignorance that hid all but a small portion of the globe from man's knowledge; the mental power that has measured the orbits of the circling spheres and bids us see moving, pulsing life in a drop of water; that has opened to us the ante-chamber of nature's mysteries and read the secrets of a long-buried past; has harnessed in our service physical forces beside which man's efforts are puny, and has increased productive power by a thousand great inventions.

Repulsive Views on War and Slavery

In that spirit of fatalism to which I have alluded as pervading current literature, it is the fashion to speak even of war and slavery as means of human progress. But war, which is the opposite of association, can only aid progress when it prevents further war or breaks down anti-social carriers that are themselves passive war. As for slavery, I cannot see how it could ever have aided in establishing freedom. From the very rudest state in which man can be imagined, freedom, the synonym of equality, has been the stimulus and condition of progress. Slavery never did and never could aid improvement. Whether the community consists of a single master and a single slave or of thousands of masters and millions of slaves, slavery necessarily involves a waste of human power. For not only is slave labour less productive than free labour, but the power of masters is likewise wasted in holding and watching their slaves, and is called away from directions in which real improvement lies. From first to last, slavery, like every other denial of the natural equality of men, has hampered and prevented progress. Just in proportion as slavery plays an important part in the social organization, so does improvement cease. That slavery in the classical world was so universal is undoubtedly the reason why the mental activity which so polished literature and refined art never hit on any of the great discoveries and inventions that distinguish modern civilization. In a slave-holding community the upper classes may become luxurious and polished; but never inventive. Whatever degrades the

labourer and whatever robs him of the fruits of his toil stifles the spirit of invention and forbids the utilization of inventions and discoveries even when made.

To freedom alone is given the spell of power which summons the genii in whose keeping are the treasures of earth and the viewless forces of the air. The law of human progress, what is it but the moral law? just as social adjustments promote justice, just as they acknowledge the equality of right between man and man, just as they ensure to each the perfect liberty which is bounded only by the equal liberty of every other, must civilization advance. Just as they fail in this, must advancing civilization come to a halt and recede.

CHAPTER 25

HOW MODERN CIVILIZATION MAY DECLINE



The conditions of social progress, as we have traced the law, are association and equality. The general tendency of modern development, since the time when we can first discern the gleams of civilization in the darkness that followed the fall of the Western Empire, has been towards political and legal equality - to the abolition of slavery; the abrogation of status; the sweeping away of hereditary privileges; the substitution of parliamentary for arbitrary government; the right of private judgment in matters of religion; the more equal security in person and property of high and low, weak and strong; the greater freedom of movement and of occupation, of speech and of the press. The history of modern civilization is the history of advances in this direction - of the struggles and triumphs of personal, political and religious freedom. And the general law is shown by the fact that just as this tendency has asserted itself civilization has advanced, while just as it has been repressed or forced back civilization has been checked.

Where there is anything like an equal distribution of wealth the more democratic the government the better it will be; but where there is gross inequality in the distribution of wealth, the more democratic the government the worse it will be; for while rotten democracy may not in itself be worse than rotten autocracy, its effects upon national character will be worse. To give the suffrage to tramps, to paupers, to men to whom the chance to labour is a boon, to men who must beg, or steal, or starve, is to invoke destruction. To put political power in the hands of men embittered and degraded by poverty is to tie firebrands to foxes and turn them loose amid the standing corn; it is to put out the eyes of a Samson and to twine his arms around the pillars of national life.

To turn a republican government into a despotism the basest and most brutal, it is not necessary formally to change its constitution or to abandon popular elections. It was centuries after Caesar before the absolute master of the Roman world pretended to rule other than by authority of a Senate that trembled before him.

Forms are nothing when substance has gone, and the forms of popular government are those from which the substance of freedom may most easily go. Extremes meet and a government of universal suffrage and theoretical equality may, under conditions which impel the change, most readily become a despotism. For there despotism advances in the name and with the might of the people. The single source of power once secured, everything is secured. There is no enfranchised class to whom appeal may be made, no privileged orders who in defending their own rights may defend those of all. No bulwark remains to stay the flood, no eminence to rise above it.

The accidents of hereditary succession or of selection by lot (the plan of some of the ancient republics) may sometimes place the wise and just in power - but in a corrupt democracy the tendency is always to give power to the worst. Honesty and patriotism are weighted and unscrupulousness commands success. The best gravitate to the bottom, the worst float to the top, and the vile will only be ousted by the viler. Since national character must gradually assimilate the qualities that win power and consequently respect, that demoralization of opinion goes on which in the long panorama of history we may see over and over again transmuting races of freemen into races of slaves. A corrupt democratic government must finally corrupt the people, and when a people becomes corrupt there is no resurrection. The life is gone, only the carcass remains; it is left but for the ploughshares of fate to bury it out of sight.

This transformation of popular government into despotism of the vilest and most degrading kind, which must inevitably result from the unequal distribution of wealth, is not a thing of the far future. It has already begun and is rapidly going on under our eyes. Voting is done more recklessly; it is harder to arouse the people to the necessity of reforms and more difficult to carry them out; political differences are ceasing to be differences of principle, and abstract ideas are losing their power; parties are passing into the control of what in general government would be oligarchies and dictatorships. These are all evidences of political decline.

The under-currents of the times seem to sweep us back again to the old conditions from which we dreamed we had escaped. The development of the artisan and commercial classes gradually broke down feudalism after it had become so complete that men thought of heaven as organized on a feudal basis, and ranked the first and second persons of the Trinity as suzerain and tenant-in-chief. But now the development of manufactures and exchange, acting in a social organization in which land is made private property, threatens to compel every worker to seek a master, just as the insecurity which followed the final break-up of the Roman Empire compelled every freeman to seek a lord. Nothing seems exempt from this tendency. Industry everywhere tends to assume a form in which one is master and many serve. And when one is master and the others serve, the one will control the others, even in such matters as votes.

The very foundations of society are being sapped before our eyes while we ask how it is possible that such a civilization as this, with its railways, and daily newspapers, and electric telegraphs, should ever be destroyed? While literature breathes but the belief that

we have been, and for the future must be, leaving the savage state farther and farther behind us, there are indications that we are actually turning back again toward barbarism.

Though we may not speak it openly, the general faith in democratic institutions, where they have reached their fullest development, is narrowing and weakening; it is no longer the confident belief in democracy as the source of national blessings that it once was. Thoughtful men are beginning to see its dangers, without seeing how to escape them; they are beginning to accept the view of Macaulay and to distrust that of Jefferson. The people at large are becoming used to the growing corruption; the most ominous political sign is the growth of a sentiment which either doubts the existence of an honest man in public office or looks on him as a fool for not seizing his opportunities. That is to say, the people themselves are becoming corrupted.

Where this course leads is clear to whoever will think. As corruption becomes chronic; as public spirit is lost; as traditions of honour, virtue and patriotism are weakened; as law is brought into contempt and reforms become hopeless; then in the festering mass will be generated volcanic forces which will shatter and rend when seeming accident gives them vent. Strong, unscrupulous men, rising up upon occasion, will become the exponents of blind popular desires or fierce popular passions, and dash aside forms that have lost their vitality. The sword will again be mightier than the pen, and in carnivals of destruction brute force and wild frenzy will alternate with the lethargy of a declining civilization.

Whence shall come the new barbarians? Go through the squalid quarters of great cities, and you may see, even now, their gathering hordes. How shall learning perish? Men will cease to read, and books will kindle fires and be turned into cartridges!

It is startling to think how slight the traces that would be left of our civilization did it pass through the throes that have accompanied the decline of every previous civilization. Paper will not last like parchment, nor are our most massive buildings and monuments to be compared in solidity with the rock-hewn temples and titanic edifices of the old civilizations. And invention has given us not merely the steam engine and the printing press, but petroleum, nitroglycerine and dynamite.

Yet to hint today that our civilization may possibly be tending to decline seems like the wildness of pessimism. The special tendencies to which I have alluded are obvious to thinking men, but with the majority of thinking men, as with the great masses, the belief in substantial progress is yet deep and strong - a fundamental belief that admits not the shadow of a doubt.

But anyone who will think over the matter will see that this must necessarily be the case where advance gradually passes into retrogression. For in social development, as in everything else, motion tends to persist in straight lines and therefore, where there has been a previous advance, it is extremely difficult to recognize decline, even when it has fully commenced; there is an almost irresistible tendency to believe that the forward movement, which has been advance and is still going on, is still advance. The web of beliefs, customs, laws, institutions and habits, constantly being spun by each community

and producing, in the individual environed by it, all the differences of national character, is never unravelled. That is to say, in the decline of civilization, communities do not go down by the same paths as those by which they came up.

And how the retrogression of civilization, following a period of advance, may be so gradual as to attract no attention at the time; nay, how that decline must necessarily, by the great majority of men, be mistaken for advance, is easily seen. For instance, there is an enormous difference between Grecian art of the classic period and that of the lower empire; yet the change was accompanied, or rather was caused, by a change of taste. The artists who most quickly followed the change of taste were in their day regarded as the superior artists. And so of literature. As it became more vapid, puerile and stilted, it would be in obedience to an altered taste, which would regard its increasing weakness as increasing strength and beauty. The really good writer would not find readers; he would be regarded as rude, dry, or dull. And so would the drama decline; not because there was a lack of good plays, but because the prevailing taste became more and more that of a less cultured class, who, of course, would regard that which they most admire as the best of its kind. And so too of religion - the superstitions that a superstitious people will add to it will be regarded by them as improvements. As the decline goes on, the return to barbarism, where it is not in itself regarded as an advance, will seem necessary to meet the exigencies of the times.

Whether in the present drifts of opinion and taste there are as yet any indications of retrogression, it is not necessary to inquire; but there are many things about which there can be no dispute that go to show that our civilization has reached a critical period and that, unless a new start is made in the direction of social equality, the nineteenth century may to the future have marked its climax.

The tendency to inequality, which is the necessary result of material progress where land is monopolized, cannot go much farther without carrying our civilization into that downward path which is so easy to enter and so hard to abandon. Everywhere the increasing intensity of the struggle to live, the increasing necessity for straining every nerve to prevent being thrown down and trodden underfoot in the scramble for wealth, is draining the forces that gain and maintain improvements. When the tide turns in bay or river from flood to ebb, it is not all at once; but here it still runs on, though there it has begun to recede. When the sun passes the meridian, it can only be told by the way the short shadows fall - for the heat of the day yet increases. But as sure as the turning tide must soon run full ebb, as sure as the declining sun must bring darkness, so sure it is that though knowledge yet increases and invention marches on, and new states are being settled, and cities still expand, civilization has begun to wane when, in proportion to population, we must build more and more prisons, more and more almshouses, more and more insane asylums. It is not from top to bottom that societies die; it is from bottom to top.

There is a vague but general feeling of disappointment, an increased bitterness among the working-classes and a widespread feeling of unrest. If this were accompanied by a definite idea of how relief is to be obtained, it would be a hopeful sign; but it is not so

accompanied. Though the schoolmaster has been abroad some time, the general power of tracing effect to cause does not seem a whit improved.

What change may come, no mortal man can tell, but that some great change must come, thoughtful men begin to feel. The civilized world is trembling on the verge of a great movement. Either it must be a leap upward, which will open the way to advances yet undreamed of, or it must be a plunge downward, which will carry us back towards barbarism.

CHAPTER 26

THE CALL OF LIBERTY

The truth to which we were led in the politico-economic branch of our inquiry is clearly apparent in the rise and fall of nations and the growth and decay of civilizations. It accords with those deep-seated recognitions of relation and sequence that we denominate moral perceptions.

This truth involves both a menace and a promise. The evils arising from the unjust and unequal distribution of wealth are not incidents of progress, but tendencies that must bring progress to a halt; they will not cure themselves, but on the contrary must, unless their cause is removed, grow greater and greater, until they sweep us back into barbarism by the road every previous civilization has trod. These evils are not imposed by natural laws. They spring solely from social maladjustments that ignore natural laws; and in removing their cause we shall be giving an enormous impetus to progress.

In permitting the monopolization of the natural opportunities that nature freely offers to all, we have ignored the fundamental law of justice. But by sweeping away this injustice and asserting the rights of all men to natural opportunities, we shall conform ourselves to the law - we shall remove the great cause of unnatural inequality in the distribution of wealth and power; we shall abolish poverty; tame the ruthless passions of greed; dry up the springs of vice and misery - light in dark places the lamp of knowledge; give new vigour to invention and a fresh impulse to discovery; substitute political strength for political weakness; and make tyranny and anarchy impossible.

The reform I have proposed accords with all that is politically, socially, or morally desirable. It has the qualities of a true reform, for it will make all other reform easier. What is it but the carrying but in letter and spirit of the truth enunciated in the American Declaration of Independence - the "self-evident" truth that is the heart and soul of the Declaration - "That all men are created equal that they are endowed by their Creator with certain inalienable rights; that among them are life, liberty, and the pursuit of happiness."

These rights are denied when the equal right to land - on which and by which alone men can live - is denied. Equality of political rights will not compensate for the denial of the equal right to the bounty of nature. Political liberty, when the equal right to land is denied, becomes, as population increases and invention goes on, merely the liberty to compete for employment at starvation wages.

We honour Liberty in name and in form. We set up her statues and sound her praises. But we have not fully trusted her. And with our growth so grow her demands. She will have no half-service!

Liberty! it is a word to conjure with, not to vex the ear in empty boastings. For Liberty means justice, and justice is the natural law - the law of health and symmetry and strength, of fraternity and cooperation.

They who look upon Liberty as having accomplished her mission when she has abolished hereditary privileges and given men the ballot, who think of her as having no further relations to the everyday affairs of life, have not seen her real grandeur - to them the poets who have sung of her must seem rhapsodists, and her martyrs fools. As the sun is the lord of life, as well as of light; as his beams not merely pierce the clouds, but support all growth, supply all motion, and call forth from what would otherwise be a cold and inert mass all the infinite diversities of being and beauty, so is liberty to mankind. It is not for an abstraction that men have toiled and died; that in every age the witnesses of Liberty have stood forth, and the martyrs of Liberty have suffered.

We speak of Liberty as one thing, and of virtue, wealth, knowledge, invention, national strength and national independence as other things. But of all these Liberty is the source, the mother, the necessary condition. She is to virtue what light is to colour; to wealth what sunshine is to grain; to knowledge what eyes are to sight. She is the genius of invention, the brawn of national strength, the spirit of national independence. Where Liberty rises, there virtue grows, wealth increases, knowledge expands, invention multiplies human powers, and in strength and spirit the freer nation rises among her neighbours as Saul amid his brethren - taller and fairer. Where Liberty sinks, there virtue fades, wealth diminishes, knowledge is forgotten, invention ceases, and empires once mighty in arms and arts become a helpless prey to freer barbarians.

Only in broken gleam and partial light has the sun of Liberty yet beamed among men, but all progress hath she called forth.

Liberty came to a race of slaves crouching under Egyptian whips, and led them forth from the house of bondage. She hardened them in the desert and made of them a race of conquerors. The free spirit of the Mosaic law took their thinkers up to heights where they beheld the unity of God, and inspired their poets with strains that yet phrase the highest exaltations of thought. Liberty dawned on the Phoenician coast, and ships passed the Pillars of Hercules to plough the unknown sea.

She shed a partial light on Greece, and marble grew to shapes of ideal beauty, words became the instruments of subtlest thought, and against the scanty militia of free cities the countless hosts of the Great King broke like surges against a rock.



She cast her beams on the four-acre farms of Italian husbandmen, and born of her strength a power came forth that conquered the world. They glinted from shields of German warriors, and Augustus wept his legions. Out of the night that followed her eclipse her slanting rays fell again in free cities, and a lost learning revived, modern civilization began, a new world was unveiled; and as Liberty grew, so grew art, wealth, power, knowledge and refinement.

Shall we not trust her?

In our time, as in times before, creep on the insidious forces that, producing inequality, destroy Liberty. On the horizon the clouds begin to lower. Liberty calls to us again. We must follow her further; we must trust her fully. Either we must wholly accept her or she will not stay. It is not enough that men should vote; it is not enough that they should be theoretically equal before the law. They must have liberty to avail themselves of the opportunities and means of life; they must stand on equal terms with reference to the bounty of nature. Either this, or Liberty withdraws her light! Either this, or darkness comes on, and the very forces that progress has evolved turn to powers that work destruction. This is the universal law. This is the lesson of the centuries. Unless its foundations be laid in justice the social structure cannot stand.

Our primary social adjustment is a denial of justice. In allowing one man to own the land on which and from which other men must live, we have made them his bondsmen in a degree that increases as material progress goes on. This is the subtle alchemy that in ways they do not realize is extracting from the masses in every civilized country the fruits of their weary toll, is instituting a harder and more hopeless slavery in place of that which has been destroyed and is bringing political despotism out of political freedom.

It is this that turns the blessings of material progress into a curse. It is this that crowds human beings into noisome cellars and squalid tenement houses; that fills prisons and brothels; that goads men with want and consumes them with greed; that robs women of the grace and beauty of perfect womanhood; that takes from little children the joy and innocence of life's morning.

Civilization so based cannot continue. The eternal laws of the universe forbid it. Ruins of dead empires testify, and the witness that is in every soul answers, that it cannot be. Something grander than benevolence, something more august than charity - justice herself - demands of us to right this wrong. justice that will not be denied; that cannot be put off - justice that with the scales carries the sword. Shall we ward the stroke with liturgies and prayers? Shall we avert the decrees of immutable law by raising churches when hungry infants moan and weary mothers weep?

Though it may take the language of prayer, it is blasphemy that attributes to the inscrutable decrees of Providence the suffering and brutishness that come of poverty; that turns with folded hands to the All-Father and lays on Him the responsibility for the want and crime of our great cities. A merciful man would have better ordered the world; a just man would crush with his foot such an ulcerous anthill. It is not the Almighty, but we

who are responsible for the vice and misery that fester amid our civilization. The Creator showers upon us His gifts - more than enough for all. But like swine scrambling for food, we tread them in the mire - tread them in the mire, while we tear and rend each other!

In the very centres of our civilization today are want and suffering enough to make sick at heart whoever does not close his eyes and steel his nerves. Dare we turn to the Creator and ask Him to relieve it? Supposing the prayer were heard, and there should glow in the sun a greater power; new virtue fill the air; fresh vigour the soil; that for every blade of grass that now grows two should spring up, and the seed that now increases fifty-fold should increase a hundred-fold. Would poverty be abated or want relieved? Manifestly no! Whatever benefit would accrue would be but temporary. The new powers streaming through the material universe could be utilized only through land. While land remained private property, the classes that now monopolize the bounty of the Creator would monopolize all the new bounty. Rents would increase, but wages would remain at subsistence level.

Can it be that the gifts of the Creator may be thus misappropriated with impunity? Is it a light thing that labour should be robbed of its earnings while greed rolls in wealth - that the many should want while the few are surfeited? Turn to history, and on every page may be read the lesson that such wrong never goes unpunished; that the nemesis that follows injustice never falters nor sleeps. Look around today. Can this state of things continue? May we even say, "After us the deluge!" Nay; the pillars of the state are trembling even now, and the very foundations of society begin to quiver with pent-up forces that glow underneath. The struggle that must either revivify, or convulse in ruin, is near at hand, if it be not already begun.

The fiat has gone forth! With steam and electricity, and the new powers born of progress, forces have entered the world that will either compel us to a higher plane or overwhelm us - as nation after nation, as civilization after civilization, have been overwhelmed before. Between democratic ideas and the aristocratic adjustments of society there is an irreconcilable conflict. We cannot go on permitting men to vote and forcing them to tramp. We cannot go on educating boys and girls in our public schools and at the same time refuse them the right to earn an honest living. We cannot go on prating of the inalienable rights of man and at the same time deny the inalienable right to the bounty of the Creator.

But if, while there is yet time, we turn to justice and obey her, if we trust Liberty and follow her, the dangers that now threaten must disappear, the forces that now menace will turn to agencies of elevation. Think of the powers now wasted, the infinite fields of knowledge yet to be explored, the possibilities of which the wondrous inventions of this century give us but a hint. With want destroyed; with greed changed to noble passions; with the fraternity that is born of equality taking the place of the jealousy and fear that now array men against each other; with mental power loosed by conditions that give to the humblest comfort and leisure; and who shall measure the heights to which our civilization may soar? Words fail the thought! It is the Golden Age of which poets have sung and high-raised seers have told in metaphor. It is the glorious vision that has always

haunted man with gleam of fitful splendour. It is what he saw whose eyes at Patmos were closed in a trance. It is the culmination of Christianity - the City of God on earth, with its walls of jasper and its gates of pearl! It is the reign of the Prince of Peace!

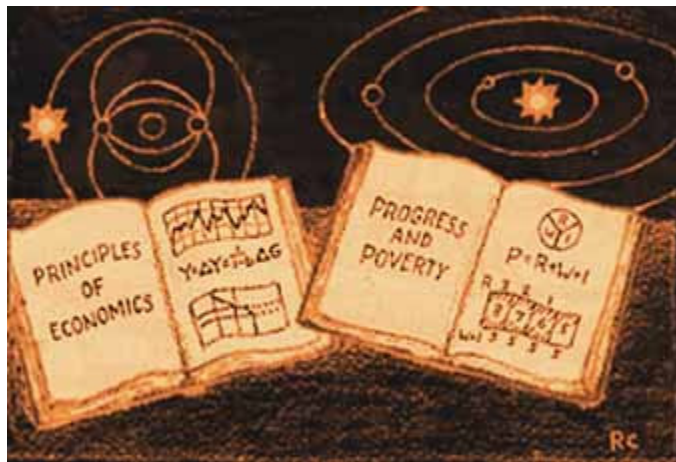
CHAPTER 27

CONCLUSION

The truth that I have tried to make clear will not find easy acceptance. If that could be, it would have been accepted long ago. If that could be, it would never have been obscured. But it will find friends - those who will toil for it; suffer for it; if need be, die for it. This is the power of Truth.

Will it at length prevail? Ultimately, yes. But in our own times, or in times of which any memory of us remains, who shall say?

For a man who, seeing the want and misery, the ignorance and brutishness caused by unjust social institutions, sets himself to right them in so far as he has strength, there is disappointment and bitterness. So it has been of old time. So is it even now. But the bitterest thought - and it sometimes comes to the best and bravest - is that of the hopelessness of the effort, the futility of the sacrifice. To how few of those who sow the seed is it given to see it grow, or even with certainty to know that it will grow.



Political economy has been called the dismal science and, as currently taught, it is hopeless and despairing.... Freed, as I have tried to free her, in her own proper symmetry, political economy is radiant with hope.

Let us not disguise it. Over and over again has the standard of Truth and Justice been raised in this world. Over and over again has it been trampled down - oftentimes in blood. If justice has but to raise her head to have injustice flee before her, how should the wail of the oppressed so long go up?

But for those who see Truth and would follow her, for those who recognize justice and would stand for her, success is not the only thing. Success! Why, falsehood has often that to give; and injustice often has that to give. Must not Truth and justice have something to give that is their own by proper right - theirs in essence, and not by accident?

That they have, and that here and now, everyone who has felt their exaltation knows. But sometimes the clouds sweep down. It is sad, sad reading, the lives of the men who would have done something for their fellows. To Socrates they gave the hemlock; Gracchus they killed with sticks and stones; and One, greatest and purest of all, they crucified.

I have in this inquiry followed the course of my own thought. When, in mind, I set out on it I had no theory to support, no conclusions to prove. Only, when I first realized the squalid misery of a great city, it appalled and tormented me, and would not let me rest, for thinking of what caused it and how it could be cured.

But out of this inquiry has come to me something I did not think to find and a faith that was dead revives.

The yearning for a further life is natural and deep. It grows with intellectual growth, and perhaps none really feel it more than those who have begun to see how great is the universe and how infinite are the vistas that every advance in knowledge opens before us - vistas that would require nothing short of eternity to explore. But in the mental atmosphere of our times, to the great majority of men on whom mere creeds have lost their hold, it seems impossible to look on this yearning save as a vain and childish hope that arises from man's egotism, having not the slightest ground or warrant but on the contrary seeming inconsistent with positive knowledge.

When we come to trace and to analyse the ideas that thus destroy the hope of a future life, we shall I think find that they have their source, not in any revelations of physical science, but in certain teachings of political and social science that have deeply permeated thought in all directions. They have their root in the doctrines that there is a tendency to the production of more human beings than can be provided for, that vice and misery are the result of natural laws and the means by which advance goes on, and that human progress is by a slow race development. These doctrines, which have been generally accepted as approved truth, do what (except as scientific interpretations have been coloured by them) the extensions of physical science do not do - they reduce the individual to insignificance; they destroy the idea that there can be in the ordering of the universe any regard for his existence, or any recognition of what we call moral qualities.

It is difficult to reconcile the idea of human immortality with the idea that nature wastes men by constantly bringing them into being where there is no room for them. It is impossible to reconcile the idea of an intelligent and beneficent Creator with the belief that the wretchedness and degradation that are the lot of such a large proportion of human kind result from His enactments. And the idea that man mentally and physically is the result of slow modifications perpetuated by heredity irresistibly suggests the idea that it is the race life and not the individual life that is the object of human existence. Thus has vanished with many of us, and is still vanishing with more of us, that belief which in the battles and ills of life affords the strongest support and deepest consolation.

In the inquiry through which we have passed we have met these doctrines and seen their fallacy. We have seen that population does not tend to outrun subsistence. We have seen that the waste of human powers and the prodigality of human suffering do not spring from natural laws, but from the ignorance and selfishness of men in refusing to conform to natural laws. We have seen that human progress is not by altering the nature of men but that, on the contrary, the nature of men seems, generally speaking, always the same.

Thus the nightmare which is banishing from the modern world the belief in a future life is destroyed. It is not that all difficulties are removed - for turn which way we may, we come to what we cannot comprehend; it is that difficulties are removed which seemed conclusive and insuperable. And thus hope springs up.

But this is not all.

Political Economy has been called the dismal science and, as currently taught, it is hopeless and despairing. But this, as we have seen, is solely because she has been degraded and shackled, her truths dislocated, her harmonies ignored, the word she would utter gagged in her mouth, and her protest against wrong turned into an endorsement of injustice. Freed, as I have tried to free her - in her own proper symmetry, Political Economy is radiant with hope.

For properly understood, the laws that govern the production and distribution of wealth show that the want and injustice of the present social state are not necessary. On the contrary, they show that a social state is possible in which poverty would be unknown and all the better qualities and higher powers of human nature would have opportunity for full development.

And further than this, when we see that social development is governed neither by a special providence nor by a merciless fate, but by law at once unchangeable and beneficent; when we see that human will is the great factor, and that taking men in the aggregate their condition is as they make it; when we see that economic law and moral law are essentially one, and that the truth that the intellect grasps after toilsome effort is but that which the moral reaches by a quick intuition; then a flood of light breaks in upon the problem of individual life. Those countless millions like ourselves, who on this earth of ours have passed and still are passing, with their joys and sorrows, their toil and their striving, their aspirations and their fears, their strong perceptions of things deeper than sense, their common feelings that form the basis even of the most divergent creeds - their little lives do not seem so much like meaningless waste.

The great fact that science in all its branches shows is the universality of law. Wherever he can trace it, whether in the fall of an apple or in the revolution of binary suns, the astronomer sees the working of the same law, operating in the minutest divisions in which we may distinguish space as it operates in the immeasurable distances with which his science deals. Out of that which lies beyond his telescope comes a moving body and again it disappears. So far as he can trace its course the law is ignored. Does he say that this is an exception? On the contrary, he says that this is merely a part of its orbit that he has seen; that beyond the reach of his telescope the law holds good. He makes his calculations, and after centuries they are proved.

If we trace out the laws that govern human life in society, we find that in the largest as in the smallest community they are the same. We find that what seem at first sight like divergences and exceptions are but manifestations of the same principles. And we find that everywhere we can trace the social law, it runs into and conforms with the moral

law; that in the life of a community, justice infallibly brings its reward and injustice its punishment.

The laws that Political Economy discovers, like the facts and relations of physical nature, harmonize with what seems to be the law of mental development - not a necessary and involuntary progress, but a progress in which the human will is an initiatory force. But in life, as we are cognizant of it, mental development can go but a little way. The mind hardly begins to awake ere the bodily powers decline. It becomes only dimly conscious of the vast fields before it, and only begins to learn and use its strength, to recognize relations and extend its sympathies, when, with the death of the body, it passes away. Unless there is something more, there seems here a break, a failure. Whether it be a Humboldt or a Herschel, a Moses who looks from Pisgah, a Joshua who leads the host, or one of those sweet and patient souls who in narrow circles live radiant lives, there seems, if mind and character here developed can go no farther, a purposelessness inconsistent with what we can see of the linked sequence of the universe.

By a fundamental law of our minds - the law, in fact, upon which Political Economy relies in all her deductions - we cannot conceive of a means without an end, a contrivance without an object. Unless man himself may rise to or bring forth something higher, his existence is unintelligible. So strong is this metaphysical necessity that those who deny to the individual anything more than this life are compelled to transfer the idea of perfectibility to the race. But as we have seen (and the argument could have been made much more complete) there is nothing whatever to show any essential race improvement. Human progress is not the improvement of human nature. The advances in which civilization consists are not secured in the constitution of man, but in the constitution of society. They are thus not fixed and permanent, but may at any time be lost - nay, are constantly tending to be lost.

What then is the meaning of life - of life absolutely and inevitably bounded by death? To me it seems only intelligible as the avenue and vestibule to another life. Out of the chain of thought we have been following there seems to rise vaguely a glimpse, a shadowy gleam, of ultimate relations, the endeavour to express which inevitably falls into type and allegory.

Look around today.

Lo! here, now, in our civilized society, the old allegories yet have a meaning, the old myths are still true. Into the Valley of the Shadow of Death yet often leads the path of duty, through the streets of Vanity Fair walk Christian and Faithful, and on Greatheart's armour ring the clanging blows. Ormuzd still fights with Ahriman - the Prince of Light with the Powers of Darkness. He who will hear, to him the clarions of the battle call.

How they call, and call, and call, till the heart swells that hears them! Strong soul and high endeavour, the world needs them now. Beauty still lies imprisoned, and iron wheels go over the good and true and beautiful that might spring from human lives.

And they who fight with Ormuzd, though they may not know each other - somewhere, sometime, will the muster roll be called.



APPENDIX I

A BIOGRAPHICAL SKETCH OF HENRY GEORGE

Henry George was born in Philadelphia on 2nd September, 1839. Passing from the public school into the high school, he remained in the latter only five months. He worked for two years as an office boy, after which at the age of sixteen he shipped as a sailor before the mast on board an East Indiaman. Having made a voyage as far as Australia and back, he learned the printers' trade in Philadelphia and then went to sea again.

His voyages brought him to California. From San Francisco he worked his way to British Columbia to join the gold-seeking adventurers of 1858 on the Frazer River. The expedition failed and he returned to San Francisco, where he soon afterwards married and where all his children were born.

For many years he endured galling poverty, which could not be charged to indolence or thriftlessness. He was a hard worker, and was given to no vices unless smoking is a vice. As he began to use his pen, however, his circumstances improved. For this change he was well equipped. During all the years since his withdrawal from the Philadelphia High School he had read widely, and had trained himself by close study and arduous practice in clear and forcible as well as inspired writing on serious subjects.

In a visit he paid to New York in the late '60's, his mind was fully awakened to the enormity of the social problem. As the centre of American progress, New York was to his patriotic imagination the place where the beneficent effects of progress should be most pronounced and most plainly visible. Whoever knows New York from the inside can appreciate the depth of his disappointment. Material prosperity he found, not only up to his expectations but far beyond them. Wealth was abundant and comfort luxurious. But the wealth was not distributed; the comfort was not diffused. At one extreme were fabulous riches; at the other was poverty so degrading that its victims had lost all hope of escape and much of the desire for it; while between the two were a harrowing fear and a paralysing dread of poverty which seemed worse if possible than poverty itself.

George's literary abilities were recognized by Noah Brooks, who called him in 1866 from a printer's case on the San Francisco *Times* to a reporter's desk. In a little while the new reporter had become an editorial writer for the paper; and, under the editor-in-chief who succeeded Brooks, had risen in six months to the post of managing editor. He wrote also for the magazines, and an article in the *Overland Monthly* in 1868 gave the first indication of the views with which his name was later to be associated.

At the end of 1871 George with the aid of William M. Hinton established the San Francisco Evening Post. It was the first paper west of the Rockies to sell at one cent. The success of the newspaper was so great that the resources of the proprietors were strained, and with their limited capital they were unable to enlarge the plant. A millionaire senator

offered to lend the money required. After the paper had been running successfully for four years, at a time of temporary financial stringency in San Francisco, the senator demanded instant repayment of his loan or immediate possession of the paper. The reason for this was not a business one. Tight as money was with others it was not so with him. He offered to continue George in the editorship on condition that he reversed its policy toward the Pacific railroad ring and supported that monopoly. George declined the offer.

Later, Governor Irwin appointed him to a post in a State department. It gave him comparative leisure, and he applied himself industriously from August, 1877, till March, 1879, to the writing of *Progress and Poverty*.

At first his manuscript was rejected by publishers, and he was compelled to resort to an author's edition, much of the type of which he himself set. This brought at last one publisher's offer in the United States, and that brought one from England. The book went slowly at first but soon gained headway, and within four years it had sold to the extent of hundreds of thousands of copies in both countries. It has been translated into nearly every civilized tongue.

The Irish Land Question, now called *The Land Question*, soon followed. After that *Social Problems* appeared. This is a series of essays which were first published in *Frank Leslie's Illustrated Newspaper*. His next book was *Protection or Free Trade*. It had been delayed by the loss of the manuscript when the first draft was nearly completed. Some years later came *The Condition of Labour*, an open letter to Pope Leo XIII in reply to his Encyclical on Labour. His next book was *A Perplexed Philosopher*, a criticism of Herbert Spencer and a review of his philosophy in so far as it concerned the land question. Finally, but not until after the author's death, *The Science of Political Economy* was published by his son.

In 1881 George moved from San Francisco to New York. Afterwards he travelled through England, Scotland, Ireland and Australia, speaking before large audiences in all those countries.

In 1886 he became the candidate of the labour organizations of New York for Mayor of that city. His nomination was made in response to a petition signed by 34,000 voters. Alarmed by this, the two branches of the Democratic Party sank their differences to nominate Abram S. Hewitt. The election resulted in a victory for Hewitt with 90,552 votes. Theodore Roosevelt, afterwards President of the United States, received 60,435; George received at least 68,110 - but his friends had good reason to believe that the corrupt electoral machine had him counted out.

In 1897 on the creation of Greater New York he became again the candidate of the labour organizations to oppose Tammany Hall. The incessant exertions of writing, travelling and speaking had greatly enfeebled him. His doctor warned him that the campaign in all probability would be fatal to him. Yet he went into the fight partly because the working men urged him to it, and partly because he believed that his candidacy would save the city from dishonour and would promote the cause that was always uppermost in his mind.

The strain was too great. Early in the morning of 29th October, 1897, four days before the election, the end came. He had spoken at several meetings the previous evening. At one the chairman introduced him as "the great friend of labour." George was no demagogue. He played neither to the gallery nor to the boxes. Coming feebly forward, his voice gaining power, however, and expanding till it filled the hall, he exclaimed: "I have never claimed to be a special friend of labour. Let us have done with this call for special privileges for labour. Labour does not want special privileges. I have never advocated nor asked for special rights or special sympathy for working men. What I stand for is the equal rights of all men."

This account is mainly condensed from *The Prophet of San Francisco*, by Louis F. Post, Chicago, 1904.

APPENDIX II

In the original and complete edition of *Progress and Poverty*, each main section had a quotation as heading. Condensing the complete edition made it impossible to retain these quotations in their place. They are here collected to make this anthology.

Make for thyself a definition or description of the thing which is presented to thee, so as to see distinctly what kind of a thing it is, in its substance, in its nudity, in its complete entirety, and tell thyself its proper name, and the names of the things of which it has been compounded, and into which it will be resolved. For nothing is so productive of elevation of mind as to be able to examine methodically and truly every object which is presented to thee in life, and always to look at things so as to see at the same time what kind of universe this is, and what kind of use everything performs it, and what value everything has with reference to the whole, and what with reference to man, who is a citizen of the highest city, of which all other cities are like families; what each thing is, and of what it is composed, and how long it is the nature of this thing to endure.

- *Marcus Aurelius Antoninus*

There must be refuge! Men
Perished in winter winds till one smote fire
From flint stones coldly hiding what they held,
The red spark - treasured from the kindling sun;
They gorged on flesh like wolves, till one sowed corn,
Which grew a weed, yet makes the life of man;
They mowed and babbled till some tongue struck speech,
And patient fingers framed the lettered sound.
What good gift have my brothers, but it came
From search and strife and loving sacrifice?

- *Edwin Arnold*

Never yet
Share of Truth was vainly set
In the world's wide fallow:
After hands shall sow the seed,
After hands, from hill and mead,
Reap the harvests yellow. - *Whittier*

Ye build! ye build! but ye enter not in,
Like the tribes whom the desert devoured in their sin;
From the land of promise ye fade and die,
Ere its verdure gleams forth on your wearied eye.

- *Mrs. Sigourney*

A new and fair division of the goods and rights of this world should be the main object of those who conduct human affairs. - *De Tocqueville*

Are God and nature then at strife
That nature lends such evil dreams?
So careful of the type she seems,
So careless of the single life.

- *Tennyson*

The machines that are first invented to perform any particular movement are always the most complex, and succeeding artists generally discover that with fewer wheels, with fewer principles of motion than had originally been employed, the same effects may be more easily produced. The first philosophical systems, in the same manner, are always the most complex, and a particular connecting chain, or principle, is generally thought necessary to unite every two seemingly disjointed appearances; but it often happens that one great connecting principle is afterward found to be sufficient to bind together all the discordant phenomena that occur in a whole species of things.

- *Adam Smith, Essay on the Principles which Lead and Direct Philosophical Inquiries, as Illustrated by the History of Astronomy.*

Do ye hear the children weeping, O my brothers,
Ere the sorrow comes with years?
They are leaning their young heads against their mothers,
And that cannot stop their tears.
The young lambs are bleating in the meadows:
The young birds are chirping in the nest,
The young fawns are playing with the shadows;
The young flowers are blowing towards the west -
But the young, young children, O my brothers,
They are weeping bitterly!
They are weeping in the playtime of the others,
In the country of the free.

- *Mrs. Browning*

To whomsoever the soil at any time belongs, to him belongs the fruits of it. White parasols, and elephants mad with pride are the flowers of a grant of land.

- *Sir Wm. Jones, Translation of an Indian grant of land, found at Tanna.*

Why hesitate? Ye are full-bearded men,
With God-implanted will, and courage if
Ye dare but show it. Never yet was will
But found some way or means to work it out,
Nor e'er did Fortune frown on him who dared.
Shall we in presence of this grievous wrong,
In this supremest moment of all time,
Stand trembling, cowering, when with one bold stroke
These groaning millions might be ever free?
And that one stroke so just, so greatly good,

So level with the happiness of man,
That all the angels will applaud the deed. - *E. R. Taylor*

He that is to follow philosophy must be a freeman in mind.
- *Ptolemy*

The widow is gathering nettles for her children's dinner; a perfumed seigneur, delicately
lounging in the Oeil de Boeuf, hath an alchemy whereby he will extract from her the third
nettle, and call it rent. - *Carlyle*

Justice is a relation of congruity which really subsists between two things. This relation is
always the same, whatever being considers it, whether it be god, or an angel, or lastly a
man. - *Montesquieu*

What in me is dark
Illumine, what is low raise and support;
That to the height of this great argument
I may assert eternal Providence
And justify the ways of God to men.
- *Milton*

Instead of the thorn shall come up the fir tree, and instead of the brier shall come up the
myrtle tree. And they shall build houses and inhabit them; and they shall plant vineyards
and eat the fruit of them. They shall not build and another inhabit; they shall not plant and
another eat.
- *Isaiah*

The days of the nations bear no trace
Of all the sunshine so far foretold;
The cannon speaks in the teacher's place -
The age is weary with work and gold,
And high hopes wither, and memories wane;
On hearths and altars the fires are dead;
But that brave faith hath not lived in vain -
And this is all that our watcher said.
- *Frances Brown*

I cannot play upon any stringed instrument; but I can tell you how of a little village to
make a great and glorious city.
- *Themistocles*