REVIEW

OF

PROGRESS AND POVERTY.

By GEORGE BASIL DIXWELL.

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A REVIEW

OF THE

DOCTRINES OF HENRY GEORGE.

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"PROGRESS AND POVERTY."

I.

In "Progress and Poverty" Mr. Henry George has given to the world a brilliant work, admirably written, full of eloquence, radiant with the noble aspiration of diminishing human suffering, and absolutely devoid of that too common cowardice which stops at each sentence to consider whether the words about to be written will be in harmony with opinions avowed upon the other side of the Atlantic.

But the ability and earnestness of the author and the tremendous importance of his subject make it all the more necessary to examine with care every doubtful premise and every questionable deduction, and to collect what evidence we can as to the exactness or carelessness of his methods of reasoning. Of these we have some specimens in an article published by Mr. George in the *Popular Science Monthly* for March, 1880, entitled "The Study of Political Economy." In this he says: —

> "The effect of a tariff is to increase the cost of bringing goods from abroad. Now if this benefits a country, then all difficulties, dangers, and impediments which increase the cost of bringing goods from abroad are likewise beneficial. If this theory be correct, then the city which is the hardest to get at has the most advantageous situation; pirates and shipwrecks contribute to national prosperity by raising the price of freight and insurance; and improvements in navigation, in railroads and steamships, are injurious. Manifestly, this is absurd."

It is certainly absurd, but the absurdity must be looked for in Mr. George's reasoning. The true statement should be this: *One* of the effects of a tariff is to increase the cost of bringing *certain kinds* of goods from abroad. Nevertheless a tariff is said to be beneficial. If so, then everything which increases the cost of bringing from abroad not only those certain goods, but all goods, must likewise be beneficial. The obstacles he mentions not only raise the price of a particular kind or kinds of goods, but of all goods, and that of passage also, and they diminish the value of all exports. The railroad and the steamship facilitate every sort of exchange, but this does not prove that every sort of exchange is beneficial. Rum, opium, small-pox, and leprosy do not become desirable because distributed by rail and steamer! A tariff does not stop all exchanges, but only some. That would be a droll syllogism which ran: "If to stop some exchanges be beneficial, then to stop all exchanges would be beneficial." Mr. George continues thus: —

"And then I looked farther. The speaker had dwelt on the folly of a great country like the United States exporting raw material and importing manufactured goods which might as well be made at home, and I asked myself, What is the motive which causes a people to export raw materials and import manufactured goods? I found that it could be attributed to nothing else than the fact that they could in this way get the goods cheaper, — that is, with less labor. I looked to transactions between individuals for parallels to this trade between nations, and found them in plenty: the farmer selling his wheat and buying flour; the grazier sending his wool to a market and bringing back cloth and blankets; the tanner buying back leather in shoes, instead of making them himself. I saw, when I came to analyze them, that these exchanges between nations were precisely the same thing as exchanges between individuals; that they were in fact nothing but exchanges between individuals of different nations; that they were all prompted by the desire and led to the result of getting the greatest return for the least expenditure of labor; that the social condition in which such exchanges did not take place was the naked barbarism of the Terra del Fuegians; that just in proportion to the division of labor and the increase of trade were the increase of wealth and the progress of civilization. And so, following up, turning, analyzing, and testing all the protectionist arguments, I came to conclusions which I have ever since retained."

The reader who is familiar with the Free-Trade and Protectionist controversy will need no one to point out the weakness of the above paragraph.

To get goods cheaper is not the equivalent of getting them for less labor.

To get the greatest return for the least expenditure of a small portion of its labor is not the proper aim of a nation, but to get the greatest Gross Annual Product obtainable by the whole of its available labor. This is a very different matter.

That exchanges and division of employments find place in all but savage societies, does not prove that there must be division of employments between nations. It is not necessary that England should make up all our raw materials while we confine ourselves to agricultural pursuits. We are numerous enough to derive from the division of employments every possible advantage among ourselves. No man can be certain that the increase of wealth and the progress of civilization are "just in proportion" to the division of labor and the increase of trade, because these two last are not the only nor even the chief elements in civilization; but even if they were, we are not promoting the division of labor nor the increase of trade in the *United States* by confining ourselves to raising raw material.

THE OBJECT OF INTERNATIONAL TRADE.

The object *aimed* at in trading with a foreign nation is to get what is wanted cheaper in the sense of for less labor, certainly; but this object is attained only when the reciprocal desires balance. When they do not balance, the party whose needs are the greatest in amount must give up more and more of any advantages arising from the exchange, and may have to give up the whole, — yes, and a good deal more than the whole; for if he does not possess the skill and the fixed capital he cannot begin to manufacture (which is his only defence) until the other party has extorted from him twenty or thirty or more per cent over the rate at which he might manufacture for himself if he had the skill and fixed capital. And this is not the worst: B needs more of A's goods than A will take of his. He must pay in treasure while this lasts. He may produce, if you please, a hundred millions of treasure a year; but if he pay out two hundred, he will soon find the basis of his machinery of exchange gone, only to be recovered after years of loss and misery, and he will find that he must go *without* a large part of what he might have enjoyed through his own industry. He can permanently obtain from abroad only so many goods as will pay for that quantity of his commodities which is needed in the outer world at the lowest price at which he can afford them. These are the conditions which the *World* offers to fifty millions of people, soon to be a hundred millions. If it were bargaining with five millions of people it might have to offer better terms. This is not merely protectionist doctrine, but is a necessary deduction from the propositions regarding international trade laid down by Mr. John Stuart Mill. But Mr. George reasons as if the matter of proportional demands or requirements had no place in political economy.

The reader may at first think that all this has nothing to do with "Progress and Poverty;" but it has much to do with Mr. George's habits of thought, and these have shaped his book. If we find him making about free-trade deductions which involve a syllogism with four terms, — or a universal conclusion drawn from a particular premise, or the like, — we shall be prepared and on the watch for similar inaccuracies in the book we are about to examine; and before going to the main subject it is well to quote from page 270 of "Progress and Poverty" the following: —

"To these must be added, in the United States, the robbery involved in the protective tariff, which for every twenty-five cents it puts in the treasury takes a dollar and it may be four or five out of the pocket of the consumer."

Now the duties collected have some years been over two hundred millions; there must then, according to Mr. George, have been at least eight hundred millions, and perhaps four thousand millions, taken by the tariff from the pockets of the consumers. These Munchausen figures would have set any honest man like Mr. George upon a re-examination of the statements which the allies of the Cobden Clubs have the audacity to repeat year after year in the face of repeated refutations; but he did not stop to see where his allegations would carry him, — and this is a lamentable fact, as it throws his evident uprightness and earnestness into the scales which are heavily weighted with falsehood and frivolity. The fact is noted in no hostile spirit. The internal evidence which "Progress and Poverty" contains of the pure, single-hearted, and noble motives of its author are overwhelming; and his object, "the alleviation of human misery," is one with which every true man must sympathize; but the higher the object the more important it becomes not to fall into error as to the cause of the evil or as to the remedies which may be advantageously applied to it.

THE AMERICAN PROBLEM.

Mr. George describes eloquently this century's increase in wealth-producing power, and thinks that if a Franklin or a Priestley had seen it in a vision he would have expected the very poorest to be lifted above the possibility of want, — he would have expected to see

> "Youth no longer stunted and starved; age no longer harried by avarice; the child at play with the tiger; the man with the muck-rake drinking in the glory of the stars! Foul things fled; fierce things tamed; discord turned to harmony! For how could there be greed when all had enough? How could the vice, the crime, the ignorance, the brutality, that spring from poverty and the fear of poverty, exist when poverty had vanished? Who should crouch where all were freemen; who oppress where all were peers?"

But Franklin and Priestley were far from rhapsodists; they were cool and wary thinkers and observers. They saw about them much vice, crime, ignorance, and brutality that were the cause of poverty, instead of being caused by poverty, as Mr. George assumes. They saw much poverty which need not then exist, had the sufferers been as free from vice, crime, ignorance, and brutality as they might have been under the then conditions of society; they saw, indeed, much vice, crime, ignorance, and brutality which even then had not the apology of poverty: moreover, they would have foreseen a vast increase in cities, where temptations are more numerous and restraints less powerful; where there is much wealth to be preyed upon, and comparatively great opportunity of escaping detection; where Charity rushes about eager to relieve the deserving, and often carelessly giving to the undeserving the funds which should have been better bestowed; where men may live for months or years without knowing who lives in the next house; where there are a thousandfold more opportunities for self-indulgence than in the village in which every one knows every one, and each man and woman is a wholesome restraint upon the rest. Franklin and Priestley, then, would hardly have expected as much as our author believes they would have expected: possibly they would not have expected even as much as has been accomplished. If they could have foreseen the condition of society to-day, and compared it, class for class, with what existed in their times, they probably would have gone down to their graves with bright hopes of the future. They would have seen great cities become as healthy as the village was in their days, and they would have seen a great and a general advance in the real wages of all classes of those who are able and willing to work. The change in this respect is most striking, and is within the scope of the personal observation of all who can look back thirty or forty years with a clear and distinct memory. To such no statistical proof is needed; but such proof is at hand, for we have careful estimates of the gross annual product of the United States each ten years, and by these we find that there was earned enough to give each individual $61 in 1840, $69 in 1850, $83 in 1860, at least $110 in 1870, and at least $140 in 1880. Let us add 15 per cent to 1840 on account of possibly shorter enumerations then than now. Still we have only $70 in 1840 against $140 now. But for 1880 we have not only estimates of the gross annual product: we have also those of the total value of the nation's accumulations, and made by the same hand (Mulhall). These make the property of the United States to have been forty thousand millions; and this valuation was made at a time when Government could borrow at 4 per cent, and when few investments could be made to safely yield 5 per cent, and when farmers in the far west could borrow at 6 per cent. If, then, we take into consideration the fact that much property in real estate gave no return, but was merely held for a market, it will be seen that to assume the whole forty thousand millions of property to have paid its owners 6 per cent will be to err so much on the side of too high a rate as to cover any possible error which may have crept in from undervaluation of the property at forty thousand millions. But 6 per cent upon forty thousand millions gives twenty-four hundred millions (out of the seven thousand millions of gross annual product) as the amount going in the first place to rent and profit.

But what becomes of rent and profit? On the average of years the annual product is used up, leaving at the end of each year the same percentage of stocks of commodities. Rent and profit are completely passed over to the renderers of services which do and services which do not issue in commodities. They are totally spent either for services, or for commodities, or for property which is expected to bring in an income, and which is formed by labor. Nearly all of the seven thousand millions gets into the hands of those who render services, of those who produce commodities, and of those who form those instruments of production and of convenience which are expected to yield a power of appropriating a portion of the enhanced annual products of future years. The recipients of rent and of profits enjoy the comfort, the consideration, and the luxury which the services of a large mass of the population can afford, and in return they pass over to this portion of the population nearly the whole of their share of the gross annual product. They retain nothing to the exclusion of the rest of the community except the raw materials which enter into the commodities they and their immediate families consume. Even the gross total of their receipts is regulated by demand and supply, and can only be a *portion* of that which the community derive from the use of the capital (the fixed and floating instruments of production and instruments of convenience) which has been formed out of their savings. Without the aid of these instruments even Mr. George (see p. 72) concedes that the total annual product could be only a small fraction of what it is now; in other words, that it is of supreme importance that these instruments should be kept in repair, and that new ones should be formed to meet the demand of the rapidly increasing population. They are kept in repair by those who live within their incomes. New ones are formed by those who save.

Without the instruments of production now in use Mr. George declares that the product could not be a tithe, or a tenth part, of what it is now; that is, the capital produces nine tenths, and, if our calculations be correct, the whole people get two thirds of this advantage, and the owners of the capital get one third; but this one third they spend in such a shape as to cause the existence of various classes who are not employed in producing necessaries, and whose demand for necessaries enables those who do produce them to procure by exchange a vast amount of conveniences and luxuries, and to be thus stimulated to make the earth yield a greater amount of necessaries.

PROPERTY AS AN INCENTIVE TO PRODUCTION.

Out of the institution of property, then, has grown both the present great productive power and also the distribution of the population into various grades of wealth, each of which stimulates the next poorer to strive to better its condition; and this beneficent effect should be seen most fully in the United States, where the almost universal sentiment of the people demands the equal or nearly equal division of properties among the children at the death of the possessor. Enormous estates are said to have destroyed Italy and the provinces of the Roman Empire; but it does not follow that there should be no estates and no landlords, and it is to be feared that Mr. George is giving fatal advice to the already sufficiently miserable Irish. Native landlords living on their estates and using Irish products would speedily change the whole aspect of that island. The abolition of landlords will indefinitely postpone her resurrection.

For the purposes of this discussion an improved farm is as much an instrument of production as a power-loom, and so is a store in Broadway. The position of this last may be such that the land, apart from the building, possesses great exchangeable value; but the totality of such ground rents form but a small part of the value of the annual product, — nine tenths of which product Mr. George calculates to be due to the efficiency lent to labor by capital. Such ground rents are what Mr. Wm. Lucas Sargant calls *ascending* rents. They spring from the *improvement* of the productive forces of the community, and in this are totally unlike the *descending* rents, which may come into existence where population presses upon the means of subsistence. The former are the accompaniment of national growth and prosperity; the latter are an indication of national decay.

Out of the twenty-four hundred millions which is assumed as having, in 1880, gone in the first place to rent and profits, probably one half went for services not issuing in commodities, — such as those of actors, artists, barbers, clergymen, clerks, copyists, hotel-keepers, dentists, designers, draughtsmen, domestic servants, civil engineers, gardeners, government officials (in taxes), hostlers, intelligence-office keepers, journalists, laundresses, librarians, lawyers, managers, musicians, nurses, physicians, professors, restaurant-keepers, teachers, surgeons, and so on.

The other half must have gone to the butchers, bakers, confectioners, carriage-makers, furniture-makers, blacksmiths, carpenters, tailors, etc., etc., who furnished commodities; and a little reflection will show that less than half of the value of these would upon the average consist of raw materials. We have then, at most, only six hundred millions consumed by the owners of property to the exclusion of the rest of the community; six hundred out of seven thousand, which last is, according to Mr. George, ten times more than could be produced without capital. This includes the cases of all recipients of profits and of all recipients of rent, and the latter includes the rent of improvements as well as ground rent. The reader will then see that ground rent, from the abolition of which Mr. George expects the return of the golden age, is altogether too minute to produce any perceptible harm; while the commission of so stupendous a breach of public faith would be likely to lessen the general confidence in the stability of individual fortunes, and in this way to diminish the effective desire for accumulation which lies at the very foundation of national prosperity.

WAGES INCREASE WITH PRODUCTION.

We appear, then, to have arrived at the conclusion that more than nine tenths of the gross annual product goes directly or indirectly to those who labor with the hands or with the head; and this is so near the whole, that, for purposes of comparison, we may say that the great wage fund of the entire community is the gross annual product, or, at all events, that in comparing different periods the wages fund is in proportion to the annual products. Now the most we could make out for 1840 was an average of $70 per head for the whole population; the least which seems probable for 1880 is $140 per head. Gold may have depreciated since 1840, but not enough to account for a quarter part of this difference; and we are forced to the conclusion that real wages must have risen immensely; and this is what the personal observation of each individual and what statistics in detail bear witness to. The question then —

"Why, in spite of increase in productive power, do wages tend to a minimum which will give but a bare living?" which Mr. George propounds as "the riddle which the Sphinx of Fate puts to our civilization, and which not to answer is to be destroyed,"— this question appears to have no existence out of his imagination. Wages, fees, salaries, emoluments of every kind, have risen every ten years. They were higher in 1850 than in 1840, again higher in 1860, and very much higher in 1880. At each period there was more to divide, and every portion of the community obtained a larger dividend, — every portion, that is, in which no exceptional or temporary causes overcame the general swing of financial events.

The problem, then, for the solution of which Mr. George wrote his eloquent book seems not to exist. It appears that wages do *not* tend to a minimum, but that, on the contrary, they are constantly and steadily increasing if we examine them at considerable intervals and under similar circumstances: it would appear that "where population is the densest, wealth greatest, and the machinery of production and exchange most highly developed," we do *not* "find the deepest poverty, the sharpest struggle for existence, and the most enforced idleness." His proposition is universal, and is demolished the moment we compare Ireland with England, or Portugal with France, or the farmer of fifty years ago with the farmer now, or the domestic servant and 'longshoreman of those days with the same classes to-day.

II.

But although it appears quite certain that all classes who are able and willing to work have shared in the great increase of opulence which has during the last century resulted from the greater security of property and the introduction of machinery and the division of employments, still it is equally certain that the progress has not been continuous. It has been in waves. Each wave has run higher than the last; but, during the reflux, there has been distress enough to wring the heart of any one who observed it at its focus in the poorer quarters of a great city. It is in vain to answer that this is a trivial matter compared to the famines and consequent pestilences that used to attend short crops, and that still attend them in nations which modern trade prevents from attaining a diversity of occupations. It is in vain to point to Ireland and Orissa and Behar and the Punjab with their many millions of victims; for, although we have passed from the scene of such horrors, the evil which remains is great enough to demand that we use every effort to discover and remove its causes.

THE REAL PROBLEM

would seem to be to ascertain why, during the advance of modern society from one plane of opulence to another, there should occur periods of depression in which a considerable portion of the population suffers want of employment and all consequent evils for periods of several consecutive years.

At the bottom of the whole trouble lie the imperfect information and consequent imperfect judgment of individuals.

A market, which has been for some time closed, is opened. A manufacturing and commercial nation hastens to send goods to it. They pay a profit. Then all prudence is cast to the winds; immense supplies are poured upon the market and forced upon it by long credits and all the devices of trade. The thing is overdone. The comparatively agricultural nation has taken vastly more than it can pay for in goods. It has to pay in treasure, and this sort of trade at last comes to an end; but not until the buying nation has suffered a disarrangement of its machinery of exchange which keeps it in a state of paralysis for years.

We suffered this after the war of the Revolution and after the war of 1812–15.

But there is another field in which the inaccurate judgment of men would bring about excitement and subsequent depression, even if there were no such thing as trade.

The efficiency of modern labor springs, in a great measure, from the aid given by fixed and floating capital; and the disposition to save — or to form capital — is stimulated by the manifold instruments of convenience and luxury which increasing opulence bestows.

AMERICAN CAPITAL AND POPULATION.

But, in a country like the United States, the desire to save finds wide scope. The population, and its effective demand for capital, increase at the rate of three per cent annually. If, then, we take the value of all capital and of all improvements on land to have been $30,000,000,000 in 1880, the average demand for new capital and improvements would be to the amount of $900,000,000; that is, commodities would every year be exchanged, not for other commodities, but for labor employed in forming new property, to this enormous extent.

At the commencement of a period of excitement more than this would be invested, and with profit; then more, while the prudent shook their heads. But perhaps, nevertheless, a profit would ensue; and so on until the formation of instruments of production and convenience is carried beyond the point where society can and will pay for their use enough to satisfy the desire for profit current in the community. Up to this point there has been a greater and greater demand for commodities, and consequently for labor to form commodities. Now, suddenly, the movement to form more improved frames, more mills, forges, machinery, etc., is diminished, and the labor which was forming them is set adrift and is unable to consume as largely as before; and so less commodities are required, and less labor to form commodities. Here we have a glut, a panic, and a period of depression.

Rent has had nothing to do with the movement except as one of the closing effects. As the keener-sighted see that too much fixed capital is being formed, they may rush upon real estate as a means of securing some income; and this speculation may run very wild, because when A buys B's real estate his doing so does not diminish a particle the aggregate of funds seeking investment. He simply transfers them to B. But such a speculation is an effect, not a cause, of the movement which is about to culminate in a collapse. This would come to pass just the same if real estate were never either bought or sold.

THE MOTIVE OF GEORGE'S BOOK.

A collapse of this kind, aggravated by over-importations and by a simultaneous contraction of the currency, occurred in 1873, and continued in greater or less intensity until 1879; and it was during these years that Mr. George saw the misery which caused him to write his eloquent book. Unhappily, he seems to have entirely missed the nature and causes of the disease, and to have equally erred in the remedy he prescribed.

During this period of depression he saw "gaunt Famine side by side with the gilded palace," etc.; but the construction of the gilded palace in no way hastened or contributed to the collapse. *On the contrary*, it tended to postpone and moderate the collapse; and the construction of a thousand such at the proper moment, accompanied by similar expenditure in other directions, might have totally averted the miseries, losses, and wreck which filled the period from 1873 to 1879. They could not have been averted nor have been postponed for a moment by the confiscation of landed property or any other property.

Let us pass now to what Mr. George has to say about capital.

Mr. George is particularly unfortunate in his use of the *reductio ad absurdum*.

In examining his free-trade notions we have seen him brush aside the opinions of Washington, Franklin, Hamilton, Jefferson, Jackson — in short, of the majority of the statesmen and people of the United States — by a few phrases which to him appeared to be a *reductio ad absurdum*, but which a brief examination showed to be only a false syllogism. In writing of "Capital" he dismisses all previous political economists, both free-trade and protectionist, in a similar manner. He finds their propositions absurd — in holding labor to be supported by capital — "because they involve the idea that labor cannot be exerted until the products of labor are saved, — thus putting the product before the producer," and this he repeats several times in different words. Let us put this into a syllogism.

The producer of capital cannot be dependent for support upon the subsequent product.

Labor is the producer of capital, therefore labor cannot be dependent for support upon capital; but labor in the minor premise is undistributed, while in the conclusion it is distributed. It is a false syllogism.

The labor which precedes and produces certain capital is not the labor which is supported by that same capital, but quite another labor. There is nothing absurd in supposing that the crops raised by certain labor in 1882 may support and be absolutely necessary to the support of that other labor which raises the crops of 1883. The confusion of thought lies with Mr. George, and not with those whom he criticises.

Through many pages upon "Capital" he labors to show that "wages are not drawn from capital at all, but come *directly* from the produce of the labor for which they are paid." But the real wages of the laborers are the food, raiment, shelter, etc., for which they spend their wages. These are produced *before* they are used. They are advanced by the capitalist, who is reimbursed only when the articles or the property formed by labor are finished and put upon the market and sold.

That industry cannot exceed the amount which previously existing means can support, is plain enough; but in point of fact there always exists in an industrial society sufficient commodities to carry the community to the next harvest and *somewhat beyond.*

Industry, then, is not limited by capital, but both it and capital are limited by the *field of employment.*

Underneath this, and limiting it, lie the desires for the gratification of which the community, as a whole, will work and save. If it desire only bananas and bamboo huts, or mere necessaries, it will remain without progress and without wealth. If it desire the manifold conveniences, luxuries, and amusements now enjoyed in the United States, it will continually work towards the attainment of them as increasing skill, dexterity, judgment, and capital bring nature more and more under dominion. But at no point of time, between the two conditions, has it been true that there existed an unlimited demand for any one or for all the commodities known to the community. At any given moment the demand is limited to such quantity of commodities as can be obtained by a given amount of effort; and it is still further limited by the desire to provide for the future, — the desire to save.

Without this desire there can be none of that progress which grows from the greater efficiency given to labor by fixed and floating capital; that is, by those instruments of production and of convenience which, according to Mr. George himself, enable the community to produce a product ten times greater than it could unaided. But, at any moment, capital is of limited efficiency, and demand and supply will award it only a portion of that which it adds to the annual product. With a given population and a given efficiency of capital the latter cannot be increased indefinitely. Beyond a certain point a larger amount must either rest unemployed, or divide with that before existing the same portion of the annual product, — thus diminishing the profits of the whole. There is, then, in every industrial community, at each point in its development, a limit to the field of employment, even if it be in possession of immense undeveloped resources. The English economists generally (and Mr. George follows their lead) suppose that there is only one limit; namely, that which is found in a scarcity of land, mines, etc. Whether this limit has ever been reached in any existing industrial community seems doubtful; that it has not been reached in the United States seems quite beyond doubt.

It is idle, then, to attribute the fluctuations in amount of employment to a deficiency of land brought about by speculation.

The normal limit to the field of employment is *passed* when the desire to save forms capital faster than the population and its effective demand increases. The excess of employment in this direction causes an excess of production of commodities, and a farther excess in the employment of what is called productive labor.

During the corresponding depression employment shrinks beneath its normal limit, and continues less than the average until the population has gained upon capital or has changed its habits of expenditure. Unemployed capital and labor, during a period of depression, are constantly looking for new commodities and new services with which to tempt the savers (great and small) to increase their expenditure; the savers, meanwhile, vie with each other for the possession of any property which yields a sure income; and those in whom the desire to save is least are crowded out and give up trying to accumulate, — until at last it begins to be apparent that more fixed capital is needed. Then commences another expansion, to be followed, after a longer or shorter period, by another collapse.

The violence of these fluctuations will doubtless diminish in proportion as the community obtains correct views of the relative *magnitude* of the industrial forces, — of the amounts of fixed and floating capital, — the average quantity of unemployed capital in the shape of unsold stocks of commodities and of materials awaiting conversion into commodities, etc.; and, meanwhile, some considerable mitigation might be afforded if, *during times of excitement*, the general and State and city and village governments abstained, as far as possible, from expenditures for improvements, and reserved their means for times of depression.

To lay all taxes upon real estate would give governments enormous revenues during periods of excitement, when to use them would be prejudicial, and leave it without a large portion of its necessary revenue during periods of depression, when expenditures would be beneficial. How much could be collected from taxes upon land during periods when land is so depressed that mortgaged property sold under foreclosure fails generally to pay its debts?

CONFUSIONS OF THOUGHT.

In his chapter on "Capital" Mr. George accuses all past economists of confusion of thought; but his own errors in this respect seem to outweigh those of all other writers put together.

He thinks it foolish to suppose that the capital produced in 1882 should support the labor of 1883, but finds nothing unreasonable in saying that the man who is at work upon an unfinished steamship "virtually produces the things in which he expends his wages."

But the things for which he expends his wages were created *before* he did his work, created by the previous joint efforts of antecedent labor and capital. They belonged to capital, which had furnished the instruments of production and advanced the wages and kept the instruments of production in repair. If what remained was more than the profit usual in the community, it would indicate that population had outgrown capital, — that more capital was needed. To construct this capital more labor would be called for, and wages would rise.

That is, labor (of all kinds) and capital and rent divide between them the total gross product. When this increases, wages and profits and rents increase. When this diminishes they all must submit to a diminution. The proportions of the gross product which go to one or the other are determined by demand and supply. If capital be relatively scarce, capital takes a larger percentage; if relatively abundant, it takes a smaller percentage. And so with respect to different classes of the community. If any be in excess, it receives a smaller share of the annual product; otherwise, a larger.

With the increase of the annual product, growing out of more efficient labor and more efficient capital, the totality of wages must necessarily advance. If it advance less in any particular class it can only be because that class is relatively in excess. The amount per head which goes *directly* to labor of every sort in 1882 is more than the *whole* product of 1840, and the amount that goes directly and *indirectly* to labor of every sort in 1882 is double that which went to labor of every sort in 1840.

Mr. George argues rightly that, at any particular moment, industry is not limited by capital, for there are always surplus stocks ready to support more labor, and likely to be speedily made good by quickened production; but, indirectly, and in the long run, industry is very much affected by the increasing efficiency of capital, for on this depends the magnitude of the total annual product, and on this the rewards of industry. To secure this, together with a greater diversity and division of employments, and to secure to our own labor as large a proportion of the best possible field of employment — that, namely, which is found in satisfying by our own efforts as many of our desires as possible, — was the avowed object of the

PROTECTIVE POLICY

as set forth by Alexander Hamilton; and under this policy, when thoroughly carried out, we have attained that high rate of wages which attracts two thirds of a million of men annually to our shores, and which gives us warrant to hope that, before population can press upon the means of subsistence in these United States, our people will have become accustomed to so high a scale of living as to ensure the exercise of that prudence which will become necessary in the altered conditions of the nation.

Mr. George can see nothing in the policy but a foolish effort to make certain classes rich!

Few things, however, are so settled in political economy as that "no industry can for any length of time obtain a higher rate of profit than that which is common in the community." If it could, it would be doubly desirable to have those industries which might be turned into monopolies within reach, and not upon the other side of the Atlantic! Let it be ascertained that a monopoly exists among us, — likely to be permanent, not likely to be speedily destroyed by internal competition, — and the remedy would be the easiest conceivable. A reduction of the duty would put the would-be monopolists upon their good behavior. But if, upon a false or mistaken cry of monopoly, we destroy some of our own industries, and transfer the scene of monopoly to foreign shores, we shall be thenceforth without remedy.

The outcry of monopoly as to industries easily inaugurated by moderate amounts of capital is generally passed over as the product of insincerity; but Mr. George is above suspicion in this respect. He writes what he believes.

We come now to what he has to say about the Malthusian Doctrine.

III.

Mr. George quotes as follows from Mr. John Stuart Mill: —

"A greater number of people cannot, in any given state of civilization, be collectively as 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 aggravate the evil, but, at most, causes it to be somewhat earlier felt. It is in vain to say that all mouths which the increase of mankind call 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 was as energetic and the produce as ample as at the present time,* 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 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 the population would be arrested by death."

To this Mr. George replies: —

"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 call 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 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 each individual richer instead of poorer.

"I thus distinctly join issue and submit the question to the test of facts."

Now, let us look at his facts. They are these: That, in our times, communities have increased faster in wealth than in population; that it is in the densest populations we find "costly buildings, fine furniture, luxurious equipages, statues, pictures, pleasure-gardens, and yachts, men of income and of elegant leisure, thieves, policemen, menial servants, lawyers, men of letters, and the like; and that capital overflows for remunerative investment from these densely populated to sparsely populated regions." These things, he says, "conclusively show that *wealth* is the greatest where population is densest; that the production of wealth to a given amount of labor increases as population increases."

But these things do not prove the contradictory of Mr. Mill's propositions. Mr. Mill would not deny that, in countries so greatly underpeopled (having regard to the existing skill and knowledge of mankind and the available land) as were our colonies when, as Adam Smith relates, a widow with half a dozen children was looked upon as an heiress, — he would not deny that in such cases a mere increase of population would bring increase of wealth. Mr. Mill was speaking of communities in which to support a widow who had six children would be a good deal more difficult than to support a widow without any; and, with respect to such, he says that a great increase of population would bring great misery, unless, *at the same time*, the arts of production were improved in an almost unprecedented degree. This, Mr. George thinks, he disproves by adducing the experience of the last forty years, in which the arts of production *have* been improved in an almost unprecedented degree.

Wealth has increased in consequence of these improvements, — not in consequence of the greater population. The greater wealth and the greater population are joint effects; or rather the improvements brought greater wealth, and this brought greater density of population. This answers his point as to the general advance in wealth and population in our times. With respect to the comparison he draws between countries now underpeopled, — those in which that density of population which can be maintained to the best advantage with the skill and the productive instruments known in our time has not been reached, — it is quite true that greater wealth would ensue from greater population up to a certain not very well defined point. More capital can be used to advantage as population increases; the steamship and the railroad become paying instruments where before they could not be used, and capital speedily appears, either from home savings or from other communities, when the conditions exist for its safe and paying investment. And with the application of more capital comes the possibility of satisfying new desires, — the desires for "costly buildings, fine furniture, luxurious equipages, statues, pictures, pleasure-gardens, yachts, elegant leisure, protection by means of police, menial servants, instruction in the law, in religion, in literature, and the like on the part of the rich, and for better food, better clothing, better houses, better schooling, and more amusements on the part of the rest of the community."

It is the existence of those desires and the possibility of gratifying them that leads to the accumulation of those instruments of production of which Mr. George himself says: —

"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 on the hand-loom, 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."

Well, then, these instruments of production, which do nine tenths of the work, can be brought into existence and kept in repair only by abstinence. Somebody must save what he otherwise would have squandered in present enjoyment. Instead of orgies with boon companions he prefers to improve his farm, to buy better tools, to build a mill, etc. The instruments of production into which he transforms his savings are part of those which increase tenfold the gross products to be divided. He is clearly entitled to some portion of the increase his savings have effected: what that portion shall be will be decided by perfectly impartial umpires, — demand and supply. If of any one kind of the instruments of production there are less than the community can use to advantage, the rent for their use will be high, the profits to be derived from constructing more will be great, and many will be constructed; until at last there will come into existence as many as will command such annual rent or equivalent profit as will satisfy the existing effective desire for accumulation. If he cannot get income enough from his instruments of production to make it worth while to save in this shape, he will form instead instruments of convenience: he will improve his dwelling-house or build a new one; or, abandoning saving, he will use better food, better clothing, go oftener to the shows or the play; and if he be rich, he will call together a number of carpenters, masons, and other artificers, and build him a "gilded palace." In building this he will pass over to the artificers a portion of the annual product which came to him as rent for his part of the community's property, and the artificers will eat it and drink it, and put it into clothing, or obtain some amusement with it, or put a portion in the bank. Every particle of the value of the gilded palace and its luxurious furniture will, when it is finished, have passed into the hands of labor, and the greater part of it will have been consumed by those who were able and willing to work. Thereafter the gilded palace will stand as a striking witness to the fact that in some previous year or years there were funds which could be devoted to unproductive purposes. The totality of such costly edifices, yachts, etc., which existed in San Francisco in 1879 were the accumulations since 1849. They struck the eye and excited the imagination, and they led Mr. George to very erroneous conclusions.

Mr. George says: —

> "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?"

But he wishes to establish the universal fact that the production of wealth increases faster than population. This he endeavors to prove by inferences from other facts, — that is, by abstract reasoning. He could not do it in any other way, except by appealing to statistical facts, and is therefore not to blame for the method. What he appears to err in is the way in which he applied his method. He looks at a very sparsely peopled community, and sees that in it a canoe is a more suitable instrument than a steamer, a common road than a railroad; that, in short, there is a limit to the application of modern devices in that community. With a greater population, more capital could be applied; and, to a certain point, with increase in the annual product as compared with the population. Where he errs is in concluding that what is true to a certain point is true indefinitely. He is so sure of this that he instances California. He says: "In 1849, $16 a day were only ordinary wages. Now, men are glad to work a week for that sum, and money is loaned by the year for what would not have hardly been deemed extortionate by the month." But, strange as it may seem, Mr. George does not think that wages are lower because labor yields less wealth. He says: —

> "On the contrary! Instead of the wealth-producing power of labor being less in California in 1879 than in 1849, I am convinced that it is greater; and it seems to me that no one who considers how enormously during these years the efficiency of labor in California has been increased by roads, wharves, flumes, railroads, steamboats, telegraphs, and machinery of all kinds, — by a closer connection with the rest of the world, and by the numberless economies resulting from a larger population, — can doubt that the return which labor receives from nature in California is on the whole much greater now than it was in the days of unexhausted placers and virgin soil; the increase in the power of

the human factor having more than compensated for the decline in the power of the natural factor. That this conclusion is the correct one is proved by many facts that show that the consumption of wealth is now much greater, as compared with the number of the laborers, than it was then. Instead of a population composed almost exclusively of men in the prime of life, a large proportion of women and children are now supported, and other non-producers have increased in a much greater ratio than the population; luxury has grown far more than wages have fallen; where the best houses were cloth and paper shanties are now mansions whose magnificence rivals European palaces; there are liveried carriages on the streets of San Francisco, and pleasure yachts on her bay; the class who can live sumptuously on their incomes has steadily grown; there are rich men beside whom the richest of the earlier years would seem little more than paupers, — in short, there are on every hand the most striking and conclusive evidences that the production and consumption of wealth have increased with even greater rapidity than the increase of population, and that if any class obtains less it is solely because of the greater inequality of the distribution."

This quotation is an example of the eloquence with which Mr. George states his conclusions, and of the unwariness with which he adopts them and considers them proved.

Wages had fallen to one sixth, and the interest upon capital to nearly a twelfth; yet he thought the annual product must certainly be greater per man than it was in 1849! One would think he would have asked, If this be so, what becomes of it? Rent, profits, and wages must take the whole; and rent and profit again spend nearly the whole of their shares upon wages. How, then, could it be that wages had fallen to one sixth part of what they were? Having come to this question, it must have occurred to him to look into the census of 1870 and see what *were* the earnings of labor and capital, — that is, the gross product out of which the share of rent must come. Looking into this, he would have found that the value of all farm products, including betterments and additions, was $50,000,000, and that the number of hands employed was forty-eight thousand, giving $1,040 a year to each; or, dividing by three hundred days, $3.50 a day. Turning now to mining, he would have found the gross product $8,300,000, and the hands employed seventy-six hundred, giving to each $1,090 a year, or $3.60 a day. Turning again to manufactures, he would have found the gross product $68,000,000, the materials being $27,000,000, leaving $31,000,000 as the value added to materials by forty-nine thousand persons; giving $633, or $2.11 a day.

The agricultural and mining gross products included of course more rent, and the manufacturing less rent; but they all three contained funds which went to non-productive labor, — that is, to the seventy-six thousand persons who were engaged in professional and personal services. The thirty-three thousand persons engaged in trade and transportation could hardly have much increased the average. We will call their earnings $4 a day, or $1,200 a year, for each person, or $39,000,000 altogether.

We have, then,

48,000 persons engaged in agriculture and producing .	$50,000,000
7,600 in mining, producing	8,300,000
49,000 in manufacturing	31,000,000
33,000 in trade and transportation	39,000,000
76,000 in professional and personal services	
213,600	$128,300,000

We have, then, $128,300,000 to be divided among two hundred and thirteen thousand six hundred persons, or just about $600, or $2 a day against $16 a day, earned by each man in 1849.

Nobody supposes that the census enumerations are absolutely exact, but on the other hand nobody believes that they err by fifty per cent; and it will be seen then how wild, beyond belief, were the conclusions which Mr. George considered *proved* by his method of reasoning.

He believed that labor, assisted by capital, was earning in California over $16 a day; and his book would tend to make the laborer feel himself wronged if he did not receive that amount. But all that labor and capital together earned was about $2.11 a day, as shown by the statistics of manufactures; and out of this and the shares of rent in agriculture and mining, the persons engaged in professional and personal services had to be supported.

With the total annual product, such as it was, the laborers could not possibly have had more than they obtained; and it is a pity they and their innumerable well-wishers in other classes should have been disquieted by Mr. George's generous and eloquent but exceedingly inaccurate reasoning.

Analyzing Massachusetts in the same way as California, we find: —

Engaged in agriculture	73,000	with products worth		$32,000,000
Engaged in manufactures	279,000	" " "	$554,000,000	
		Deduct materials	334,000,000	220,000,000
Engaged in mechanical and mining occupations	14,000	Supposing these to earn as much as those engaged in manufacturing		
Engaged in trade and transportation	83,000			76,000,000
				$328,000,000
Engaged in professional and personal services	131,000			
	580,000			

580,000 persons, among whom $328,000,000 being divided gives $566 a year, or $1.89 a day.

But the estimates in Massachusetts were in currency, which was at 15 per cent discount, so that the daily earnings in that State come down to $1.61 against $2 in California. With all her machinery, and all the economies resulting from a denser population, Massachusetts in 1870 could not divide among her workers as much as thinly settled California.

And here we come to a distinction as to the wealth of States, which seems nowhere present to the mind of Mr. George.

A State may possess a vast accumulation of public and private edifices, and a vast aggregate of tools, machinery, mills, etc. These strike the eye and impress the imagination forcibly. The beholder infers at once that he is in an enormously rich community, and his next inference is that in such a community the wages of labor ought to be very high. It seems as if where there was so much visible wealth every one ought to have a great abundance. But the value of these visible portions of wealth has already been consumed once. At the time of their construction, nearly every cent of their cost passed directly or indirectly into the hands of some kind of laborer. They have been eaten up once; they cannot be eaten up again. All that they can hereafter be made to contribute is that which their assistance adds to the annual product. This is every year divided between rent, labor, and capital, in such portions as demand and supply determine; but the part which goes to rent and capital nearly all, as we have already seen, goes (through the hands of the landlords and capitalists) to labor.

What, then, can be annually divided among the members of a community is the annual product of commodities; and that nation is the wealthiest which can give to each of its members the largest amount of the "necessaries, conveniences, and luxuries of life." This dividend bears no necessary proportion to the visible accumulated property, which is the result of the savings of many years, and which may have much, or may have very little, influence upon the annual product.

The repeated references of Mr. George to the magnitude of these accumulations, as showing what ought to be, or could possibly be, the annual reward of labor, — these are at the bottom of much that is misleading in his book.

Mr. John Stuart Mill, as every one knows, was a person of the highest integrity, a great logician, as much interested in the future fate of the poorer classes as any man who has lived in our times. His positions, as quoted in the beginning of this chapter, seem not to have been shaken by Mr. George in the slightest degree.

We have now gone through the first two books of "Progress and Poverty," and have found what appear to be good reasons for dissenting from every one of his distinctive doctrines.

It appears that wages do *not* tend to decrease as wealth (in the sense of the gross annual product as compared with population) increases, but that, on the contrary, wages increase *pari passu* with wealth. It appears that although productive labor, when employed, adds generally, by the assistance of capital, a value which is greater than its wages, still this value is not available until the product is finished and put upon the market and sold, so as to give a general purchasing power. It seems, therefore, that wages are certainly advanced by capital, without which the greater portion of the work of industrial communities could not be carried on. It appears that under favorable circumstances population *does* increase as rapidly as Malthus and Mr. Mill declared; and although, with increasing skill and capital to the very extraordinary extent that has been seen in our days, the annual product in the United States has increased much more rapidly, and so led to an equal advance in wages, still it is by no means certain that improvements can continue indefinitely at the same rate.

We see that the same causes have not produced an equal advance in wealth and wages in older communities, and we see that in California there has been a very marked decline. It seems probable, then, that in the course of another century, or half a century, population with us will press upon the means of subsistence. It is the hope of protectionists that the high scale of living which has been established in the meanwhile will prevent the descent of any large class of the people to transatlantic poverty. Mr. George sneers at protection as being contrived and intended to favor monopolies; but this is as untrue, as offensive, and as unjust as it would be to stigmatize him as a selfish communist and demagogue, whose only aim was notoriety. This is not true; neither is that.

IV.

How to deal with the remaining chapters of "Progress and Poverty" without wearying the reader is "the riddle which the Sphinx of Fate puts" to the reviewer, and which not to answer is — not to be read! The fallacies are so numerous that to reply to each in full would be to exceed reasonable limits. All that can be done is to take the principal ones *seriatim,* and get rid of each as speedily as possible.

He says that one thousand men working together will do much more than one thousand times the work of one man.

This is true when they have unlimited subject-matter to work upon. Double the population of the United States, and all might be better off. Would they be better off if multiplied by a thousand? Up to a certain point the mutual helpfulness of men outweighs the relative but not absolute scarcity of materials, such as land, mines, etc.; but only up to a certain point. He makes the old error of arguing "*a dicto secundum quid ad dictum simpliciter.*" This is all that there is in his argument, that the joint product of labor and capital continually increases faster than population increases, and that *therefore* the laborer must be robbed if in a densely peopled country he earns less than the wages usual where lands, mines, forests, etc., are more abundant.

He repeats that capital does not employ labor, but that labor employs capital, and adduces in proof the fact that capital was originally formed by labor; but when the first capital was being formed few could exist upon a given space, and society bore no analogy to present communities in which, according to his own dictum, nine tenths of the product is due to the assistance of capital.

RENT AND CAPITAL.

He asserts that "rent is the price of monopoly, arising from the reduction to individual ownership of natural elements which human exertion can neither produce nor increase." But human agency has already vastly increased their capacity and can increase it still farther; ten acres with sufficient capital will yield as much as fifty without. Rent, then, is kept in check by capital. Moreover, he would have us believe that rent has actually swallowed up much that belonged to labor in the United States, and that to this cause we must trace the panic of 1873. Now, with respect to Economic Ground Rent, there seems reason to doubt whether it has begun to exist in the United States, as far as the great mass of farms and plantations are concerned; there seems, indeed, reason to believe that the farms do not yield a full interest upon the mere improvements existing upon them. The formation of this particular kind of instruments of production has been over-stimulated by our homestead laws, and by the action of that very common desire of men to acquire an absolute right to a portion of land and to be each his own master, with a certainty, as nearly complete as possible, of never being in want of food and seldom in want of a moderate amount of conveniences and luxuries.

The competition of seven millions of individual farmers ought surely to be a sufficient guarantee against monopoly; they will not even obtain a fair return for the labor they have spent in improvements, until increasing population and the action of the protective system build up a sufficient market for their products. Free trade, by forcing them to offer a greatly increased quantity of raw products to the outer world, would infallibly, under existing conditions, reduce very much the exchangeable value of their produce, and impoverish them for several generations.

It appears evident, then, that the panic of 1873 could not have been brought about by a scarcity of raw products. Many millions of farmers — each with more land than he habitually used, each eager to raise more when prices warranted — were a sufficient guarantee against any such catastrophe.

But it may be said, "There are the rents of houses and stores in the cities; these become exorbitant and make the production of something or other too expensive, and so something or other is not made, and hence we have a diminution in the aggregate demand."

But this idea is contradicted by the facts, well known to practical men, that during a period of excitement real estate is one of the last things to rise, and that when a period of depression comes it is one of the last to fall. The facts are empirical, and so may be questioned until we discover a reason for them. This is not far to seek. People do not enlarge their quarters until they have experienced high wages and high profits for some time, — until, in fact, they have got used to them, and have come to consider them as practically permanent. The individual takes a larger house or more rooms because he feels he can afford it, and he takes more space for the accommodation of his business because he feels that an increasing business demands more, and that, after paying more rent, he will have a larger sum left at the end of the year. High rents in the cities appear to be a *consequence* of the fuller occupation of the population; and even if, towards the end of a period of excitement, they become so high as to materially affect the profits and consequent expenditure of a portion of the dealers, they can only transfer to the owners of houses and lands the very same sums that are taken from the dealers, and the recipients must in their turn either spend them or save them; and in saving they spend only upon different people. It is only when it begins to be seen that saving has been overdone, — that more instruments of production and convenience cannot be formed with a chance of their yielding the rate of profit usual in the community, — it is only then that the industrial movement begins to decrease. Then laborers are thrown out of employment, and with this comes a diminished demand for commodities and a necessity for dismissing still more laborers, and so on in a widening circle.

RENT NOT RESPONSIBLE FOR PANICS AND POVERTY.

In a country depending largely upon the export of manufactured goods, like Great Britain, a panic may be brought about by a failure of the crops of some of her principal purchasers, and a consequent inability to buy; but this does not arise from extravagant rents in either country.

Again, in a country which exports largely of raw products, a period of depression might be brought about by large crops and low prices in some other part of the world; but here again rent has nothing to do with the matter.

Mr. George appears, then, to have failed in his attempt to fix upon rent the responsibility for panics. That rent is not the cause of general poverty in the United States is apparent enough from the fact that if from the Gross Annual Product of 1880 per head we subtract the whole of rent and the whole of profits, there remains much more than the whole product per head of 1840. That is, labor alone in 1880 took more than labor, rent, and profits together took in 1840. And besides this, rent and profits again spent three quarters or more of their share upon labor.

His algebraical formula, then, Produce = Rent + Wages + Interest, therefore Produce − Rent = Wages + Interest, proves nothing. We should rather say, Produce = Rent + Wages + Interest; therefore Produce − (Wages and Interest) = Rent. As long as men and capital, taking the whole country together, are scarcer than land, they must be paid first, and rent must take what they leave. When, in the far future, men and capital are the more plenty, and land the less, then, and then only, will his interpretation of the formula be true. But when, if ever, we approach such a point, it is fair to expect that a population long accustomed to conveniences and luxuries will exercise sufficient self-restraint to prevent the loss of them.

There are two cases in which the rent of land, and the rent of capital also, become oppressive and the source of poverty. One is when the owners are absentees. This case Mr. George recognizes. The other is when the owners, instead of buying their conveniences and luxuries of their fellow-citizens, buy them abroad. This case Mr. George entirely ignores. But this is semi-absenteeism. If, for instance, rent and profits together receive in the United States twenty-four hundred millions out of seven thousand millions annual product, in consideration of the use by the rest of the community of their land and capital, and if they proceed immediately to redistribute three fourths or more of the twenty-four hundred millions to other classes of the community, we speedily come to have vast masses of men who are engaged in producing conveniences and luxuries and services, and who bring conveniences and luxuries to the doors of those who produce necessaries.

But if the owners of land and of capital were allowed to send their twenty-four hundred millions abroad after *cheap* conveniences and luxuries, the inevitable effect would be to break down the foreign market for our raw products, to make what we did buy exceedingly dear instead of cheap, and, in the end, to limit us to a small portion of what we now have by our own direct industry. A vastly diminished gross annual product would ensue, and rents, profits, and wages all suffering together, an impoverished people would no longer be able to support the stately universities that are now in league with the Cobden Club to destroy our industries.

It is not charged that the colleges are doing this intentionally; but their good intentions cannot alter the result.

Mr. George draws a picture of the growth of a village into a city, and tells us what "some hard-headed man of business, who has no theories, but knows how to make money," would say *if* he were assured that the village would in ten years become a city. He would say, "Go and buy lands and you will be rich." But if some one thinking, not knowing, that the village would become a great city, should ask the advice of the same hard-headed business man, he would reply, —

"Speculation in land is an exceedingly unsatisfactory business in the aggregate. If your village become a great city in ten years, and if your land happen to be in the right path of it, you may become rich without any exertion on your part; but where one man judges correctly, fifty judge wrong, and find at the end of twenty or thirty years their piece of land worth very much less than what the first price of it would have grown to if placed at interest. Land speculation is a great lottery, and has an inordinate number of blanks. When a man or a family draws a prize, all the world knows of it. When he draws a blank, he keeps it to himself."

Mr. George says:—

"In the city where I write is a man — but the type of men everywhere to be found — who used to boil his own beans and fry his own bacon, but who, now that he has got rich, maintains a town house that takes up a whole block and would answer for a first-class hotel, two or three country houses with extensive grounds, a large stud of racers, a breeding farm, private track, etc., etc. It certainly takes at least a thousand times, it may be several thousand times, as much land to maintain this man now as it did when he was poor."

But the question is not how much land he keeps vacant. That can be of no consequence in a State which has but two or three persons to the square mile. What we have occasion to know is what portion of his income he can or does keep the rest of the community out of. His houses and the improvements of his pleasure-grounds have been paid for years ago to labor. They do not form any portion of his annual expenditure. His stud of racers is the only great expense which does not almost entirely go to labor at once; and much of this does. So does the greater part of the additional expenditure for more delicate food. The longer you look at it the more improbable does it appear that he does or can keep the rest of the community out of a tenth part of his income, even counting in all that he pays for foreign commodities.

But more important than all this is the bad logic of calling this man "a type of men found everywhere."

How many out of the seven millions of land-owners and as many more capitalists in the United States keep studs of horses? What has such a man as this or a hundred such to do with the general sweep of the nation's life?

FREE TRADE NOT THE CAUSE OF PROSPERITY.

Mr. George says that "free trade has enormously increased the wealth of Great Britain!"

Other events, more especially the discovery of Californian and Australian gold, occurred about the time she entered upon the career of free trade, and those events have caused a general advance in wealth among industrial nations; but as protectionist

France and the United States have advanced much more rapidly than Great Britain, it is not easy to see what free trade has had to do with it. It is the policy of England to exaggerate her prosperity, and to impute it all to free trade. But if it were even so, the outside barbarians would inquire what free trade had done for India, Japan, Turkey, Ireland, etc. *If* it has benefited Great Britain, if it has not even made the advance of her prosperity less than it would otherwise have been, the other parties to the exchanges made by her show no signs of having shared in the profits.

LABOR PROFITS BY IMPROVEMENTS.

At page 225 Mr. George gives what he considers a demonstration that any and all improvements enure to the advantage of rent, and in no way benefit the laborer.

He supposes that population remains the same, but that improvements in production take place so as to

"reduce by one tenth the expenditure of labor and capital necessary to produce the same amount of wealth. Now either one tenth of the labor and capital may be freed, and production remain the same as before; or the same amount of labor and capital may be employed, and production be correspondingly increased. But the industrial organization, as in all civilized countries, is such that labor and capital, and especially labor, must press for employment on any terms. The industrial organization is such that the mere laborers are not in a position to demand their fair share in the new adjustment, and that any reduction in the application of labor to production will, at first at least, take the form, not of giving each laborer the same amount of produce for less work, but of throwing some of the laborers out of work and giving them none of the produce. Now, owing to the increased efficiency of labor secured by the new improvements, as great a return can be secured at the point of natural productiveness represented by eighteen as before at twenty. Thus the unsatisfied desire for wealth, the competition of labor and capital for employment, would insure the extension of the margin of production, we will say to eighteen, and thus rent would be increased by the difference between eighteen and twenty, while wages and interest in quantity would be no more than before, and in proportion to the whole produce would be less. There would be a greater production of wealth, but the land-owners would get the whole benefit (subject to temporary deductions, which will be hereafter stated)."

Possibly this might happen in a country where, as in Ireland, landlords were in the habit of sending abroad for their conveniences and luxuries and exporting raw products to pay for them; but in a country like the United States, where the whole population is accustomed to many conveniences and luxuries, produced for the most part by our own labor and capital, the result would be very different. The moment any additional labor was applied to the land there would be an over-supply of raw products; and the exchangeable value of these, as compared with highly finished commodities composed largely of labor and capital, and as compared also with services, would decline. There would be an increased demand for services not issuing in commodities, and an increased demand for conveniences and luxuries on the part of the whole community. Labor and capital would be turned to the production of these, and the end of it all would be a community consuming the same abundance of necessaries as before, and a much greater abundance of conveniences and luxuries.

If, before the change, rent and profits took one third of the product and again distributed three quarters of that third to labor for services and for commodities, then rent and profits would not be likely to retain any greater share of the increased product after the change, for the demand of rent and profits for raw materials was already satisfied before.

It would seem then that, so far from the whole increase going to rent, eleven twelfths of it would go to labor, and part of the other twelfth would go to capital, and a part of the remainder would be rent of improvements and not at all ground rent. By labor is here meant every kind and description of labor, both that with the head and that with the hands. The annual product pays them all, and those get the largest share who are the least numerous as compared with the demand for their work.

Wherever, then, the productive efficiency of the population becomes greater per head it would seem that wages must increase, whether the greater efficiency spring from augmented skill, or more abundant capital, or from the mutual helpfulness and greater economies which attend a greater density of population. If these advantages continued to increase indefinitely, as Mr. George imagines, then wages would increase indefinitely but, unfortunately, greater numbers upon a given space and with given skill and capital come at last to press upon the means of subsistence; and then, however disagreeable it may be to face the fact, the only recourse by which the population can avoid increasing poverty is to avoid increase in numbers.

All the eloquence in the world, all the passionate declarations that such an opinion impeaches the goodness of God, etc., will not change the disagreeable fact. It is just as well to admit it and act accordingly; and this is exactly what every working-man does who considers before he marries whether he can or cannot support a family and bring up his children so that they will be good and useful and happy members of society.

Mr. George in effect tells this good citizen to make no such calculations; that, in all cases, there comes with each additional pair of hands a more than equal means of production: but Mr George's conclusions, though inspired by a very good heart, are arrived at by a very bad logic, and he gives fatal advice, which can only impoverish and destroy those whom he desires to lift up and enrich. *Up to a certain point* each additional pair of hands increases the average production; *beyond a certain point* it is diminished. No one who dispassionately reflects upon this matter for an hour can be in any doubt with regard to it.

The next and last chapter will be devoted to what Mr. George has to say about the wickedness and impolicy of individual property in land, etc.

V.

We now come to Mr. George's views as to justice. He says: —

"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."

Afterwards he says: —

"Though the sovereign people of the State of New York consent to the landed possessions of the Astors, the puniest infant that comes wailing into the world, in the squalidest room of the most miserable tenement-house, becomes at that moment seized of an equal right with the millionnaires. And it is robbed if the right is denied."

Many intelligent readers, who are not afflicted with a little knowledge of formal logic, but who retain, unimpaired, their natural common-sense, will see at a glance that the above passages contain a vast amount of rhetoric. It is *assumed* that the value of land of these United States is the product of nature; but nearly the whole of it is the product of capital slowly acquired by self-denial. Mr. George himself estimates that of the present annual product nine tenths are due to the efficiency which capital lends to labor. Take away then the capital, — take away the farm improvements, the tools, the mills, the machinery, the forges, the houses, etc., and it would seem that a very large portion of the population must perish. They do not perish, because those who have gone before have labored and saved. But for this antecedent labor and thrift no piece of ground would command any rent. The whole value then would seem to belong of right to those who are here.

We welcome annually to our shores, it is true, nearly a million of persons, — from every nation that will assimilate with us and adopt our habits, — feeling that there is still room enough for many more. But what would the people of the United States think if each of these immigrants, not satisfied with an equal chance to share in our opportunities to labor to advantage, should, upon landing, claim for every man, woman, and child a *pro rata* right to the land of the country?

The contrast which Mr. George avails himself of, between the puny infant and a wealthy millionnaire, is rhetorical in the highest degree. It appeals at once to our natural and laudable compassion for the poor, and to our natural but not laudable envy of the rich. To pillage the latter and pass the plunder over to the former, gratifies at once two strong passions. But how if, in thus gratifying our blind inclinations, we should miss our aim, and prevent that development of society to which alone the puny infant can look for a chance of unfolding its faculties and rising in the world? How if, in robbing the rich, we rob a thousand times as many deserving persons who cannot afford to be robbed?

RENT NOT MONOPOLY.

Let us look at some illustrations which, if a little rhetorical in the opposite direction, are still many times nearer the true statement than is that of Mr. George.

Here is a brave-hearted woman, sixty years old, left destitute, with three children, long years ago. With thrift, intelligence, and self-denial, she faced the world. She saved, after many years, a few thousand dollars. She bought a house in a city, paying half the cost, and being able, upon its security, to raise the other half upon mortgage. She has denied herself fine clothing, amusements, — every kind of unthrift. She has brought up her children to be good members of society. She has barely enough to support her without charity until she passes away. Mr. George proposes to take her all in the name of justice.

Again: There was, forty years ago, a young man, son of a New England farmer, who had many children. The young man loved a young woman, and she loved him, — loved him enough to face every hardship, if it were with him. They two went into the wilderness, knowing that a life of privation was before them, but knowing that in course of time the country would become settled, and that their farm would in the meanwhile be their bank, in which many years of labor might, under the laws of their country, be safely deposited. They looked forward to an independent old age, and something with which to give their children a start in life. Even now, in their declining years, their farm has no rent which can be distinguished from the rent for improvements. Then, says Mr. George, let the rent of all be taken. And this in the name of justice!

To the mind of Mr. George, rent is monopoly. He imagines one man owning all the land, and infers that under such circumstances the whole population would be his slaves. But what light does such an imagining throw upon the case of the United States, where there are certainly many millions of land-owners? The land-owners of the country cannot possibly combine to make food scarce, nor can the land-owners of the city combine to make commodities dear. There are plenty of other sites for cities, and there are plenty of competing cities already. The rents which are paid are paid simply because the sites are worth more than is paid for them. They would not be any lower if they were paid to the government instead of to individuals; and if city governments are the sinks of corruption Mr. George believes them to be, the transfer of the funds into their hands would not seem to be in the interest of civilization. It would be infinitely better to leave them in the hands of the present owners, to be by them distributed — as they must be — for services and for commodities, and for the formation of new capital, by which the annual product may be still further augmented.

Mr. George instances several cases in which land-owners in Great Britain have manifestly abused their power and pushed the rights of property beyond their just limits. Such instances are proper for legal restraint. It is not necessary to confiscate all property in land in order to prevent some abuses. To turn Mr. George's favorite illustration upon him: it is not necessary to burn down your house because there is a pig in it. The pig can be driven out.

RENTS IN A GROWING COUNTRY.

Our author appears to have knowledge of only one kind of rent — that of Ricardo — which arises from a pressure of population upon subsistence forcing inferior lands to be taken into cultivation, and is thus an evidence of diminishing comfort. But there does not seem to be any rent of this description in the United States. The rent of farming lands generally is as yet the rent of improvements, and the rent in cities and the vicinity of cities is spontaneous ascending rent arising out of an improvement, not out of a diminution, of the productiveness of labor. Capitalists set themselves down beside one another and carry on certain industries at so great an advantage that more capital can be applied to the adjacent farms, and their product be greatly increased. The distant farms produce just as much as before. As the city grows, rents in some portions increase; and some capitalists, enticed by this chance, build stores and houses rather than engage in manufacturing. For the opportunity to do this they are willing to pay high prices for land, and the capital they would otherwise employ themselves is employed by others, from whom they buy land.

Some persons or families who have made fortunate or sagacious investments of this sort have benefited largely; they have drawn the prizes in the Land Lottery. But others, many others, draw blanks. I have in mind not a few. One where $50,000 were loaned upon property, the property foreclosed, and, after twenty years, sold for one third of the sum advanced, not a cent of interest having been ever received. Another, a case of property held twenty years and not yet salable at first cost, having never yielded any income, and being taxed all the time at its full value. These cases were in a city. The city in the latter case grew the wrong way! That it is best for society that property in land should be under individual management is so manifest that even Mr. George admits it; but he proposes to take the income of it for the State, because every infant born in the world has an equal right to his individual proportion of the planet!

To the writer the proposal appears to be unwise, useless, unjust, and wicked. That abuses of the rights of property ought to be restrained, and that a limit might be, and perhaps ought to be, fixed to the quantity of land that any one man or family may engross, may be admitted; but the suggestion that society may repudiate its own titles, without compensation, under the subterfuge that the present generation cannot be bound by the past, is one which so evidently upright a person as our author could never have made if he had not been carried out of himself by the imagination that he had discovered the source of all social evil.

Would that he had! With fifty years of moderate economy we could buy back our concessions, and, thereafter, there would be no more poverty or wickedness upon earth! But, alas! his supposed cause (the rise of real estate before a panic) is not a cause, but a concurrent effect of quite another cause.

THE LAWS OF WAGES.

But if our examination of "Progress and Poverty" shows that we must abandon the belief in the discovery by our author of a panacea for all social evils, it shows, on the other hand, that we may dismiss his fears of wages tending to a minimum, and of rent devouring the whole annual product.

So long as this annual product increases, wages also must increase; and there appears to be no reason to apprehend that they will not increase for a long period unless the people, misled by fallacious advice, should abandon the protective policy and permit the recipients of rent and of profits, and the non-productive classes, who are supported out of rent and profits, to send abroad for the greater part of their commodities. So long as the men who get their ten or twenty or thirty or more dollars a day from fees, salaries, or profits, are content to buy their commodities from the men who get their dollar and a half, or two dollars, or three dollars a day, so long (until, at all events, population presses on the means of subsistence) will the annual product, and the consequent remuneration to every kind of labor, continue to augment. The progress will not be continuous, but in waves; and during the retrocessions there will be severe distress among all classes who have not laid by something for the "rainy day."

How these periods of depression may be shortened and made less frequent is worthy of the profound study of the intelligent and philanthropic; and, meanwhile, it is some consolation to see clearly that such periods are by no means mere aggravations of a general course of economic deterioration, as Mr. George supposes, but that they are, on the contrary, only temporary pauses in a general course of economic improvement.

And now, having performed the disagreeable task of picking flaws in "Progress and Poverty," let us gratefully admit, once more, that it is a brilliant book, glowing with a noble philanthropy, courage, and self-devotion. All that we have read in fable, or history, or the records of science, is brought again to mind in admirable sentences, and there is much of most interesting and suggestive thought and speculation. If political economy could all be strained out, there would remain a volume which every critic would applaud, and which the general reader would turn to again and again as a source of improvement and pleasure. As it is, the book is well suited to fascinate and mislead the inexperienced, the impatient, the many who judge by the heart rather than by the head, and all those who, in seeking an imaginary right, are willing to commit a certain and irretrievable wrong.

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