

A NEW EDITION OF "PROGRESS AND POVERTY" ?

(In our October issue, reference was made to Professor H. Gunnison Brown's suggestions for an edition of "Progress and Poverty" which would re-arrange the matter but without abridging anything from the book. Correspondence was invited.)

Mr RAYMOND V. McNALLY, of New York, writes us:—

"In commenting on the need for a revision of *Progress and Poverty*, in the October issue, you appear to agree with those who feel that the Wage Fund Theory and the Malthusian Doctrine do not influence social thought to-day to as great a degree as they did at the time Henry George wrote. It is true that he thoroughly exposed the fallacies in these theories, but in spite of this fact, current thought, when critically analysed, is seen to be completely impregnated with them. Of course, they have been formally rejected in academic circles, but nevertheless most professional economists unconsciously believe in them. And there, I believe, is where the danger in large part lies—in the unconscious acceptance of such unscientific theories.

"The average person unquestionably believes that capital employs labour and that before labour can be employed or can employ itself, there must first be capital available for the payment of wages. They also hold the opinion that capital profits at the expense of labour. Thus the trend throughout the entire civilized world is towards communism or fascism, for both of these 'isms,' in the last analysis, spring from a belief in the Wage Fund Theory. In my opinion, acceptance of the Malthusian Doctrine, conscious or otherwise, is also world-wide as evidenced by immigration laws, birth control agitation, the craze for colonial expansion and the agitation for the retirement of men at the age of sixty-five and for the displacement of women in industry by men. Even many of those people who profess to be followers of Henry George unconsciously pay homage to these fallacies. I have met many who, after finishing a course in *Progress and Poverty*, express sympathy for a protective tariff, for the curbing of chain stores and for such artificial devices as the N.R.A. and A.A.A. Obviously they have learned nothing about economic science, for they have learned their lessons parrot-fashion, and they go about miseducating everyone with whom they come in contact.

"There is no doubt that the Henry George movement is encountering greater opposition to-day than it did fifty years ago, because the entire world is drifting rapidly away from ideas of freedom and natural law towards a pathetically defeatist attitude engendered by an intense belief in these age-old fallacies. Mere reiteration of the chief tenets in George's philosophy is not enough to overcome this trend. That sort of approach makes the support of the philosophy something of a cult, and the world is already suffering from too many cults. What we should do is to face the realities by concentrating our attack on those fallacies that have thrown the world into its present state of economic insanity and that are distracting attention from our own movement. Only in this way can we make a breach wide enough for the infiltration of our own ideas.

"The basic error from which all others stem is the persistent confounding of money with wealth, and the Wage Fund Theory and Malthusian Doctrine owe their existence to this source. Therefore, in contemplating the Georgian philosophy in general and a revision of *Progress and Poverty* in particular, due consideration should be given to this point. Instead of losing their

influence, these fallacious theories have actually been increasing their dominance over current thought."

Dr ROYAL E. S. HAYES, Waterbury, Conn., writes hoping that there will be no change or reposition in any new edition of the book. "The Wage Fund Theory," he says, "and the Malthusian are, of course, not so important. But although they are discredited by economists, the popular impression from them remains. Besides, for teaching it seems to me that they are valuable in a negative way. By their obvious falsity these old theories turn the student's attention all the more strongly in the right direction. And still another useful quality in them; they early acquaint the student with George's way of reasoning about such fallacies. I do not pretend to finality about this, but I would hesitate to advise the change. It seems to me that as there is plenty of other synthetic and commentary literature about, that there should be no urgency to change George's original work."

LAND AND MONEY

The argument is occasionally heard that there is no particular significance in the growth of land values, because money if it were invested at compound interest would accumulate as rapidly. The argument neglects the fact that land values have increased enormously although the owners have spent the revenues and not reinvested them, whereas investment at compound interest involves that the investor should not spend any of the income. The comparison is therefore a false one, and indeed fantastic.

In the course of an admirable address delivered at the Sorbonne some time ago and reprinted in the July-September issue of *Terre et Liberté*, M. Sam Meyer refers to a comparison made by Vicomte d'Avenel in his *Histoire économique de la Propriété en France* between the variation in the value of land and of a sum of money over a long period of years. The money is supposed to be lent at the current rates of interest and the owner of it spends the interest just as the landowner spends his rent.

M. Meyer said:

"I cannot enter into all the details or quote all the figures, but d'Avenel in his example contrasts two persons owning land and goods respectively and follows their fortunes from the year 1200 to 1909. The value of what each has at the beginning is 100 livres, equivalent to 98,000 gold francs before the war.

"The one buys land, the other lends his money in commercial transactions. Both spend their income and preserve their investment. D'Avenel calculates the value of each one's fortune from period to period, taking account at each epoch of the value of money, of goods, and of land, not in exceptional cases, but the general or average value for all parts of France. In the end when the year 1909 is reached the lender of money finds himself with a capital of 950 francs bringing him in an income of 38 francs a year, while the landowner with 161 hectares of land bought in the year 1200 has a property worth 450,000 francs bringing him in a revenue of 18,000 francs a year.

"The one, because he has not worked, is ruined and his fortune has almost disappeared, but the other without doing a hand's turn has become enriched."

M. Meyer remarks that in this illustration we have the true contrast between the two cases, which is obscured in modern life by comparing land with shares—a comparison which does not bring out the true contrast because the shares may and generally do represent the ownership of land and other monopoly rights as well as of goods and money.