

# The Georgist Journal

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## COMMENT

### THE REAL REDISTRIBUTION OF WEALTH

A "new wave" of criticism of government spending on social programs is stirring up controversy. Among the critics is Charles Murray who, in his book Losing Ground, points out that welfare spending has increased by leaps and bounds since 1960, but the condition of the poor, far from improving, has actually grown worse. Murray proposes that the entire system be scrapped and that we rely entirely on a re-invigorated private enterprise system to solve the problem of poverty and unemployment.

Charles Murray debated with Michael Harrington who, although he is socialistic with very different ideas on what should be done, conceded that the current welfare system has not worked and that it perpetuates poverty. Many, however, disagree with Murray and contend that welfare has helped even though it may need reforming.

Meanwhile, the economy, according to many indicators, is moving forward, justifying a conservative policy. But we are getting mixed signals: production, jobs and income are increasing - yet many businesses are going under and poverty has increased. The term "growth recession" has been coined to describe this state of affairs.

The "prosperity" we are supposed to be enjoying (now you see it, now you don't) is, after all, not very different from such periods in the past. All the nice things seem to be happening at the upper levels of society; the bottom levels miss out on the good times. (It's not just welfare that is making more and more people homeless.)

The remedy of dismantling the entire welfare system is tempting and there are indeed valid criticisms of it. But nothing else? Let us recall that this is hardly a new idea, that it was the prevailing philosophy of the 19th century and that it was this situation that Henry George observed - with a contrast between wealth and want - when he wrote Progress and Poverty. Not doing anything about poverty did not solve it. Henry George showed the right thing to do while preserving free enterprise. But instead of heeding his advice, society developed a public welfare system, one that has grown cumbersome, expensive and misapplied. But because the wrong things have been done, that does not mean that nothing should be done.

Arguments go back and forth between making transfer payments and not making them; between public and private charity; between trickle-down theories and redistribution theories. It becomes a vicious cycle: Poverty is there, so let's extend government help; but government help has become a mess, so let's do away with it; but then poverty is there, so...

All this is argued as though there were no other way. Henry George's way is not merely a "redistribution" theory; it tackles the primary distribution of wealth. Wages to labor, interest to capital, rent to society. When this is fully realized, we'll then be able to escape today's vicious cycle.

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