

# The Destruction of the Poor

By FRANK DUPUIS



**"To suppose that men work to supply their rulers with foreign exchange, or to contribute to a hypothetical national cake is to live in a dream world of pseudo-economic verbiage."**

IT IS SELDOM NOTICED that the method of attempting to solve the problem of poverty by redistribution of wealth—compulsory charity—assumes higher moral qualities in members of governments than in ordinary people.

Most persons are charitable but they will, and indeed must, consider their own interests first. Every political party in office must be concerned with retaining power, and political parties, as everyone knows, depend largely upon particular interests for support. Despite the increasing taxable capacity of modern communities, the cost of the ever-extending sphere of government intervention and the competing demands of special interests (all convinced that their prosperity depends upon public money) soon absorb the available revenue from normal taxation. If in these circumstances any government were brave enough to defy these forces until generous provision had been made for the weak and unfortunate, it would fall from power. In fact, governments faced with the problem of matching income to expenditure resort to inflation of the currency, a form of concealed taxation which, whatever its consequences for the poor, is sanctioned by modern economic teaching because it helps the operation of a "planned economy." If a poor widow with hungry children tried to meet her difficulties by printing currency and issuing I.O.U.'s repayable by future generations, the authorities would take a different view of the honesty of such methods.

Before the general acceptance of socialist ideas had ossified indignation against social injustice, reformers did not assume that power generated benevolence. They sometimes quoted from the Book of Proverbs: "The rich man's wealth is his strong city: the destruction of the poor is their poverty."

Because some of the affluent classes to-day present a different aspect to those of the past, there is no reason to believe that they are more likely to abandon those privileges that money can buy. And when it is generally believed that individuals do not work to enjoy the full products of their labour but to make a contribution to the "national cake," the need for each section of the community to exert political power to obtain the largest possible slice becomes urgent.

In this situation the needs of the weakest receive scant consideration. Recently in party exchanges in Parliament it was disclosed that many very old persons do not qualify

for pensions. But public concern was negligible and the question was shelved. Meanwhile, these helpless people can apply for public assistance. So easy is it for the citizen's sympathies to wane when he delegates to officialdom his concern over the problem of poverty. As if the heartache and the indignity of human poverty can be removed by giving the victims leave to beg the bare necessities of life. This is to regard one's fellow men as animals.

If those in possession of power, legislative and intellectual, could be trusted to consider the needs of the weakest first, every party programme, every national daily, every political broadcast and all accredited economic teaching would ring with denunciations of the dishonest practice of inflation, which—and this is not seriously denied by anyone—is the most potent and immediate cause of the continuous rise in the cost of living, and bears so cruelly upon those dependent upon pensions and small fixed incomes.

No rich person is foolish enough to keep his assets in the form of money. He invests in land and in companies (often protected by monopoly) that produce goods. As land values and the prices of commodities rise in accordance with inflation the rich escape its effects. Then wages rise so that wage earners escape to a considerable degree. Only after a very long interval are retirement pensions increased and rarely enough to compensate for the fall in the value of money. So long is the interval that many pensioners are now reduced to asking additional assistance; those whose self-respect makes them reluctant to do so are lectured by politicians on their misplaced pride. When self-respect is regarded as a sin, society tends to corruption at its base.

But it is obvious that in present circumstances inflation cannot be immediately arrested. Attention must be directed to the factors that lead up to it.

If one's concern for the unfortunate goes any deeper than easy conformity with current opinion, it should lead to a closer investigation into the nature of poverty and its causes. Poverty has been a feature of all previous civilisations and despite the coining of phrases, from bread and circuses to the welfare state, the methods of dealing with it have followed the same lines—the transfer, voluntary or by compulsion, from the haves to the have-nots. Parish relief plus considerable private charity was the method of the last century; present day methods are only an extension of the compulsory element.

Early economists with their "iron law," according to which wages must always tend to a minimum, justified poverty as natural. This proposition has not been generally refuted, but it has been conveniently overlooked that in simple societies, even to-day, where no artificial checks are imposed on the natural activity of producing and exchanging there are no great disparities of wealth and no normal person need rely upon others for his requirements. Poverty, as known in elaborate societies, is absent.\* Yet if there is such a thing as economic law it must apply equally to all stages of society.

Obviously, if we seek the basic cause of poverty, we must investigate the basic difference between what might be called natural society and civilised societies in which innumerable artificial checks and compulsions are imposed on natural action. Despite outward appearances, some similarity can be observed. In both types of society all real wealth is produced by human effort applied to natural resources and producers are prompted to their exertions by the urge to enjoy the full fruits of their labour so that they may live abundantly. Only on this basis can men and women truly respect themselves and develop their higher sympathies and aspirations. Any artificial check to this urge is the essence of poverty. To suppose that men work to supply their rulers with foreign exchange, or to contribute to a hypothetical national cake is to live in a dream world of pseudo-economic verbiage.

In the simple village community every individual enjoys the full fruits of his labour and all men are free to produce and exchange goods and services according to their desire. Most significant of all, every member of the community has equal opportunity to exert his powers to the basis of all production — land. No man, on the authority of a piece of paper, can enforce a claim to ownership of a piece of the earth's surface. Thus, in social conditions where compulsion is absent, none can exploit another, no effort is wasted, and, however poor the society as a whole may be, there is no poverty. If such a society regarded production and exchange as a collective, not an individual, operation, and imposed restrictions accordingly, it would starve. The early Pilgrim Fathers soon abandoned this experiment.

To monopolise land in a primitive community is a practical impossibility, and the negligible rent obtainable offers little to cupidity. Land users would merely move to a different site in the adjacent forest. But in advanced societies such monopoly offers tremendous rewards. Land users cannot escape; they must compete against each other in paying the "owners" for leave to use the necessary element of man's existence, and in this struggle the stronger seek the protection of monopoly and the weaker are driven down to the condition we know as poverty. Here we see the foundations of the rich man's castle and the factor that leads to the destruction of the poor — not in the laws of nature but in the human regulations of land tenure:

\*See Note on Tonga on page 107.

the Great Iniquity, as Tolstoy called it; the Mother of all Monopolies, as Sir Winston Churchill called it.

Until the land laws are reformed all efforts to abolish poverty by charity, voluntary or compulsory, must fail; for the first cause remains untouched. In a rich society the poor may be kept from starvation, but they will still feel the humiliation and ostracism of living far below the general standard; they will still feel helpless against the effects of inflation which the pressure groups indirectly inflict upon the unorganised.

It would be surprising if land monopoly had not tended to escape general attention. In a few short years debasement of the currency, formerly inconceivable among enlightened nations, has become accepted as a method of national finance. Land monopoly has had hundreds of years to become ingrained in the background of economic and political thought. But the increasing magnitude of its effects, evident in the alleged shortage of land and in the notorious gains of land speculators, affords an opportunity for those who combine charity with understanding to point to the remedy.

The value of land is by justice the property of the community, the proper first source of revenue for necessary public services. Experience has shown that to collect this value by taxation is simple and practicable. It is not a universal panacea, but by striking at the root of poverty and insecurity it would facilitate the removal of other injustices, such as penalising forms of taxation, absurd legal restrictions, and the demands of pressure groups. With these injustices and their consequent waste of effort abolished, society would be able to provide for the aged and unfortunate on a scale of generosity now hardly conceivable.

### Debasement of the Currency

#### Notes in Circulation

Year	£ mill.	Year	£ mill.	Year	£ mill.
1914	29	1931	357	1948	1,246
1915	75	1932	361	1949	1,251
1916	141	1933	367	1950	1,267
1917	183	1934	379	1951	1,320
1918	276	1935	387	1952	1,394
1919	403	1936	413	1953	1,509
1920	440	1937	474	1954	1,577
1921	472	1938	485	1955	1,696
1922	422	1939	482	1956	1,841
1923	408	1940	542	1957	1,915
1924	406	1941	615	1958	2,018
1925	408	1942	759	1959	2,072
1926	437	1943	935	1960	2,153
1927	425	1944	1,105	1961	2,270
1928	423	1945	1,236	1962	2,302
1929	363	1946	1,334	1963	2,334
1930	357	1947	1,400	1964	2,525

— Hansard, February 17, 1965