

**PROGRESS
AND POVERTY**

by Henry George

Condensed
by
JAMES L. BUSEY

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Dr. James L. Busey, *professor of political science, University of Colorado at Colorado Springs, is the author of Notes on Costa Rican Democracy (Boulder: University of Colorado Press, 1967), Latin America: Political Institutions and Processes (New York: Random House, 1965), and the annual Latin American Political Guide (El Paso: Texas Western Press, University of Texas at El Paso, 11th ed., 1967; Manitou Springs, Colo.: Juniper Editions, 12th ed., 1969). His chapters have appeared in four different books on Latin America. He is the author of articles, essays and book reviews that have appeared in Social Studies, Colorado Quarterly, Revista del Instituto Tecnológico de Monterrey, Historia Mexicana, The Western Political Quarterly, The New Leader, The Nation, Midwest Quarterly, The Americas, and The American Political Science Review. Several of his articles have appeared as reprints in books and journals both here and abroad. Now he has turned his talents as scholar and editor to producing this sharply abridged version of Henry George's Progress and Poverty, which it is our privilege to publish. His motivation is candidly stated in the adjoining Foreword. It coincides, at least in part, with our own belief in the credo of a great American journalist who said, "Give light and the people will find their way."*

We shall not, of course, conceal our hope that those whose introduction to George comes through these pages will be tempted to pursue their acquaintance by reading the unabridged volume.

The Publishers

FOREWORD

The first appearance of *Progress and Poverty* in January of 1880, created a tremendous commotion. Journals throughout the world were thrown into a furor of praise and criticism. The name of Henry George, stirring writer from San Francisco, became a byword in the discussion of economic and social problems and particularly of the problem of poverty in the midst of plenty.

In the latter half of the twentieth century, destitution amidst abundance should long ago have passed into history. It is a tragic, perverse phenomenon that should have taken its place with other barbaric practices, such as slavery and piracy.

An understanding of the proposals of Henry George can reveal whether or not they might be useful for alleviating poverty and increasing the returns of labor and capital.

In many parts of the world today, Marxism has seized the imaginations of vast numbers of people seeking a more equitable distribution of this world's goods. In some countries its proponents have either captured governments or have become a significant force in political affairs. To this writer, at least, the conclusions of Karl Marx are not only irrelevant to any real society, but also dangerous to the liberties of mankind. Those of Henry George, in my view, are worthy of much more respectful attention than they have received.

Since 1880, millions of copies of *Progress and Poverty* have been distributed, in English and in many other languages. Adoptions of George's ideas have occurred in rather large measure in New Zealand and Australia, to a lesser extent in Denmark and Canada. However, it is both unfortunate and strange that they have not become more generally rooted in the United States.

It may be argued that *Progress and Poverty* contains well over five hundred pages and that it includes certain refutations of the Malthusian doctrine and wages-fund theory that are hardly of world-shaking interest to the twentieth-century rider of the freeways.

But the book is written in a moving, dramatic style. The central message, which is pointed to the problem of poverty, is directly pertinent to some of the most fundamental questions of the day.

To provide a readable and constructive introduction to and understanding of Henry George, I have produced this little supercondensed version of *Progress and Poverty*. The words are exclusively his. The phrases are presented in the same order that he wrote them. Of course, expressions have been thrown together which in the original volume were separated by many pages or chapters. For this rather drastic abridgment, I alone am responsible.

James L. Busey, *editor*
Colorado Springs, 1968

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(condensed)

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THE PROBLEM

The present century has been marked by a prodigious increase in wealth-producing power. . . .

At the beginning of this marvelous era it was natural to expect, and it was expected, that laborsaving inventions would lighten the toil and improve the conditions of the laborer; that the enormous increase in the power of producing wealth would make real poverty a thing of the past. . . .

Now, however, we are coming into collision with facts which there can be no mistaking. . . .

In the United States it is clear that squalor and misery, and the vices and crimes that spring from them, everywhere increase as the village grows to the city, and the march of development brings the advantages of the improved methods of production and exchange. . . .

This association of poverty with progress is the great enigma of our times. It is the central fact from which spring industrial, social, and political difficulties that perplex the world, and with which statesmanship and philanthropy and education grapple in vain. . . . It is the riddle which the Sphinx of Fate puts to our civilization and which not to answer is to be destroyed. . . .

THE LAWS OF DISTRIBUTION

Land, labor, and capital are the factors of production. The term land includes all natural opportunities or forces; the term labor, all human exertion; and the term capital, all wealth used to produce more wealth. In returns to these three factors is the whole

produce distributed. That part which goes to landowners is called rent; that part which constitutes the reward of human exertion is called wages; and the part which constitutes the return for the use of capital is called interest. These terms mutually exclude each other. The income of any individual may be made up from any one, two, or all three of these sources; but in the effort to discover the laws of distribution we must keep them separate. . . .

The law, or relation, which . . . determines what rent or price can be got by the owner, is styled the law of rent. . . . This accepted law of rent . . . is sometimes styled "Ricardo's law of rent." . . . It is:

The rent of land is determined by the excess of its produce over that which the same application can secure from the least productive land in use.

This law . . . of course applies to land used for other purposes than agriculture . . . in truth, manufactures and exchange yield the highest rents, as is evinced by the greater value of land in manufacturing and commercial cities. . . .

The increase of rent which goes on in progressive countries is at once seen to be the key which explains why wages and interest fail to increase with increase of productive power. For the wealth produced in every community is divided into two parts by what may be called the rent line, which is fixed by the margin of cultivation, or the return which labor and capital could obtain from such natural opportunities as are free to them without the payment of rent. From the part of the produce below this line wages and interest must be paid. All that is above goes to the owners of land. Thus, where the value of land is low, there may be a small production of wealth, and yet a high rate of wages and interest, as we see in new countries. And, where the value of land is high, there may be a very large production of wealth, and yet a low rate of wages and interest, as we see in old countries. . . .

The increase of rent explains why wages and interest do not increase. The cause which gives to the landholder is the cause which denies to the laborer and capitalist. . . . Hence, the rate of wages and interest is everywhere fixed, not so much by the productiveness of labor as by the value of land. Wherever the value of land is relatively low, wages and interest are relatively high; wherever land is relatively high, wages and interest are relatively low. . . . And

hence, that the increase of productive power does not increase wages, is because it does increase the value of land. Rent swallows up the whole gain and pauperism accompanies progress. . . .

To see human beings in the most abject, the most helpless and hopeless condition, you must go, not to the unfenced prairies and the log cabins of new clearings in the backwoods, where man single-handed is commencing the struggle with nature, and land is yet worth nothing, but to the great cities, where the ownership of a little patch of ground is a fortune. . . .

EFFECT OF MATERIAL PROGRESS UPON THE DISTRIBUTION OF WEALTH

Wealth in all its forms being the product of labor applied to land or the products of land, any increase in the power of labor, the demand for wealth being unsatisfied, will be utilized in procuring more wealth, and thus increase the demand for land. . . .

And as we can assign no limits to the progress of invention, neither can we assign any limits to the increase of rent, short of the whole produce. For, if laborsaving inventions went on until perfection was attained, and the necessity of labor in the production of wealth was entirely done away with, then everything that the earth could yield could be obtained without labor. . . . And no matter how small population might be, if anybody but the landowners continued to exist, it would be at the whim or by the mercy of the landowners—they would be maintained either for the amusement of the landowners, or, as paupers, by their bounty. . . . This point, of the absolute perfection of laborsaving inventions, may seem very remote, if not impossible of attainment; but it is a point toward which the march of invention is every day more strongly tending.

. . . in the improvements which advance rent are not only to be included the improvements which directly increase productive power, but also such improvements in government, manners, and morals as indirectly increase it. Considered as material forces, the effect of all these is to increase productive power, and like improvements in the productive arts, their benefit is ultimately monopolized by the possessors of the land. . . . And if the corrupt governments of our great American cities were to be made models

of purity and economy, the effect would simply be to increase the value of land, not to raise either wages or interest. . . .

THE PROBLEM SOLVED

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

The mere laborer has thus no more interest in the general advance of productive power than the Cuban slave has in advance of the price of sugar. . . .

The simple theory which I have outlined . . . explains this conjunction of poverty with wealth, of low wages with high productive power. . . . It explains why interest and wages are higher in new than in older communities, though the average, as well as the aggregate, production of wealth is less. It explains why improvements which increase the productive power of labor and capital increase the reward of neither. It explains what is commonly called the conflict between labor and capital, while proving the real harmony of interest between them. . . .

Is it not a notorious fact, known to the most ignorant, that new countries, where the aggregate wealth is small, but where land is cheap, are always better countries for the laboring classes than the rich countries, where land is dear? Wherever you find land relatively low, will you not find wages relatively high? And wherever land is high, will you not find wages low? As land increases in value, poverty deepens and pauperism appears. In the new settlements, where land is cheap, you will find no beggars, and the inequalities in condition are very slight. In the great cities, where land is so valuable that it is measured by the foot, you will find the extremes of poverty and of luxury. And this disparity in condition between the two extremes of the social scale may always be measured by the price of land. Land in New York is more valuable than in San Francisco; and in New York, the San Franciscan may see squalor and misery that will make him stand aghast. Land is more valuable in London than in New York; and in London, there is squalor and destitution worse than that of New York. . . .

For land is the habitation of man, the storehouse upon which he

must draw for all his needs. . . . Material progress cannot rid us of our dependence upon land; it can but add to the power of producing wealth from land; and hence, when land is monopolized, it might go on to infinity without increasing wages or improving the condition of those who have but their labor. It can but add to the value of land and the power which its possession gives. Everywhere, in all times, among all peoples, the possession of land is the base of aristocracy, the foundation of great fortunes, the source of power. As said the Brahmins, ages ago—

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

THE REMEDY

The equal right of all men to the use of land is as clear as their equal right to breathe the air—it is a right proclaimed by the fact of their existence. For we cannot suppose that some men have a right to be in this world and others no right. . . .

. . . any one human being, could he concentrate in himself the individual rights to the land of any country, could expel therefrom all the rest of its inhabitants; and could he thus concentrate the individual rights to the whole surface of the globe, he alone of all the teeming population of the earth would have the right to live.

And what upon this supposition would occur is, upon a smaller scale, realized in actual fact. . . . The comparative handful of proprietors who own the surface of the British Islands would be doing only what English law gives them full power to do, and what many of them have done on a smaller scale already, were they to exclude the millions of British people from their native islands. And such an exclusion . . . would not be a whit more repugnant to natural right than the spectacle now presented, of the vast body of the British people being compelled to pay such enormous sums to a few of their number for the privilege of being permitted to live upon and use the land which they so fondly call their own; which is endeared to them by memories so tender and so glorious, and for which they are held in duty bound, if need be, to spill their blood and lay down their lives. . . .

Place one hundred men on an island from which there is no escape, and whether you make one of these men the absolute owner

of the other ninety-nine, or the absolute owner of the soil of the island, will make no difference either to him or to them. . . .

It was not nobility that gave land, but the possession of land that gave nobility. . . .

What I . . . propose, as the simple yet sovereign remedy, which will raise wages, increase the earnings of capital . . . give remunerative employment to whoever wishes it . . . is—*to appropriate rent by taxation.*

Now, insomuch as the taxation of rent, or land values, must necessarily be increased just as we abolish other taxes, we may put the proposition into practical form by proposing—

To abolish all taxation save that upon land values. . . .

Taxation which lessens the reward of the producer necessarily lessens the incentive to production. . . . Thus taxation which diminishes the earnings of the laborer or the returns of the capitalist tends to render the one less industrious and intelligent, the other less disposed to save and invest. Taxation which falls upon the processes of production interposes an artificial obstacle to the creation of wealth. . . .

Tax manufactures, and the effect is to check manufacturing; tax improvements, and the effect is to lessen improvement; tax commerce, and the effect is to prevent exchange; tax capital, and the effect is to drive it away. But the whole value of land may be taken in taxation, and the only effect will be to stimulate industry, to open new opportunities to capital, and to increase the production of wealth. . . .

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

The tax upon land values . . . falls only upon those who receive from society a peculiar and valuable benefit, and upon them in proportion to the benefit they receive. It is the taking by the community, for the use of the community, of that value which is the creation of the community. . . . When all rent is taken by taxation for the

needs of the community . . . no citizen will have an advantage over any other citizen save as is given by his industry, skill, and intelligence; and each will obtain what he fairly earns. Then, but not till then, will labor get its full reward, and capital its natural return. . . .

EFFECTS OF THE REMEDY

The advantages which would be gained by substituting for the numerous taxes by which the public revenues are now raised, a single tax levied upon the value of land, will appear more and more important the more they are considered. . . . With all the burdens removed which now oppress industry and hamper exchange, the production of wealth would go on with a rapidity now undreamed of. . . .

Consider the effect upon the production of wealth.

To abolish the taxation which, acting and reacting, now hampers every wheel of exchange and presses upon every form of industry, would be like removing an immense weight from a powerful spring. . . . The present method of taxation . . . operates upon energy, and industry, and skill, and thrift, like a fine upon those qualities. . . . If a man build a ship we make him pay for his temerity, as though he had done an injury to the state; if a railroad be opened, down comes the tax collector upon it, as though it were a public nuisance; if a manufactory be erected we levy upon it an annual sum which would go far toward making a handsome profit. We say we want capital, but if any one accumulate it, or bring it among us, we charge him for it as though we were giving him a privilege. We punish with a tax the man who covers barren fields with ripening grain, we fine him who puts up machinery, and him who drains a swamp. . . .

To abolish these taxes would be to lift the whole enormous weight of taxation from productive industry. . . .

And to shift the burden of taxation from production and exchange to the value or rent of land would not merely be to give new stimulus to the production of wealth; it would be to open new opportunities. For under this system no one would care to hold land unless to use it, and land now withheld from use would everywhere be thrown open to improvement.

The selling price of land would fall; land speculation would receive its death blow; land monopolization would no longer pay. . . .

And it must be remembered that this would apply, not merely to agricultural land, but to all land. . . . Everywhere that land had attained a value, taxation, instead of operating, as now, as a fine upon improvement, would operate to force improvement. Whoever planted an orchard, or sowed a field, or built a house, or built a manufactory, no matter how costly, would have no more to pay in taxes than if he kept so much land idle. The monopolist of agricultural land would be taxed as much as though his land were covered with houses and barns, with crops and with stock. The owner of a vacant city lot would have to pay as much for the privilege of keeping other people off of it until he wanted to use it, as his neighbor who has a fine house upon his lot. It would cost as much to keep a row of tumble-down shanties upon valuable land as though it were covered with a grand hotel or a pile of great warehouses filled with costly goods. . . .

Consider the effect of such a change upon the labor market. Competition would no longer be one-sided, as now. Instead of laborers competing with each other for employment, and in their competition cutting down wages to the point of bare subsistence, employers would everywhere be competing for laborers, and wages would rise to the fair earnings of labor. . . . The employers of labor would not have merely to bid against other employers, all feeling the stimulus of greater trade and increased profits, but against the ability of laborers to become their own employers upon the natural opportunities freely opened to them by the tax which prevented monopolization. . . .

It is manifest, of course, that the change I propose will greatly benefit all those who live by wages, whether of hand or of head . . . and it is likewise manifest that it will increase the incomes of those whose incomes are drawn from the earnings of capital, or from investments other than in lands. . . .

And so with the farmer. I speak not now of the farmers who never touch the handles of a plow . . . but of the working farmers who constitute such a large class in the United States. . . . Paradoxical as it may appear to these men until they understand the full bearings of the proposition, of all classes above that of the mere laborer they have most to gain by placing all taxes upon the value of land. . . . The fact is that taxation, as now levied, falls on them with peculiar severity. They are taxed on all their improvements—

houses, barns, fences, crops, stock. The personal property which they have cannot be as readily concealed or undervalued as can the more valuable kinds which are concentrated in the cities. They are not only taxed on personal property and improvements, which the owners of unused land escape, but their land is generally taxed at a higher rate than land held on speculation, simply because it is improved. But further than this, all taxes imposed on commodities . . . fall on the farmer without mitigation. . . . The farmer would be a gainer by the substitution of a single tax upon the value of land for all these taxes, for the taxation of land values would fall with greatest weight, not upon the agricultural districts, where land values are comparatively small, but upon the towns and cities where land values are high; whereas taxes upon personal property and improvements fall as heavily in the country as in the city. . . . The result would be that speculative values would be kept down, and that cultivated and improved farms would have no taxes to pay until the country around them had been well settled. In fact, paradoxical as it may at first seem to them, the effect of putting all taxation upon the value of land would be to relieve the harder working farmers of all taxation. . . .

Wealth would not only be enormously increased; it would be equally distributed. I do not mean that each individual would get the same amount of wealth. That would not be equal distribution, so long as different individuals have different powers and different desires. But I mean that wealth would be distributed in accordance with the degree in which the industry, skill, knowledge, or prudence of each contributed to the common stock. . . . The non-producer would no longer roll in luxury while the producer got but the barest necessities of animal existence. . . .

All fear of great fortunes might be dismissed, for when every one gets what he fairly earns, no one can get more than he fairly earns. How many men are there who fairly earn a million dollars? . . .

THE LAW OF HUMAN PROGRESS

Civilization is co-operation. Union and liberty are its factors. . . .

What has destroyed every previous civilization has been the tendency to the unequal distribution of wealth and power. This same tendency, operating with increasing force, is observable in our civilization today. . . .

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

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

. . . in the decline of civilization, communities do not go down by the same paths that they came up. For instance, the decline of civilization as manifested in government would not take us back from republicanism to constitutional monarchy, and thence to the feudal system; it would take us to imperialism and anarchy. . . .

Where Liberty rises, there virtue grows, wealth increases, knowledge expands, invention multiplies human powers, and in strength and spirit the freer nation rises among her neighbors. . . . Where Liberty sinks, there virtue fades, wealth diminishes, knowledge is forgotten, invention ceases, and empires once mighty in arms and arts become a helpless prey to freer barbarians!

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

Shall we not trust her?

In our time, as in times before, creep on the insidious forces that, producing inequality, destroy Liberty. On the horizon the clouds begin to lower. Liberty calls to us again. . . . It is not enough that men should vote; it is not enough that they should be theoretically equal before the law. They must have liberty to avail themselves of the opportunities and means of life; they must stand on equal terms with reference to the bounty of nature. . . . This is the universal law. This is the lesson of the centuries. Unless its foundations be laid in justice the social structure cannot stand. . . .