

Edward McHugh, in *The Westminster Review*, May, 1907

### **The Poverty Problem: Its Cause and Its Cure**

What is the root, the unseen nature and origin of the problem of problems that confronts the National and Municipal Governments of this, our country?

We have abject poverty almost side by side with great accumulations of wealth; hunger side by side with great stores of food; an abundance of clothing side by side with raggedness; and kindred paradoxes everywhere, both in town and country.

The housing question, the unemployed question, slums, pauperism, high house rents, high prices for food and other necessities, low wages, heavy rates and taxes, huge local and national debts, all originate and spring from a common cause. What is that cause?

Want and the fear of want—the fruits of wrong-doing—are constantly in our midst.

Is it possible to find a remedy for these social ills?

Let us try.

In its simplest form of expression, the problem we have to consider is this—How shall all men willing and able to work always find opportunity to work—opportunity to produce or secure by their labour an abundance of the material things which satisfy want and promote human well-being and happiness?

And I submit that if we fully examine and analyse the matter we shall find that the problem resolves itself into one of how to deal with landless men alienated and excluded from the use, and from all the benefits that flow from the use, of their God-given inheritance, the land, on which and from which alone wealth can be produced.

All the things that we rightly call “wealth” are produced by labour from land. Labour itself is not wealth. Land itself is not wealth. The term “labour” includes all human powers, whether of hand or brain. The term “land,” when accurately used, embraces all the materials, opportunities, and forces of nature, outside of man—not merely the surface of the earth as distinguished from the water and the air, but all that is included in the mineral, the vegetable, and the animal kingdoms (except man himself), the wind and the rain, the heat and light of the sun. In short, the whole material universe external to man is all included in the term “land.”

Let me repeat that land is not wealth. It is simply the original storehouse of matter from which man by the exertion of his muscular and mental faculties, draws out or produces the material things which we distinguish from labour and from land

itself as "wealth"—natural products which man's action or labour has so modified as to fit them for the satisfaction of his desires. Indeed, all that man's labour does, or can do, with matter, is to appropriate or to move one natural object to or from another natural object. As John Stuart Mill says:

"Man moves a seed into the ground; and the natural forces of vegetation produce in succession a root, a stem, leaves, flowers, and fruit. He moves an axe through a tree, and it falls by the natural force of gravitation; he moves a saw through it, in a particular manner, and the physical properties by which a softer substance gives way before a harder, make it separate into planks, which he arranges in certain positions, with nails driven through them, or adhesive matter between them, and produces a table or a house. He moves a spark to fuel, and it ignites, and by the force generated in combustion it cooks his food, and melts or softens iron. ... By putting a lighted match to fuel, and water into a boiler over it, he generates the expansive force of steam, and so secures in various ways the aid of power that never tires in his service."

Land of itself yields no wealth. It yields wealth only upon the application of Labour; and Labour cannot possibly produce wealth in any form except from Land. It is self-evident, to whoever will think about the matter, that there must be land before man can exist, or Labour can be exerted; and it is equally clear that human labour must be exerted in production before wealth in any form can be procured.

In the Science of Political Economy—that is to say, the department of exact knowledge that treats of the nature of wealth and the laws of its production and distribution—Labour is recognised as the only active agent or factor in wealth production. Land is passive; it does not act; it is acted upon. And it is worthy of careful attention and remembrance that land can and does exist without man, but no man can live without land.

The Land Question, therefore, involves the right to life of every human being, as well as the rights to liberty, to property, and to the pursuit of happiness.

Poverty is due to the fact that man's labour is divorced from the land. In order to abolish poverty, therefore, the natural right of each man to obtain access to, and apply his labour to the land, must be fully and freely recognised.

The primary and always indispensable factors in the production of wealth are distinguished from their product and from each other as Land and Labour. The Land is the only larder of man; it is also his only tool-house, and machine repository, and his only storehouse of raw material.

There is a secondary and subsidiary factor in wealth production; and this secondary factor, known as Capital, results from the union of the two primary factors, Land and Labour, as instanced by the seed, the axe, and the saw. The

seed requires suitable soil; while axes and saws and machinery of all kinds are merely inert matter—Land materials modified by man. Apart from human labour they cannot come into existence, and except as they are used by man they are useless: they have no power of action or initiative, they cannot feed themselves or reproduce their kind.

Nothing is or can be Capital that is not Wealth. For this reason Land is never Capital, and Labour is never Capital. And neither National nor Municipal Debt is or can be Capital, because debt is not Wealth. All Capital is simply Wealth used by Labour—the only active factor in production—to produce more, or other, wealth.

In considering the economics of the production of wealth we have, therefore, to remember three things—first, the natural factor, Land; second, the human factor, Labour; and third, the artificial factor, Capital. Land and Capital, as we have seen, are both passive; Labour alone is active. Labour is the only initiatory factor in all production, and Labour can be exerted only upon Land. It is from the land that the matter which Labour alters or changes into Wealth must be drawn. All wealth is produced by Labour from the land. All Capital, therefore, being only Wealth used by Labour in production, may at all times be resolved into a product of Labour from Land. And all things made by machinery are made by the Labour that made the machinery itself and by the Labour that operates the machinery.

Capital of itself can produce nothing. It can only be used by Labour in the production of wealth. And, as has been seen, the production of wealth in all its forms of food, clothing, shelter, and luxuries, necessitates the use of the natural elements, which we distinguish—from human energies, and from the products of human labour, as Land.

From this it will be seen that the ownership of land involves the ownership of man. “You take my life,” says Shakespeare, “if you do take the means whereby I live.” And it may be said with equal truth of the landlord, “You own my life if you do own the means whereby I live.” For the ownership of the land means the ownership of the means of life, liberty, and the pursuit of happiness.

Land monopoly is the parent monopoly. Granted private property in the land, the raw material out of which wealth is created on so huge a scale by the wonderful inventions which science has placed in the hands of man, and the ultimate effect must necessarily be the monopolisation by the few of the wealth and capital produced by labour from the land. For, so long as the land is the subject of a close monopoly, it is dear that the monopolists are in a position to claim from labour the whole of its product save a bare subsistence wage.

Therefore, to solve social and industrial problems and establish equal freedom, we must destroy Land Monopoly.

It is self-evident that taxes levied upon the products of labour must tend to restrict the production of food, clothing, houses and the other good things the production of which in sufficient quantities means the abolition of poverty. Therefore, no taxes should be imposed upon industry or upon the products of labour.

A tax upon land values, on the other hand, does not restrict production or lessen the reward of the workers. It does not diminish wages or discourage the users of land. On the contrary, by making it unprofitable to keep land out of use, the taxation of land values would force land into use, open up natural opportunities to labour, and stimulate the production of houses, food, clothing, and all other desirable things; lower the prices of commodities and raise wages. Therefore, all taxes should be levied on land values.

Our maxim should be : Tax nothing made by man. When the value of land is taxed, no man is taxed. The value of land is not due to the labour of any one man; it arises from the presence of population, from the collective enterprise and industry of the people as a whole, and from public expenditure upon public improvements and public services. It is, in a word, created by the whole community, and therefore belongs of right to the whole community, and forms the just and natural source of public revenue.

If we would solve the poverty problem, then, we must untax labour and capital and tax land values—we must untax trade and industry and tax instead monopoly and privilege.