

Industrial Economics

THE PHILOSOPHY OF HENRY GEORGE

[The following article, published in the Australian *Labor Daily* as a letter to the editor, has been slightly condensed.]

POLITICAL ECONOMY was at one time, and still is in most of our text-books, the driest, dullest, and most dismal of all the sciences. Yet it could be, and has been, made by far the most interesting of them all, for it deals with the things which interest us most—the production, distribution, and exchange of wealth, with wages, interest, and rent.

AN APPALLING PICTURE

What was known as Political Economy in the mid-Victorian era—and what it still is to a great extent—was a veritable Slough of Despond. It taught that wages were paid out of Capital, that the fund out of which wages were paid was consequently limited by the amount of capital existing at the time, and that the wage-earner had to depend for his living on the benevolence or philanthropy of the capitalist. According to it there was an iron law of wages—capital tending to increase in a less ratio than the number of workers—which must ever prevent the latter from obtaining more than a bare existence. It taught that population tended to increase faster than the means of subsistence, that war and pestilence were the means provided by a kindly Providence for keeping it within bounds, and that the poverty and misery of the masses were natural conditions and a part of the Divine scheme for which man was in no way to blame. It also taught that there was little, if any, difference between land and capital, that both were private property and could be held by the present owners or their descendants for ever and ever amen. This was the appalling picture painted by economists 50 years ago.

AN OUTSTANDING GENIUS

Suddenly there appeared a genius of outstanding merit, whose credentials came not from colleges or schools but from the spirit within, whose university was the world, who was successively sailor, miner, printer, editor, author and orator, who saw at a glance through the intricate maze of modern society, detected the fallacies underlying the economics of his day, and proclaimed a gospel which has Liberty for its watchword and the Emancipation of the Masses for its text. He died fighting in the streets of New York for the cause of humanity, but has already come to be recognized as the greatest man that America has produced, a social philosopher, according to Professor Dewey, ranking with Plato; and the keenest writer on economics, according to another professor, that the world has seen. Of all the books on Economics that have ever been issued from the press, his epoch-making one of "Progress and Poverty" is by far the most eloquent, the most

convincing and the most universally read. No name is held in greater reverence to-day than that of Henry George. Half a dozen Congresses have already been held in different parts of the world, attended by delegates from more than a score of different countries, to promulgate his views, and a seventh is to be held at Edinburgh during the present year.

THE NEW POLITICAL ECONOMY

Unaided by professors, and therefore unbiased by the schools, he examined the whole basis of the prevailing Political Economy for himself and "taught as one having authority and not as the Scribes." He tore the Economics of his day to shreds, and made Political Economy, what it certainly was not till he appeared, a science complete in itself and fraught with the greatest blessings to mankind. He showed that wages were not paid out of capital, but out of production; that employment was not limited by the purse of the capitalist but by access to land; that population did not tend to increase faster than the means of subsistence, but that there was abundance for all provided that land monopoly were abolished and natural resources made accessible to labor. He showed that the supposed iron law of wages was a myth, and that, under natural conditions, the whole of the product should go to labor, minus a return to capital in the shape of interest if capital were used. He proved that, under natural conditions, capital would not be the enemy of labor but its friend, since it is labor stored up for the purpose of assisting labor to produce more than it otherwise could, but that the real enemy of labor is land monopoly, which prevents labor from obtaining access to natural resources whence it could employ itself. Nor was this all. He further showed, what no economist before his day had realized—that wages, rent, and interest were interdependent; that whatever the product it had to be distributed between one or more of these three factors; if land were free and had no monetary value, as frequently occurs on the outskirts and in the "Never Never," the whole of the product would go to labor (save that which is confiscated in the form of taxation by the State); that, where land has a value and capital is not used, the product is distributed between the so-called land-owner and the worker (save for the portion already named); that where the three factors are concerned the product is distributed between the so-called land or mine owner as rent, the capitalist as interest, and the worker as wages. Therefore, if the worker gets less than his share of the product, it must be because either the land-owner or the capitalist, or both, get too much. In any case, whatever share the worker gets, a portion is deducted in the form of taxation by the State.

COMMUNAL AND SURFACE VALUES

There is only one scientific way to solve the problem caused by the small share which, under the present system, goes to the worker, and that is by preventing the so-called

land-owner or the capitalist, or both, from getting so much. Now, as the land belongs by right to the community as a whole, and not to the individual, the value attaching to it, which is directly caused solely by the presence and needs of the community, should go to the community and not to the individual. To achieve this end all that is necessary, as Henry George points out in his chapter on "How equal rights to the land may be asserted and secured," is "to appropriate rent (i.e., economic rent) by taxation, and to abolish all taxation save that upon land values." As all land value belongs by right to the community, its appropriation by the State on behalf of the community would not be a tax in the true sense of the word, however much it might appear to be so. There is no blame attaching to the so-called land-owners for confiscating the economic rent. Whatever blame there is attaches to the people for allowing them to do so. Once this value is appropriated on behalf of the community, or commenced to be appropriated, for it can only be done gradually, there will be no need to bother about the surplus value, that bugbear of Karl Marx, which is supposed to be squeezed by the capitalist out of labor. The central feature of the new Political Economy is not surplus value but communal value, which, having been created by the community, should be appropriated on behalf of the community to meet the expenses incurred by the community. When this is done every one will be placed on an equal footing in regard to the land, access to it and to all natural resources will be easier and easier as the appropriation is increased, the avenues of employment will be enlarged, and the ability of the workers not only to produce what they consume but to consume what they produce will correspondingly increase. This is the science of the New Political Economy as taught by Henry George. It means the dawn of a new and brighter era for the workers all over the world, and it only waits their intelligent study and active co-operation to be carried into effect. To do so would mean a revolution, but a revolution by peaceable means, and without the shedding of a single drop of blood.

PERCY R. MEGGY.

"And idleness enforced saw idle land,
Leagues of unpeopled soil, the common earth,
Wall'd round with paper against God and man."

—JAMES RUSSELL LOWELL

—Let Freedom ring! But not too loud or long—
Or some injunction judge will stop her song!

—The man who makes two blades of grass appear
Will pay more taxes than he paid last year.

—All men want freedom. How few understand
Freedom can never be without free land.

Land Owning—Its Use and Abuse: An Enquiry

Preliminary to the discussion of the existing system of land tenure and its consequences, let us consider the opinions of some eminent authorities.:

SIR WILLIAM BLACKSTONE: "Accurately and strictly speaking, there is no foundation in Nature or natural law why a set of words on parchment should convey the dominion of land.

Allodial (absolute) property no subject in England now has; it being a received and now undeniable principle in law that all lands in England are holden mediately or immediately of the King."

LORD CHIEF JUSTICE COLERIDGE: "These (our Land Laws) might be for the general advantage, and if they could be shown to be so, by all means they should be maintained; but if not, does any man with what he is pleased to call his mind deny that a state of law under which such mischief could exist, under which the country itself would exist, not for its people, but for a mere handful of them, ought to be instantly and absolutely set aside."

SIR FREDERICK POLLOCK, ON "ENGLISH LAND LAWS": "It is commonly supposed that land belongs to its owner in the same sense as money or a watch. This is not the theory of English Law since the Norman Conquest, nor has it been so in its full significance at any time.

No absolute ownership of land is recognized by our law books, except in the Crown. All lands are supposed to be held immediately or mediately of the Crown, though no rent or services may be payable and no grant from the Crown on record."

WILLIAMS (REAL PROPERTY): "The first thing the student has to do, is to get rid of the idea of absolute ownership (of land). Such an idea is quite unknown to the English law. No man is in law the absolute owner of land.

All owners are merely tenants in the eye of the law."

MR. JUSTICE LONGFIELD: "Property in land differs in its origin from property in any commodity produced by human labor; the product of labor naturally belongs to the laborer who produced it, but the same argument does not apply to land, which is not produced by labor, but is the gift of the Creator of the world to mankind. Every argument used to give an ethical foundation for the exclusive right of property in land has a latent fallacy."

PROF. W. A. HUNTER, M.A., LL.B.: "The English landlord system, so far from having any moral basis, is founded upon a supercilious contempt of the only moral principle that can afford any justification for private property in land."

PROF. ZACHAIRE (the eminent German Jurist): "All the sufferings against which civilized nations have to struggle may be referred to the exclusive right of property in the soil as their source."

PROF. ALFRED MARSHALL (Principles of Economics): "All writers on economics are compelled to make a distinction between land and other things."

CARDINAL MANNING: "The Land Question means: hunger, thirst, nakedness, notice to quit, labor spent in vain, the toil of years seized upon, the breaking up of homes, the misery, sickness, deaths of parents, children, wives, the despair and wildness which spring up in the hearts of the poor when legal force, like a sharp harrow, goes over the most sensitive and vital right of mankind. All this is contained in the 'Land Question.'"

ALFRED RUSSELL WALLACE: "We permit absolute possession of the soil of our country with no legal rights of existence on the soil to the vast majority who do not possess it. A great land-owner may legally convert his whole property into a forest or hunting ground, and expel every human being who has hitherto lived upon it.

In a thickly populated country like England, where almost every acre has its owner and occupier, this is a power of legally destroying