

Progress & Poverty

by Henry George

In 2005, we published, in draft form, a special version of *Progress & Poverty*, which contained a marginal gloss highlighting the important points. The intention was that, after necessary corrections or other revisions were made, a quantity of this “Venturella Edition” would be printed for use in HGS classes or other purposes, and that the Robert Schalkenbach Foundation would consider including a marginal gloss in future printings of the book.

Eventually, the corrections were made, but financial and institutional constraints make it unlikely that a large printing will ever be done. Therefore the entire work has been formatted by chapters and posted for free distribution on the Internet. Also, the marginal gloss has been compiled as this separate document, which will be made available to HGS students as a possible alternative to reading the full text.

There are of course a number of other abridgements, synopses (including an excellent one by Mike Curtis which is more than just a synopsis, and which I have used in my classes), abstracts, and at least one modernization of *Progress & Poverty*. I have produced this one because I think it will be convenient for use in classes I teach. Possibly other HGS instructors, and other readers, will also find it of value.

Special thanks to students over the past several years, who helped me find errors and other difficulties in the draft version, and especially to Mel Sparr who found most of them, to the participants at *wpuniverse.com* for their sound technical advice, and also to the Board and other supporters of the Henry George School of Chicago, for tolerating this work.

–Chuck Metalitz
Henry George School of Chicago
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INTRODUCTORY: The Problem

During the present century, technological advances have much increased labor's productive power. If an 18th -century man had foreseen these increases, he would have expected that inevitably everyone's material needs would be met. A golden age would seem to him inevitable. But that's not how things worked out.

Up to now, there were plausible reasons why we hadn't yet reached the golden age. But now we do not understand why economic conditions are worsening.

It is seen in democracies and dictatorships, under "free trade" and protection, hard money and fiat money, and evidently cannot be attributed to such local causes. This worsening is seen in various places, under varying fiscal and financial systems, social and demographic conditions.

The problem is caused by material progress, or something closely related to it, because it is worst where progress is greatest. In newly-settled countries, productivity is low and no one is rich, but everyone can make a living. In more developed countries, productivity is high and some people have great wealth, but poverty and unemployment are serious problems for many.

That poverty appears as communities progress shows that social difficulties are somehow caused by progress. It is undeniable that increasing productivity does not reduce poverty, but in fact worsens it. The lowest class do not share in the increased wealth, and such gains as they have made are not due to increased productive power. In fact the tendency of material progress is to make them worse off, as if a wedge were driven between the affluent and the poor.

This tendency is not apparent where the lower class was already at bare subsistence, but it is evident in the U. S. that material progress does not merely fail to relieve poverty— it actually produces it. This association of poverty with progress is the great enigma of our times. Real and permanent progress cannot be achieved until the riddle is solved.

But it has never received a satisfactory answer, as

evidenced by the contradictory explanations presented by authorities. Dangerous ideas, propagated by charlatans and demagogues, can be effectively combated only when political economy develops consistent explanations.

Political economy is not a set of dogmas. It is the explanation of a set of facts. It starts from an assumption that everyone accepts: People seek to gratify their desires with the least exertion. It then proceeds by logical steps.

In this way I will, in the following pages, seek to explain why poverty is associated with progress. I will not defer to the wisdom of "authorities," since they have failed to provide a consistent explanation which makes sense.

This is an urgent and important task. Its result may challenge conventional wisdom.

BOOK 1: Wages and Capital

Chapter 1: The Current Doctrine— Its Insufficiency

The immediate cause of poverty is low wages. Therefore our inquiry is: Why, in spite of increase in productive power, do wages tend to a minimum which will give but a bare living?

All the major writers on political economy agree that this is because the wages are paid from capital, and the number of laborers increases to absorb any increase in the amount of capital. Almost universally accepted among academics,

This theory is also widely held among the general population, and is the basis for various (often ill-conceived) proposals aimed at raising wages. But if this theory were valid, wages would be high where interest rates are low, and vice versa. And in fact, the opposite is the case: where and when wages are low, interest is also low. High wages and high interest also tend to occur together.

Leading writers seek to explain this fact by asserting that the high levels of interest and wages in new countries is due to greater relative production of wealth. If this were true, it would invalidate the theory of wages by making production, not capital, the determiner of wages.

One professor has contrived a way to reconcile

this fact with the accepted theory, but I shall show that his explanation is based on a total misunderstanding of the source of wages.

During times of prosperity, both wages and interest are high, while during depression they are low. This cannot be explained by the accepted theory.

Evidently, wages and interest move together, not in opposition.

The basis of the accepted theory is another incorrect theory: that wages are drawn from capital. I shall show that wages, instead of being drawn from capital, are in reality drawn from the product of the labor for which they are paid. While it may appear trivial, this distinction is in fact important because

most teachings of the current political economy are based more or less on the assumption that labor is maintained and paid out of pre-existing capital.

Since capital is stored-up labor, obviously laborers must at some time have been employed without use of capital, or how could capital ever have been produced? The professors might respond that wages did not require capital when production was simple, but only in today's complex economy.

But the principles obvious in the simpler relations of primitive times are merely disguised, not abrogated by the more intricate modern systems of production. For example, everyone working in a flour mill is in fact making flour, though his actual task might be only one aspect of the process.

Looking on production as a whole, everyone obtains his earnings from nature.

With division of labor, one does not produce for one's own desires, but to satisfy the desires of others, who do likewise. Earning is making. And wages paid in money are actually certification of the earner's right to take the wealth which he has produced, in other forms.

Thus the worker performing one particular task is in reality doing all the tasks required to produce all the wealth to which his wages entitle him. All this is clear when looked at this way, but let us now shift to the inductive approach, and analyse the facts.

Chapter 2: The Meaning of the Terms

Before proceeding further, we must establish clear and precise definitions of the terms to be used, and be consistent in their use so as to be properly understood.

"Wages" means the return received for the exertion of labor. The term applies whether the laborer is self-employed or hired.

Economic writers have used various definitions for "capital."

Adam Smith's definition is quite different from Ricardo's. McCulloch has yet another definition. J. S. Mill takes yet another approach. In summary, the major authors vary in their definitions of capital. Among minor authors the variance is still greater. Some of them, after having defined capital to exclude land, even say that land is capital. In summary, a wide difference exists as to the meaning of "capital."

Yet despite the great range of definitions, in the practical sense capital is always understood to mean wealth devoted to procuring more wealth.

Confusion as to the meaning of "capital" come from two sources. First, certain types of things are like capital to an individual but are not part of the capital of the community. Second, things of the same kind may or may not be capital, according to their use.

"Land" is all natural materials, forces, and opportunities, and therefore none of these can be capital. Land, labor, and capital are the three factors of production. Nothing can be capital which is land or is labor. Labor is all human exertion, and therefore human powers whether natural or acquired cannot be capital.

Since capital is neither land nor labor, it must be wealth.

In common speech, the term "wealth" is applied to many things which have exchange value but are not "wealth" in political economy. The increase or decrease of these things does not affect the total wealth of the community. Increase in land values does not represent increase in the common wealth, for what land owners gain, tenants or purchasers lose. Only such things can be wealth the production

of which increases and the destruction of which decreases the aggregate of wealth.

When we speak of a community increasing in wealth, we mean an increase of tangible things having an actual and not merely a relative value. Wealth consists of natural products that have been modified by human exertion, to fit them for gratification of human desires. (Labor may also minister directly to desire. This isn't "productive" labor.)

Nothing can be capital which does not fall within this definition of wealth. But not all wealth is capital, and this is the source of the second class of misconceptions.

Errors of the first type, treating as capital things which are not really wealth, are widespread but are not committed by the best writers on political economy. But as to which items of wealth are capital, the writers are inconsistent. Let us compare the definitions of three respected writers.

McCulloch excludes much of storekeepers' inventory, but includes things which could be used in production even if they are not so used. And Mill's definition is not capable of practical application. Ricardo likewise excludes retailers' inventories of nonessential consumer goods.

Yet what these writers actually mean by capital is that portion of wealth which its owners propose to use for purposes of obtaining more wealth.

A dozen intelligent men could readily agree on what is and is not capital in a particular time and place.

Adam Smith's description, "that part of a man's stock which he expects to yield him a revenue is called his capital" is a workable definition.

We can alternatively define capital as "wealth in the course of exchange." In some cases the exchange is not all at once, but gradual as the capital is used.

Production includes not only making things, but also bringing them to the final consumer.

It is important to understand the definitions of terms, and use these terms consistently. Wealth, including capital, is exchangeable, so possession of one kind of wealth is potentially possession of all kinds of wealth.

Chapter 3: Wages Not Drawn from Capital, but Produced by the Labor

When a self-employed laborer takes as his wages part of what he produces, his wages clearly don't come from capital because capital is never lessened during the process. Even Adam Smith recognized this in such a simple case. But Smith failed to apply the same reasoning to more complex situations, as when the worker is an employee.

In fact, many workers are self-employed. The fact that some workers take their earnings directly from the results of their labor invalidates the structure of political economy which assumes that all wages must come from capital. But let us continue our investigation, to see whether wages might ever come from capital.

When wages are paid "in kind," giving the laborer some of what he produces, then clearly his wages are produced by his labor and do not come from capital. This is a common arrangement, including for example sharecroppers and commissioned salesmen.

Next step in complexity: Wages estimated in kind but paid in something else. For example, crews of whaling ships receive a proportion of the catch, not in kind, but in cash as a share of its value. The crew are paid only after they have delivered their catch to port, so the owner's capital is never lessened.

Now an example more in keeping with the usual practice: Men harvest eggs on the Farallone Islands, off San Francisco, and receive a fixed wage (in coin) at the end of the season, which represents the value of the eggs collected. Another example involves harvest of seals. In this case, the laborers prefer to be paid in kind rather than in coin.

These illustrations show that wages in money are equivalent to wages in kind

Some may object that, when employees are paid a fixed wage, they are paid regardless of whether any wealth is produced. Fixed wages are usually less than contingent wages, because the employer bears more risk. But in the event of disaster, when no wealth is produced, the employee in practice will likely be unable to get his wages. Admiralty law

recognizes that "freight is the mother of wages."

Production is always the mother of wages. "Retainers" and other prepayments are really just guarantees, not wages. For labor always precedes wages.

Having clarified the source of wages, we can now deal with the claim that labor cannot work unless supplied by capital with maintenance.

But the food, clothing, etc. which laborers require is not capital. Laborers provide their own subsistence, and employers never need to advance it to them before labor is performed. The wealth which they are paid is equivalent to somewhat less than the wealth they have produced. During a workweek, a manufacturer will gain product worth, on the average, at least as much as what he pays his employees at the end of the week. He does not advance capital any more than a bank advances capital when a depositor withdraws money. The main source of confusion on this matter is the confounding of wealth with money, a fallacy of the mercantile system.

To help clarify the matter, let us consider the business of gold mining. Placer miners just picked up or washed out their "wages" in gold dust. Clearly, their wages were not from capital. Holders of rich claims might hire men to work for them, paying in gold dust. No one would claim that by paying out coin and taking in gold dust the miner was lessening his capital. The employing miner obtained coin in exchange for the gold dust produced. As coin became more abundant, gold dust became a commodity, as it was more convenient to pay the hired hands in coin.

But as the easy deposits were exhausted, further mining could be conducted only after much time had been invested in construction and other preparations. No gold was initially produced, yet workers were paid regularly. Didn't these wages come from capital?

Similar situations are the planting of crops months before the harvest, or major construction projects. It can readily be shown that such cases are not exceptions to the rule that the product is finished before wages are paid.

A broker who gives me gold in exchange for my silver does not advance capital, because his capital

is never lessened during the transaction. The capitalist does the same thing. Creation of value takes place at every stage of production. It is not the completion of the finished product that creates value—the creation is continuous, it immediately results from the exertion of labor.

For the vast majority of products, at each step in the production process, we can readily estimate a creation of value. If a builder were at any stage of construction asked to sell a partially completed ship he would expect a profit. Even for a big project such as a tunnel or canal, the project becomes capital as money is spent in creating it, as shown by the fact that the value of the stock of the company undertaking the project does not decline, but more likely increases as the work progresses. In short, the payment of wages never involves any advance of capital, because the creation of value goes on as labor goes on. This is true in agriculture also.

Big projects do require capital, but they do not require it to advance wages to labor. If those constructing the tunnel wish to accumulate capital in the shape of a tunnel, then they will need capital. In constructing a tunnel, it would be possible to pay workmen in shares of company stock, in which case no capital would be needed.

So in every branch of production. Capital is required only if the product is to be stored up, rather than being drawn against immediately. This capital is not required to employ labor, but is required in order that the employer may accumulate the products of labor.

Chapter 4: The Maintenance of Laborers not Drawn From Capital

But on what is labor to subsist until the product is completed? This is a problem only because it is assumed that subsistence of labor comes from capital. That implies the absurdity that labor cannot be exerted until the products of labor are saved. Subsistence cannot be capital because wealth ceases to be capital once it is in the hands of the final consumer.

People will eat regardless of whether they propose to engage in productive labor. To pursue the matter

further, is it true that a stock of subsistence must exist before a project can be undertaken which does not immediately result in wealth for subsistence?

Consider Robinson Crusoe. In order to begin making a canoe, did he first need to accumulate food sufficient to maintain him until he completed it? Of course not. He had only to devote part of his time to obtaining food while devoting another part to building the canoe.

The same principle applies in all cases— subsistence need not be accumulated before a project may be commenced.

We live on current production, not production from the past.

Consider a wealthy idler, who does not work but lives on wealth his father had invested in government bonds. He is actually sustained by the food and other things produced much more recently. What he inherited is not actual wealth, but the power of commanding wealth produced by others.

If all labor in London were to cease, soon people would begin to die. Mankind really lives from hand to mouth.

Subsistence for workers engaged in production which does not directly yield subsistence comes from the simultaneous production of subsistence by others.

Someone who has the power to produce subsistence, wants, directly or indirectly through a series of exchanges, the thing that is produced by the workers who are not producing subsistence.

Demand for consumption determines what labor will produce.

In aiding production of what other producers want, each laborer is directing other labor to the production of the things he wants. If I made jackknives and used my wages to buy wheat, I have added jackknives to the stock of wealth, and taken wheat from it. I have directed labor elsewhere to the production of wheat.

Plowing will not result in a crop for many months. But by assuring a future crop, it frees from the stock constantly held the subsistence of the plowman. And if the plowing were not done when needed, other kinds of production would promptly cease. So

the plowman is really producing his own wages. Where there is unemployed labor, lack of capital will not prevent a landowner from hiring it if his land can produce a marketable crop. Credit will be available to provide for the workers' subsistence.

Reserve capital will be drawn out by the prospect of replacement, as illustrated in 1877 in Southern California.

They who produce receive, in subsistence and wages, the produce of their labor.

Chapter 5: ***The Real Functions of Capital***

There are three ways in which capital increases labor's power to produce wealth.

(1) By enabling labor to apply itself more effectively; (2) by enabling labor to take advantage of the reproductive forces of nature; and (3) by permitting division of labor.

Capital does not supply raw materials, which come from nature. Capital does not supply wages, and does not maintain laborers, since the laborers produce their own subsistence.

Capital therefore does not limit industry, although it certainly may limit the form of industry. Capital may limit the form of industry or the productiveness of industry, but there can be industry without capital.

And in practice, where capital can be remuneratively employed in industry, it becomes available, unless special problems, such as war or natural disaster, prevent its accumulation and use

If capital exists but is not available to those who can effectively use it, the problem is not lack of capital but bad government, or ignorance of how to use capital. Even primitive people manage to acquire and use capital appropriate to their needs.

Where population is sparse, the appropriate methods of production usually require only modest capital.

In any case, it is clear that poverty in civilized countries is not due to any lack of capital.

The belief that capital employs labor and pays wages leads to other confused thought.

To summarize: the current theory that wages depend on the ratio between number of laborers and amount of capital is inconsistent with the fact that wages and interest rise and fall together.

Capital assists in production but does not advance wages. We must therefore conclude that any remedy which seeks to eliminate poverty by increasing capital, or restricting the number of laborers, must be condemned. Increasing numbers of laborers, other things being equal, make labor more efficient, and so, other things being equal, should raise wages.

So now we must consider whether the productive powers of nature tend to diminish with increasing population.

Book II:

Population and Subsistence

Chapter 1: The Malthusian theory, its Genesis and Support

Malthus' theory that population naturally tends to increase faster than subsistence is generally accepted among the masses and, surprisingly, among many acute thinkers. It tends to support the theory that wages are limited by capital per laborer. It is unclear which of the two theories came first.

Based on the growth of Britain's North American Colonies, Malthus concluded that population tends to double every 25 years, as 1, 2, 4, 8, 16. . . , while subsistence could at best increase only arithmetically in the same time period, as 1, 2, 3, 4, 5 . . .

Thus the tendency of population to increase beyond subsistence would be held in check, either by restraint upon reproduction, or by increased mortality.

Of course the mathematics of this theory make no sense.

But even Mill, who did not endorse the mathematics, agreed with the essence of Malthus' theory, that population always tends to increase to the limits of the means of subsistence, and if its growth is not restrained there must exist that degree of want which will keep population within the bounds of subsistence.

Though controversial, this theory is nowadays ac-

cepted. It is supported by analogies to animals and vegetables, and it is consistent with some facts. It harmonizes with the doctrine that wages are drawn from capital, and with the principles based on that doctrine. Malthus got additional support from Ricardo's theory of rent.

Workers, seeing competition for jobs, might accept Malthus' theory that there are too many people. But the most important reason for the acceptance of Malthus' theory is that it comforts the privileged. For it asserts that poverty is unavoidable and inevitable, and that the accumulation of wealth does not disadvantage the poor.

In recent years, Darwin's theory of natural selection is being invoked to support Malthus' theory of population. But this doesn't seem correct, since Malthus' theory didn't originally involve the idea of progression. So now the Malthusian theory is quite widely accepted, even by many who never heard of Malthus and don't know what his theory is.

Chapter 2: Inferences from Facts

There is no evidence that population tends to increase faster than subsistence. But even if it be admitted that the tendency to multiply must ultimately produce poverty, this would not prove that it is the cause of the poverty which now exists. Malthus' "Essay on Population" is worth reading as a curiosity, starting with an unsupported assumption such as Swift might have satirized, and is marked throughout by passages showing incapacity for logical thought.

The results which Malthus claims to be due to overpopulation, he actually shows are due to other causes— ignorance and rapacity, or bad government, unjust laws, or destructive warfare.

Nor what Malthus failed to show has anyone since him shown.

In what we know of the world's history decadence of population is as common as increase.

We are apt to underestimate the density of population which intensive cultivation can support. Parts of Europe had larger populations in the past than today. All the indications are that previous to the discovery the population of North and South

America had been declining. Certainly Africa once had a larger population, as did Asia.

Worldwide, population has ebbed and flowed; its centers have changed. But there is nothing to show continuous increase.

Compared with its capacities to support human life the earth as a whole is yet most sparsely populated.

If there be a natural tendency for population to outrun subsistence, how is it that no civilization's creed or code encourages the practice of the prudential restraints of Malthus? And, there have been societies which guaranteed subsistence to every member.

And, if there is an overpowering tendency to multiplication, how is it that families, even in which want is unknown, so often become extinct?

Although one couple may have thousands of descendants, they also do have thousands of ancestors.

I assert that the cases commonly cited as instances of overpopulation will not bear investigation.

Density of population in India and China is far less than England, Belgium, and other prosperous countries. In both countries great natural resources are wholly neglected due to the form of social organization.

In India, people were robbed of the product of their labor and commerce could be carried on only by stealth. Thus poverty is due to tyranny and insecurity, and the avarice and extortion of the various governments.

In modern times in India the abuses have ceased, and the just principles of English law applied, and major railway and irrigation improvements made. Yet famines continue. Is not this a demonstration of the Malthusian theory?

Florence Nightingale shows the causes of the famines to be taxation, which takes from the cultivators the very means of cultivation, and actual slavery. The problem is that the English are draining away much of the wealth produced in India.

Hyndman shows relentless taxation of a miserably poor population. Governmental efforts to alleviate famines do, by the increased taxation imposed, but intensify and extend their real cause.

In India, want is not due to pressure of population upon the ability of land to produce. Were cultivators able to retain their capital, a much greater population could undoubtedly be supported.

In China, too, insecurity prevails, production goes on under great disadvantage, and exchange is fettered.

Under such conditions, poverty and famine would result no matter how sparse the population. China has much uncultivated land, and large coal deposits. Coal is not food, but could readily be exchanged for food. Therefore, in both China and India, it is not dense population which causes poverty and starvation. They are due to causes which prevent labor from securing its full return.

Nowhere is there any example which will support Malthus' theory.

Ireland is sometimes cited.

In 1840-45, it contained over eight million people, many living very poorly. Much of their produce was taken by landlords. Cultivation was carried on by tenants at will, who did not dare to make improvements which would have been but the signal for an increase in rent. Labor was therefore used inefficiently.

But even under such conditions, Ireland supported not only its population of eight millions; it exported food.

The poverty and misery of Ireland have never been attributable to overpopulation.

McCulloch wrote in 1838 that Ireland could support about 4 million people, half of its population then.

But in 1727, when Ireland had just 2 million people, they were in abject poverty.

No matter how fertile the land, how could there fail to be pauperism and famine where the cultivator could not keep the produce of his labor, and had no access to natural resources?

What is true in these three cases will be found upon examination true of all cases. The increase of numbers has never yet decreased the relative production of food.

Chapter 3: Inferences from Analogy

Many species of plants and animals do tend to reproduce rapidly and press against the limits of subsistence. This is often cited to support Malthus' theory.

But is this analogy valid?

Since man's subsistence comes from plants and animals, doesn't their ability to reproduce quickly simply show that man's subsistence can always increase faster than his population can? Man is the only living thing who can harness reproductive forces to increase his food.

Man cannot press against the limits of his subsistence until the limits of the globe are reached. And the limit of subsistence in any particular place is not the physical limit of that place, but of the entire globe.

The only basis for the validity of Malthus' theory is that at some remote future time population may so increase that there is no elbow room. But even this springs from a false analogy. Man is the only animal whose desires increase as they are fed.

The demand for quantity once satisfied, he seeks quality.

Give more food, open fuller conditions of life, and the vegetable or animal can but multiply; the man will develop.

There is no reason for us to worry about the pressure of population upon subsistence.

The law of population includes beautiful adaptations. The elevation of the standard of comfort and the development of the intellect tend to reduce the number of births. The real law of population must be that the tendency to increase varies. It is strong where more population is needed, and weakens as the higher development of the individual becomes possible.

If I have succeeded in showing that the Malthusian theory is not proved, it is enough for the present.

Chapter 4: Disproof of the Malthusian Theory

The question whether increase of population

necessarily tends to reduce wages and cause want, is simply the question whether it tends to reduce the amount of wealth that can be produced by a given amount of labor.

The accepted theory is that it does.

I deny this. I assert that in a state of equality the natural increase of population would constantly tend to make every individual richer instead of poorer.

Note that the real question is the effect of population growth not on production of subsistence, but on production of wealth of all kinds. Wealth in any form is equivalent to subsistence, since the power used to produce any wealth could be used to produce subsistence.

We see many communities increasing their populations. Do they not increase their wealth faster?

It is in communities with dense populations that you will see the most wealth devoted to nonproductive use, and the greatest proportion of people who do no productive labor. In fact, other things being equal, the most populous countries are always the most wealthy.

Consider the example of California. In the days of sparse population, wages were high.

Now, wages and interest are much lower. Is this because labor produces less wealth? No. The efficiency of labor in California has been increased by improved transport, machinery, and the benefits of a larger market.

The same is true everywhere. The countries where population is densest are, other things being equal, the ones where the largest proportion of the produce can be devoted to luxury and support of nonproducers.

But might this be due to the accumulated wealth of the older country?

In a new country the whole available force of the community is devoted to production. There are no beggars, no idle rich. In the older country, fewer laborers produce more wealth. But might this be due to the accumulated wealth of the older country?

Wealth is constantly re-created.

Wealth can be accumulated but to a slight degree. Wealth in most forms will not keep.

The progressive state, which is marked by

increase of population, is also marked by increased consumption and increased accumulation of wealth per-capita.

In the countries where poverty is deepest, the forces of production are evidently strong enough to provide for the lowest not merely comfort but luxury.

Twenty men working together will, where nature is niggardly, produce more than twenty times the wealth that one man can produce where nature is most bountiful.

Want appears where productive power is greatest and the production of wealth is largest. Evidently the Malthusian theory, which attributes want to the decrease of productive power, will not explain it.

Book III: The Laws of Distribution

Chapter 1: The Inquiry narrowed to the Laws of Distribution-- Necessary relation of these laws.

The preceding examination has shown that neither a lack of capital nor increases in population can explain why wages decrease with the advance of material progress.

So far, we have only increased the perplexities of the problem.

We have proved that wages ought to be highest where in reality they are lowest.

But at least we have narrowed the field of inquiry. The problem of low wages cannot be explained by the laws of production of wealth, so the explanation must involve the distribution of wealth.

We must find the law which determines what part of the produce is distributed to labor as wages.

To be sure when we have found it, we must also find the laws which determine which part goes to capital and which part to landowners. "Production" means the wealth produced by the community. It includes the increase in value gained by transport or exchange. Production excludes the portion of wealth which goes to replacement of capital.

We will delay consideration of taxation and the costs of monopoly until we have discovered the

laws of distribution.

The current political economy does not correctly apprehend these laws, as may be seen, in the first place, from the terminology employed.

All the politico-economic works acknowledge the three factors of production: land, labor, and capital. Rent is the share of production going to the landowner, and wages the share for labor. But as to the share of production going to the owner of capital, there is ambiguity and confusion.

They confuse interest with profits.

The word "profits" is understood by the standard works of political economy to include wages, and compensation for risk, as well as interest.

And therefore, "profits" is a very different concept from "interest." Yet, the standard works all treat the distribution of wealth between the rent of land, the wages of labor, and the PROFITS of capital.

This confusion seems to have sprung from theory that some wages come from capital.

So other wages get thrown over with returns to capital, under the term profits.

The standard works never bring together the laws of distribution, so it is not apparent that they are uncoordinated.

But if we fish them out from the standard works, we find the accepted laws of distribution to be:

Wages are determined by the ratio between the amount of capital devoted to the payment of labor, and the number of laborers.

Interest is determined by wages, rising as wages fall. Rent is determined by the margin of cultivation. Bringing these "laws" together shows that they do not correlate. So at least two of them must be incorrect.

Let us seek the true laws of distribution, which will mutually bound each other.

"Profits" has nothing to do with this inquiry.

In summary: land, labor and capital receive shares of production as rent, wages, and interest. The concepts are mutually exclusive although any one person may receive income from one, two, or all three of these sources.

Living in a society where a capitalist generally

rents land and hires labor, political economists have been led to look upon capital as the prime factor in production. But when we consider the original and natural sequence of things, capital is, in reality not the employer of labor, but employed by labor.

Capital is not a necessary factor in production. Therefore the law of rent and law of wages must correlate without reference to the law of capital.

Chapter 2: Rent and the Law of Rent

The economic meaning of rent is different from the word as commonly used.

Payments for products of human exertion are excluded.

If land having a value is not used, there is no rent actual but there is still rent potential.

When the user of land is also its owner, whatever part of his income he could obtain by letting the land to another is rent.

Thus, rent arises not from the capacity of the land, but from its capacity as compared with that of land that can be had for nothing. Very rich land yields no rent so long as there is other equally good land to be had without cost.

Rent is the price of monopoly, arising from reduction to individual ownership of natural elements which human exertion can neither produce nor increase.

The law of rent determines the price which, under circumstances of free competition, with the land owned by many different persons, can be got by the owner.

The accepted law of rent, which coincides with common sense, is that The rent of land is determined by the excess of its produce over that which the same application of labor and capital can secure from the least productive land in use.

This law, which applies to all uses of land and all natural agencies, is self-evident.

Put another way, ownership of land gives power of appropriating wealth in excess of what labor and capital could obtain on the least productive land in use.

There is no occupation in which labor and capital

can engage which does not require the use of land.

The law of rent is but a deduction from the law of competition, resting on the fundamental principle that men seek to gratify their desires with the least exertion.

The law of rent is widely accepted although many writers seem to view it merely in relation to agriculture, while manufactures and exchange yield the highest rents.

Thus wages and interest depend not upon the produce of labor and capital, but upon what is left after rent is taken out, or upon the produce they could obtain without paying rent.

This explains the paradox of poverty.

Where the value of land is low, production may also be low, but wages high. When productive power increases, if the value of land increases in greater ratio than productive power, rent will swallow up more than the increase, and wages and interest will fall. All this is exemplified in actual fact.

Chapter 3: Of Interest and the Cause of Interest

The law of rent determines what is left over for wages and interest. If no capital is used, then it is actually the law of wages also.

But to be sure of ourselves, let us seek the laws of interest and wages separately. We should expect all three laws to correlate.

Interest includes all returns for use of capital, not merely those that pass from borrower to lender, and it excludes compensation for risk.

The real interest rate varies between different countries and different times.

That interest does not depend on the productiveness of labor and capital is proved by the fact that where labor and capital are most productive interest is lowest. That it does not depend inversely on wages is proved by the general fact that interest is high when and where wages are high, and low when and when and where wages are low.

What is the justification for interest? The expounders of the current political economy say that there is no conflict between labor and capital, yet they say

that interest will be low or high as wages are high or low. If this is correct, then interest needs somehow to be reduced, if a way can be found to do so.

Why should interest be? It cannot simply be a reward for abstinence, since abstinence in itself produces nothing. It can be said that in lending capital I do the borrower a service, but he also does me a service in keeping it safely. Many forms of capital will not keep, but must be constantly renewed.

Attempts by Bastiat and others to demonstrate the legitimacy of interest do not appear to me always successful.

I am inclined to think that if wealth consisted but of the inert matter of the universe, and production of working up this inert matter into different shapes, that interest would be but the robbery of industry.

Many types of capital will of themselves, aided by labor, increase in quality or quantity, or otherwise yield an increase. Cattle, bees, and wine are examples.

The interchangeability of wealth necessarily involves an average of all types of wealth, so the reproductive or vital force of nature inherent in some types of capital must average with all, otherwise no one would be willing to use the types of capital which do not give an increase.

The increase in wealth resulting from exchange resembles that from the forces of nature.

Of course labor is necessary to exchange, as it is to the utilization of the reproductive forces of nature.

So the justification for interest is that some types of capital naturally tend to increase in value.

Were the quality and capacity of matter everywhere uniform, and all productive power in man, there would be no interest.

In short, there are three modes of production: Adapting, Growing, and Exchanging.

Capital may aid labor in any of these modes, and is absolutely necessary in growing and exchanging.

Benefits will average out because neither labor nor capital will be devoted to any mode of production while any other mode which is open to them will yield a greater return.

Thus interest springs from the power of increase

which the reproductive forces of nature, and the in effect analogous capacity for exchange, give to capital. It is not an arbitrary, but a natural thing.

Chapter 4: Of Spurious Capital and of Profits often Mistaken for Interest

The belief that interest is the robbery of industry seems to be due to failure to discriminate between what is capital and what is not.

Land is not capital, nor are stocks and bonds.

Nothing can be capital that is not wealth.

Bonds and stock do not even represent capital, unless their proceeds have been used to obtain capital. Only to the extent that stocks or bonds represent capital can the income they yield be considered interest. Much of the remainder is due to the element of monopoly.

Monopoly includes exclusive privileges, but also the power resulting from aggregation of large masses of capital under common control.

Everyone knows the tyranny and rapacity with which capital when concentrated is frequently wielded to corrupt, to rob, and to destroy. The profits thus derived are not interest.

Profits due to risk are not interest, since what one gains another loses.

The great fortunes have been built up largely from profits of monopoly and risk, not from interest.

Chapter 5: The Law of Interest

Capital is not a fixed quantity, but can be increased or decreased.

The maximum return to capital is the increase that capital will, on the average, bring. The minimum is just its replacement.

A bow and arrows might enable an Indian to kill a buffalo every day, while with sticks and stones

he might kill only one per week. But the weapon maker could not claim six of every seven buffaloes.

The reproductive force of nature seems to vary enormously.

Rabbits may increase faster than horses, for example, resulting in a lower value of rabbits and

higher value of horses. Thus both types of capital will increase in value at the same rate.

The normal point of interest will be such that all things considered, the reward of capital and the reward of labor will give an equally attractive result for the exertion or sacrifice involved. For labor and capital are but different forms of human exertion. Capital is produced by labor.

Labor and capital each get only what each adds to the common fund, so an increase in one does not mean a decrease in the other.

This shows that interest and wages must rise and fall together. For if wages fall, interest must also fall, else it becomes more profitable to turn labor into capital than to apply it directly.

In particular cases, this tendency to equilibrium may be impeded, because the line between laborers and capitalists may be sharp. But in any community, there are some people who are in both classes, and some wealth which may become capital, or not be capital, depending on the need for capital, so the general rate of interest and general rate of wages will adjust readily.

To recapitulate: The ratio between wages and interest is fixed by causes which change slowly if at all, which cause enough labor to be turned into capital to supply the capital which, in that time and place, will be demanded for production. Therefore interest must rise and fall with wages.

Looking at this another way, imagine a place where wealth is produced by capital only, entirely without labor. When rent arose, the landowners would be able to demand as rent nearly all of the produce, since capitalists could not produce without land.

The law of interest: The relation between wages and interest is determined by the average power of increase which capital has in reproductive modes. As rent arises, interest will fall along with wages, or will be determined by the margin of production.

In truth, capital is but a form of labor.

Chapter 6: The Law of Wages

Having by inference already obtained the law of wages, we shall verify it by deriving it

independently.

Wages vary with differing powers of individuals, and among occupations. But there is a general idea that wages are higher or lower in one time or place than in another, and we seek the law which determines this.

Since men seek to gratify their desires with the least exertion, this must equalize the reward gained by equal exertions under similar circumstances.

Therefore, a man could hire another to work for him at the same wage that the other could earn working for himself.

But the earnings of labor do not depend only upon the intensity and quality of labor. What a given amount of labor will yield depends on the natural opportunities to which it is applied

The highest point of natural productiveness open to labor without payment of rent will be the lowest point at which production continues. So the wages which an employer must pay will be measured by the lowest point of natural productiveness to which production extends.

To illustrate, consider a simple society, where each works for himself, and all the land in use is of the same quality. Wages will be the full produce of labor, and if one wishes to employ another he must pay wages fixed by the full average produce of labor.

Subsequently, cultivation extends to lands of different qualities. Wages now will be the average produce of labor at the point of lowest return. Wages will still be equal; the excess production on the superior land is really rent, not wages.

Now, if one wishes to employ another he need pay only what the labor yields at the lowest point of cultivation. If the margin sinks to points of lower productiveness, so must wages sink.

Wages, then, depend on the margin of cultivation. They are greater or less as the produce which labor can obtain from the highest natural opportunities open to it is greater or less.

This principal also applies in complex societies.

In such societies, wages vary widely but have a more or less definite relation to one another.

Adam Smith listed the main reasons for these

differences: (1) agreeableness of the work; (2) ease or difficulty of learning the occupation; (3) steadiness of employment; (4) trust reposed; (5) probability of success.

One may describe these differences as due to supply and demand. But of course, supply and demand are really the same thing, the supply of and demand for products of labor. So taking the community as a whole, demand and supply must be equal.

Wages in some occupations appear high only because they compensate for special disadvantages inherent in the work.

High wages in other occupations are real reflections of the skill or ability required.

The rate of wages in any one occupation is always dependent on the rate in another, and so on, down until the lowest and widest stratum of wages is reached.

For the amount of labor which can engage in any particular pursuit is nowhere absolutely fixed. Thus, any change in the demand for labor of a certain kind can only temporarily raise or lower wages in that occupation relative to other occupations. Many people are able, within limits, to change occupations, and there are always young workers choosing careers.

It is evident that wages in all strata must ultimately depend upon wages in the lowest and widest stratum.

The primary occupations are those which procure wealth directly from nature, so the law of wages in them must be the general law of wages. And wages in these occupations depend upon the margin of cultivation.

This law is so obvious that it is often apprehended without being recognized.

This law of wages is identical to the one previously obtained as corollary of the law of rent:

Wages depend upon the margin of production, or upon the produce which labor can obtain at the highest point of natural productiveness open to it without the payment of rent.

This law of wages accords with and explains facts that without it seem unrelated and contradictory.

Where natural opportunities are all monopolized,

wages may be forced to the minimum at which laborers will consent to reproduce.

In fact, the accepted law of rent depends upon this law of wages.

Adam Smith himself saw the cause of high wages where land was yet open to settlement.

Subsequent economists have repeatedly stumbled over the law of wages without once recognizing it.

I am using the word wages not in the sense of a quantity but of a proportion. The quantity may increase even as the proportion diminishes.

In such case, the relative fall of wages may be noticed only in the increased value of land and the greater incomes of landlords.

Chapter 7: The Correlation and Co-ordination of these Laws

Our conclusions overthrow some of political economy's important theories, but were developed entirely from fundamental principles which are already recognized.

The laws of interest and wages which we have developed are necessary deductions from the fundamental law that men seek to gratify their desires with the least exertion. Acceptance of the law of rent implies, as necessary sequences, the laws of interest and wages.

Comparing the laws we have developed with those currently accepted shows how much better they harmonize.

Chapter 8: The Statics of the Problem Thus Explained

We have now a clear, simple, and consistent theory of the distribution of wealth.

It was necessary first to show that current theories are untenable, because otherwise no new theory would be considered. The science of political economy, as now taught, resembles the science of astronomy, as taught before the recognition of the Copernican theory.

But, unlike the Copernican theory, the truth I wish to make clear is naturally perceived. To recognize it

we have but to come back to first principles and heed simple perceptions.

If, with an increase in production the laborer gets no more and the capitalist no more, it is a necessary inference that the landowner reaps the whole gain.

Wherever the value of land is low, wages and interest are high; where land is high, wages and interest are low.

In short, the value of land depends wholly upon the power which its ownership gives of appropriating wealth created by labor.

To see humans in the worst conditions, you must go, not to the frontier, where land is yet worth nothing, but to the great cities, where land is valuable.

Book IV: Effect of Material Progress

Book IV: Effect of Material Progress upon the Distribution of Wealth

Chapter 1: The Dynamics of the Problem Yet to Seek

In saying that wages remain low because rent advances, we have not fully solved the problem which was at the outset proposed. The further question is, what causes rent to advance?

Ricardo said that advancing rent is caused by the increase of population, which requiring increased food necessitates extension of cultivation to inferior lands.

While Ricardo's assertion is true, I do not think that all deductions commonly made from it are valid, nor that it fully accounts for the increase of rent with material progress.

Material progress involves three changes: (1) increased population, (2) improvements in the arts of production, (3) improvements in the community generally insofar as they affect productive power.

Changes (2) and (3) have the same effect and may be considered together. So we will now consider separately the effects of increased population, and of improvement in the arts, upon the distribution of wealth.

Chapter 2: The Effects of Increase of Population upon the Distribution of Wealth

The current political economy says that the way increasing population advances rent is by forcing the margin of cultivation lower as poorer lands need to be brought into use.

This is how the theory of rent is made to support the Malthusian doctrine.

This presumes that recourse to lower points of production involves a smaller aggregate produce in proportion to the labor expended.

But increased population, of itself, and without any advance in the arts, implies an increase in the productive power of labor. If population be doubled, land of but 20 productiveness may yield to the same amount of labor as much as land of 30 productiveness could before yield. For the productiveness either of land or labor is not to be measured in any one thing, but in all desired things. And in a populous district, people can make a good living from poor land; not perhaps in the production of corn, but in the production of wealth generally, or the obtaining of all the commodities and services which are the real object of their labor.

And even as the margin falls, productiveness of labor at the margin may increase if increasing population added to the effectiveness of labor faster than it compelled resort to less productive land.

And even if productivity at the margin falls, average productivity is likely to increase because productivity of labor on land that was already in use, prior to the population increase, will rise. Thus, increase of population will increase rent and reduce wages as a proportion, and may or may not reduce wages as a quantity, but probably always increases the aggregate production of wealth as compared with the aggregate expenditure of labor.

The increased powers of co-operation and exchange which come with increased population give an increased capacity to land. Increasing population brings out a superior power in labor exerted on particular land, which thus inheres in the land as much as any natural qualities.

Imagine an unbounded, fertile, undifferentiated savannah. The first settler would have no basis to choose one location over another. Settling somewhere, he has good land and natural resources, but he is poor. He can easily get enough to eat, but cannot satisfy other desires.

The next settler will choose to live adjacent to the first, and both will benefit, helping each other with tasks difficult or impossible for one man alone.

More immigrants arrive, and for the same reason, settle near one another. Labor has now an effectiveness which in the solitary state it could not approach, as people co-operate and specialize. As growth continues, the benefits of community increase. Services become available, and social life develops.

Go to our settler now and offer to pay for his improvements, so he can go again to the frontier and get more fertile land. He would laugh at you. His land yields no more wheat than before, but it does yield far more of the necessities and comforts of life.

The growth of population has added to the productiveness of labor bestowed upon this land, making it superior to land of equal natural quality where there are as yet no settlers.

Population continues to increase. Our settler's land being the center of population, shops are set up on it. Soon arises a village which grows into a town. The land is no more productive for agriculture, but to labor expended in types of production which require proximity to other producers or to customers, it will yield much larger returns.

This excess of productiveness for such purposes the landowner can claim. And so our settler can sell in building lots a few of his acres, and with the proceeds build and furnish himself a fine house. That is, the people who wish to use the land build and furnish the house for him.

Population keeps increasing, and the town has grown into a large city. So enormous are the advantages which this land now offers for application of labor, that in places there are thousands of workers on each acre.

These advantages attach to this land, and no other,

for here is the center of population. Our settler, or whoever has succeeded to his right to the land, is now a millionaire, not due to anything he has done, but from the increase in population.

Anyone in a progressive country can see for himself that this is the way in which increase of population increases rent. It is not so much because inferior lands need to be put into use, but because of the increased productiveness which increased population gives to land already in use.

And where land's value does arise from superior natural qualities, those qualities are rendered tangible only by population. The valuable quality of such lands is simply its surface capacity; its physical characteristics are not important.

To recapitulate: Increasing population increases rent in two ways: First by lowering the margin of cultivation; second by bringing out special capabilities in particular lands. I think that the latter mode is the more important.

Chapter 3: The Effects of Improvements in the Arts upon the Distribution of Wealth

We have seen that increase of population increases rent by increasing the productiveness of labor rather than by decreasing it.

Inventions and improvements save labor, enabling the same result to be secured with less labor, or a greater result with the same labor.

This does not reduce the amount of labor expended, because demand is not a fixed quantity. Desire mounts with every additional opportunity for its gratification.

So the effect of laborsaving improvements will be to increase the production of wealth, requiring more land, and therefore lowering the margin of cultivation. Lowering the margin increases rent.

This explains why laborsaving machinery everywhere fails to benefit laborers.

Possession or production of any form of wealth is virtually the possession or production of any other form of wealth for which it will exchange.

The object of labor of any individual is not wealth

in one particular form, but wealth in all the forms that consort with his desires. Hence, a saving in labor required to produce one of the things desired is effectively an increase in the power of producing all the other things.

I am unable to think of any form of wealth, the demand for which would not be increased by a saving in the labor required to produce other forms of wealth.

This increase might be in terms of quality rather than physical quantity, but would still tend to increase the demand for land.

Any increase in the power of labor will be utilized in procuring more wealth, and thus increase the demand for land.

This will lower the margin of production, increasing the share of production which goes to rent.

The process tends to continue. Wages and interest decrease as a proportion of production, but may increase or decrease in absolute amount depending on the specific circumstances.

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 invention went on until no labor was needed to produce wealth, then everything the earth could yield could be obtained without labor. The margin would be zero, wages would be nothing, interest would be nothing. Rent would take everything.

This may seem impossible, but it is the point toward which the march of invention is tending.

The preceding applies to inventions and improvements only when generally diffused. When their use is limited to a few producers— by a patent or other kind of monopoly, the special returns to monopoly do not affect the general distribution.

What has been said as to improvements applies not only to those which directly increase productive power, but also to such improvements in government, manners, and morals as indirectly increase it. 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.

Chapter 4: Effect of the Expectation Raised by Material Progress

We have now seen that the causes which in a progressive society increase the productive power of labor tend to increase rent, but not wages or interest.

But there is another cause to consider: The confident expectation of future enhancement of land values.

In rapidly progressing communities the withholding of land from use, in expectation of higher prices, forces the margin of cultivation farther than required by production.

The man who sets out from the Eastern Seaboard in search of the margin of cultivation must traverse vast areas of virgin soil before he reaches it. And when he settles, he will, if he can, take more land than he can use, believing it will soon become valuable.

In every rapidly growing city, too, lots are withheld from use, or from full use, because their owners prefer to hold for increased land values. This pushes the margin of the city farther away from the center.

And when we reach the actual margin of building, we shall find agricultural land priced at speculative value, based on the belief that it will be required in the future for urban purposes.

The same thing happens with timberland and mineral land.

In new states it is common to find “land poor” people who remain poor because they insist on holding land, which they cannot use, at prices at which no one else can profitably use it.

If confident expectation of further increase of rents can lead landowners to demand rents higher than justified by the margin of actual production, then as a result of the increase in the efficiency of labor, laborers get less than before.

Whether considered an extension of the margin of production, or a carrying of the rent line beyond the margin, the influence of speculation in land in-

creasing rent is a great fact which cannot be ignored in any complete theory of the distribution of wealth in progressive countries. It is the great force which tends to reduce wages not merely relatively, but absolutely.

This cause steadily operates, with greater or less intensity, in all progressive societies.

With commodities, increasing price tends to draw forth additional supplies. This effect cannot limit the speculative advance in land values, as land is a fixed quantity. The only limit to the price of land is the minimum required by labor and capital to produce. There is a tendency for rent to exceed this limit, as will be examined in the next book.

Book V: The Problem Solved

Chapter 1: The Primary Cause of Recurring Paroxysms of Industrial Depression

Our inquiry is ended.

I conclude that the main cause of industrial depressions is the cutting down of earnings of labor and capital, due to the speculative advance of land values.

Other causes include the growing complexity of production, currencies that contract when most needed, defects in commercial credit, protective tariffs, and similar factors.

The preceding chapter showed that speculation in land tends to press the margin beyond its normal limit, reducing wages and interest.

Production therefore slows. It may not actually diminish, but fails to increase proportionate to the growth of the community, owing to failure of labor and capital to find employment at accustomed rates.

The paralysis communicates itself through the interlacings of commerce, resulting in phenomena that seem to show overproduction or overconsumption.

The ensuing depression continues until one or more of: (1) speculative rents decline; (2) increased efficiency of labor enables normal rent line to overtake speculative rent line; (3) labor and capital

become reconciled to smaller returns.

Although the complexity of modern civilization makes it difficult to link effect and cause, actual events clearly correspond with what we have inferred from the speculative advance of rent.

Depressions are always preceded by seasons of activity and speculation, and all acknowledge the connection between the two.

But one school of thought says the speculation produced the depression by causing overproduction. They cite as evidence unsold goods, idle capital and labor, and that war production brings prosperity.

The other school says the speculation produced depression by leading to overconsumption; citing a lack of effective demand which they attribute to earlier extravagance.

If people want more wealth than they can get, and are willing to labor to get it, how can there be overproduction? And if capital and labor are idle, how can there be overconsumption?

The trouble is that production and consumption cannot meet and satisfy each other.

It is commonly agreed that this is due to speculation – but in what?

Not in the products of labor, since speculation in products of labor is well known to equalize supply and demand.

So it must be speculation in things not the product of labor, but necessary for production: Land.

Evidence: In the United States, land values rise, culminating in great jumps of speculation. This is invariably followed by dull trade, generally accompanied by a commercial crash.

All trade is the exchange of commodities for commodities, so the cessation of demand for some commodities is really a cessation in the supply of other commodities.

Would-be buyers lack, not money, but commodities which they can turn into money — produce of some sort.

Somewhere, a check in production has produced a check in the demand for consumption. That demand is lessened without want being satisfied, shows that production is somewhere checked.

If we trace from one exchange point to another, and one occupation to another, this check to production which shows itself in decreased purchasing power, we must ultimately find it in some obstacle which checks labor in expending itself on land.

This suggests the true cause. Since labor produces wealth, the man who seeks to exchange labor for any form of wealth is like one who proposes to give bullion for coin or wheat for flour. We talk about “want of work” but evidently it is not work that is short while want continues. The real trouble must be that somewhere there is an obstacle which prevents labor from producing the things that laborers want.

Put on a solitary island, a man could meet the needs of those who depend on him. Yet where productive power is at its highest development he cannot. Is this not because in the one case he has access to the material and forces of nature, and in the other access is denied?

Enforced idleness in any one trade is caused by enforced idleness in others, and the paralysis which produces dullness in all trades must spring from the fact that supply of labor cannot meet demand for labor by producing the things which satisfy want and are the object of labor.

To produce wealth, man must have access to natural matter and forces — to land.

The fundamental occupations are those directly using land; other occupations develop to serve the needs of these. Hence, when, through all trades, - men willing to work cannot find opportunity to do so the difficulty must arise in the employment that creates demand for all other employments — it must be because labor is shut out from land.

This is illustrated by San Francisco, which has many unemployed. Why cannot the unemployed labor employ itself on the land? Not because all the land is in use. But the land has been monopolized and is held at speculative prices.

The same sequence may be seen in other places.

The present depression is largely attributed to undue extension of the railroad system. That is not the direct cause. But there is a connection: Extension of railroads has helped increase speculative land values. The inevitable result was to check

production.

This can be clearly seen in California. As California prospered in the 1860s, land values rose, due not only to actual growth but also the anticipation of further growth upon completion of the transcontinental railroad. But the anticipated rush of immigrants did not take place. Labor and capital could not pay so much for land and make fair returns. Production was checked, and by the time the railroad was completed a depression had begun.

Not only in California, but, everywhere that a railroad was built or projected, land was monopolized in anticipation and the speculative advance in rent outran the normal advance, checking production. The same thing went on all over the progressive world.

In attributing these depressions to speculative advance, I imply a cause which must be progressive— a pressure, not a blow. Yet these depressions seem to come suddenly.

Let me explain why. To enable exchanges, large stocks must be stored and in transit. The exchanges are largely made on credit. Advances are generally made from the secondary to the primary industries, so any check to production which proceeds from the latter will not immediately affect the former. But when it comes, the effect is sudden.

Imagine a pyramid of superimposed layers, growing and expanding. Each form of industry, as it is developed by division of labor, springs from the others, and all rest ultimately upon land. Imagine the bottom layer stops growing. The others will for a time keep expanding, until eventually there is a crumbling of the entire structure.

I think it’s clear that this is the main cause of industrial depression. Political economy can deal only with general tendencies. This explanation is in striking contrast with the contradictory and self-contradictory attempts at explanations based on the current theories of distribution of wealth.

At the end of the depression, the normal rent line and the speculative rent line are brought together by: (1) fall in speculative land values; (2) increased efficiency of labor; (3) lowering of the habitual standard of interest and wages. But wages and interest will not recover their lost ground. These de-

pressions are but intensifications of the general movement which accompanies material progress.

Chapter 2: The Persistence of Poverty Amid Advancing Wealth

Our inquiry is ended. The reason why, with increase of productive power, wages tend to a minimum, is that, with increase in productive power, rent tends to even greater increase.

Progress tends to increase the productive power of all labor, in all departments of industry.

But the benefits of advancing civilization are intercepted by the owners of land.

The speculative advance of rents tends to actually drive wages lower. Because most advances involve further subdivision of labor, the individual laborer knows but an infinitesimal part of how the wealth is produced.

Although a savage tribe can produce relatively little, each member is capable of an independent life.

But in a civilized society, a laborer in the lowest ranks cannot even make the tools required for his work and often works with tools he can never hope to own.

He cannot supply his own wants and requires the concurrence of many others to produce anything. The very power of exerting his labor for the satisfaction of his wants passes from his control, and men think as though monotonous manual labor in itself were a good and not an evil.

Those who in the midst of wealth are condemned to want suffer all the privations of the savage, without his sense of personal freedom.

The theory which I have outlined explains this conjunction of degradation amid enlightenment. It harmonizes facts otherwise most perplexing. It explains why interest and wages are higher in new than in older communities, though the average production of wealth is less. It explains the apparent conflict between labor and capital. It shows the fallacies of protection while showing why free trade fails to benefit the working classes. It explains the periodically recurring depressions without recourse to absurdity.

It is in accordance with all the facts.

Comparing different countries in the world today, wherever land is relatively low, are not wages relatively high? As land increases in value, poverty deepens and pauperism appears.

Compare the same country at different times, and the same relation is obvious.

The Black Death reduced the effective power of labor, but more greatly reduced rent, and wages advanced. The reverse effect followed the monopolization of land, with the labor needed to buy one-half bushel of wheat increasing from 1 day to three days.

Hugh Latimer saw this effect during his lifetime, as did Sir Thomas More.

The principal is universal and obvious.

It is obvious that the reason wages rose in California in 1849, and Australia in 1852, was discovery of placer mines in unappropriated land which labor could use for free. The Comstock lode has been richer than the placers, but was readily monopolized and so its wealth was added to rent.

The truth is self-evident. Just ask anyone capable of consecutive thought what would happen to wages if new land appears on which anyone may make 10 shillings per day.

Wages would rise at the expense of rent.

Or ask what will happen to wages, interest, and rent as a small village grows into a great city. Rent will increase, not wages nor interest.

We have been advancing as through an enemy's country, in which every step must be secured, to show a truth hidden from the masses partly by its very simplicity, and in greater part by widespread fallacies behind which is a vast and dominant pecuniary interest.

But so simple and clear is this truth, that to see it fully once is to always recognize it. The ownership of land is the great fundamental fact which ultimately determines the social, political, intellectual, and moral condition of a people.

Material progress cannot rid us of our dependence upon land. Everywhere and always, possession of land is the base of aristocracy, the source of power.

Book VI: The Remedy

Chapter 1: Insufficiency of Remedies Currently Advocated

Before presenting our remedy for increasing poverty amid advancing wealth, we will review remedies currently advocated and show that they are not effective.

We may divide these into six classes.

(1) From Greater Economy in Government

Modern governments impose immense burdens. It is natural to suppose that reduction in the burden would make it easier for the poorest to get a living.

But in England, the resulting reduction in taxation amounts to the same effect as improvement in the arts has been for a long time making. And as these have not alleviated pauperism, but only increased rent, so would reduction in the burden of government.

And the situation is the same in the United States, where reduction in public expenditure could certainly have no greater benefit than the railroad brought, and the same inexorable laws would operate.

A dim consciousness of this is seen among those who have nothing to sell but their labor, who look upon the prodigality of government as a good thing, “furnishing employment” or “putting money in circulation.”

No effort should be spared to reduce government waste, and keep government as simple as possible, to reduce the influence of money in politics and make it easier for citizens to understand the issues. But no reduction in the expenses of government can itself cure or mitigate poverty.

(2) From Diffusion of Education and Improved Habits of Industry and Thrift

It is natural for those who can trace their own better circumstances to superior industry and frugality, and superior intelligence, to imagine that those who remain poor do so simply from lack of these qualities.

But the fallacy is similar to that which would assert that every one of a number of competitors might win a race. One will, but not everyone.

For wages depend, not upon the real produce of labor, but upon what is left to labor after rent is taken out.

Many poor families might be made more comfortable by being taught to prepare cheap dishes, but if the working classes generally came to live in that way, wages would ultimately fall in proportion, and whoever wished to get ahead by the practice of economy would be compelled to devise some still cheaper mode of living.

If one individual works more hours than average, he will increase his wages, but the wages of all cannot be increased in this way.

Intelligence, which should be the aim of education, can raise wages of the individual only as it renders him superior to others. When to read and write were rare accomplishments, a clerk commanded high respect and large wages. No increase in the effective power of labor can increase general wages, so long as rent swallows up the gain.

Compel a man to drudgery and he will lose the incentive to industry, and will do only what he is forced to do.

Improvement in the material condition of a people or class will ultimately bring increased industry, skill, intelligence, and thrift.

(3) From Combinations of Workmen

It is evident that combinations of workmen can advance wages at the expense of rent. Except temporarily, an increase of wages can injure an employer only in so far as it puts him at a disadvantage compared with other employers.

While a change in the rate of wages in any particular occupation may induce a change in the relative demand for labor, it can produce no change in the aggregate demand.

Most of the objections made to the combination of workmen for the advance of wages are thus baseless.

But to raise wages in particular occupations is difficult. The higher are wages of any particular kind raised above their normal level with other wages, the stronger are the tendencies to bring them back.

A general combination, including laborers of all kinds, could raise wages substantially and perma-

nently, but such a combination would be practically impossible.

In strikes, the real parties pitted against each other are not labor and capital, but laborers and land-owners. For capital not only ceases to earn anything when not used, but it goes to waste. But land will not starve like laborers or go to waste like capital.

Deprive a laborer of opportunity of employment, and he will soon be anxious to get work on any terms. But when the receding wave of speculation leaves nominal land values clearly above real values, whoever has lived in a growing country knows with what tenacity landowners hold on.

And the methods by which a trade union can alone act are necessarily destructive; its organization is necessarily tyrannical.

(4) From Co-operation

Social evils do not arise from any conflict between labor and capital. One kind of co-operation is co-operation in supply. It merely reduces the cost of exchanges, and its effect is the same as that of other such improvements— to increase rent.

The other type of co-operation, co-operation in production, is claimed to increase the efficiency of labor. If true, this will have the same effect as other increases in efficiency of labor – to increase rent.

That co-operation is believed to be the solution arises from the fact that it has in many instances improved the condition of those immediately engaged in it.

But this effect will be lost if the improvement becomes general.

(5) From Governmental Direction and Interference

I do not have sufficient space for a detailed examination of methods proposed for extirpating poverty by governmental regulation of industry and accumulation.

All of them would attempt to secure by restriction what can better be secured by freedom. Regulation and restriction should not be resorted to if any other mode of accomplishing the same end presents itself.

A strong religious faith, which is wanting and growing less in modern society, is the only force that has ever used socialism effectively.

The ideal of socialism is grand and noble, but such a state of society cannot be manufactured.

(6) From a More General Distribution of Land

There is a growing feeling that land tenure is somehow connected with social distress, which shows itself mostly in proposals for more general division of landed property.

English writers would remove restrictions upon buying and selling of land, but this would simply facilitate the current trend toward concentration of ownership.

The trend toward concentration in the United States is hidden by census tables which report acreage rather than any indication of land value. In fact, the average size of farms in the United States is increasing, as agricultural production moves to a larger scale.

There is no economic incentive for greater subdivision of land, and if it were compelled then it would reduce aggregate production of wealth.

Furthermore, wider ownership of land will not reduce rent, and therefore cannot increase wages.

The number of landlords would increase, but the rest of the population would gain nothing.

An example is seen in parts of Belgium and France where minute division prevails. The condition of the laborer is far worse under this system than it is in England, while the tenant farmers are rack-rented mercilessly.

But while subdivision of land cannot raise wages, its tendency is to strengthen the existing unjust system by interesting a large number in its maintenance.

An equal distribution of land is impossible. All the currents of the time run to concentration.

Chapter 2: The True Remedy

We have seen that the cause of poverty is private property in land, and that no remedy short of its abolition will solve the problem.

Therefore, we must make land common property.

Our reasoning is sound, but our conclusion will arouse bitter antagonism. Therefore we must show that our remedy is practical and consistent with

justice.

I will show that the remedy is easy to apply, and sufficient to solve the problem and open the way to further advances in civilization.

Book VII: Justice of the Remedy

Chapter 1:

Injustice of Private Property in Land

When it is proposed to abolish private property in land the first question that will arise is that of justice. That alone is wise which is just.

I accept this test. If private property in land be just, then the remedy I propose is false; if private property in land be unjust, then is this remedy the true one.

The rightful basis of property is, primarily, the right of a man to himself, to the enjoyment of the fruits of his own exertions. His labor when put in concrete form belongs to him.

Thus there is to everything produced by human exertion a clear title, perfectly consistent with justice.

There can be no other rightful title, for two reasons.

First, what other possible right could there be? Nature acknowledges no ownership or control in man save as the result of exertion.

And second, since man is entitled to the product of his labor, no one else can be entitled to it nor to control of the natural opportunities which man must use in order to produce.

To affirm the rightfulness of property in land is to affirm an injustice.

What most prevents realization that this is an injustice, is the habit of failing to distinguish between wealth and land. To class these two things together as property is to confuse all thought as to the justice of property.

The equal right of all to the use of land is as clear as the equal right to breathe the air. For we cannot suppose that some have a right to be in this world and others no right.

No one on earth has the right to grant exclusive ownership of land, for even if all men were to unite

to grant away their rights, they could not grant away the right of those who follow them.

Thus our previous conclusions translated into terms of ethics show a wrong as the source of the evils which increase with material progress.

There is nothing inexplicable in the phenomena now perplexing the world. Vice and misery, poverty and pauperism, are not the legitimate results of increase of population and industrial development; they only follow these because land is treated as private property, a violation of supreme law of justice.

As labor cannot produce without the use of land, denial of the equal right to the use of land is necessarily the denial of the right of labor to its own produce.

Consider the utter absurdity of land titles. They go back, everywhere, not to a right which obliges, but to a force which compels. And when a title rests but on force, no complaint can be made when force annuls it.

An original title can be traced for anything produced by humans, including improvements such as draining of a swamp. But these give no right to the land itself. Improvements may in time become indistinguishable from the land itself, in which case the title to the improvements becomes blended with the title to the land and individual right is lost in common right.

The value of land always measures the difference between it and the best land that may be had for nothing, and thus expresses the right of the community in land held by the individual. Rent expresses the exact amount which the individual should pay to the community to satisfy the equal rights of all.

It is absurd to assert that complete and exclusive individual right to land follows from priority of occupation. Had the cavemen any better right to use of this world than people today?

Does the first passenger who enters a railroad car obtain the right to scatter his baggage over all the seats and compel passengers who come in after him to stand?

A settler may take and use as much land as he chooses, until it is needed by others— a fact which is

shown by the land acquiring a value— when his right must be curtailed by the equal rights of others. Otherwise, by priority of appropriation one man could acquire a continent, or even the entire surface of the earth, and he alone would have the right to live.

And in fact, on a small scale, this is happening, in Britain and California, and potentially could occur anywhere there is private property in land.

Chapter 2: The Enslavement of Laborers the Ultimate Result of Private Property in Land

Ownership of land will always give ownership of men, to a degree measured by the necessity for the use of land. When starvation is the alternative to the use of land, then ownership of land leads to absolute ownership of men.

In modern society, soil is divided among many proprietors, and production is more complex. But still, with population increase and improvement of the arts, rent will advance, wages will fall, and laborers will be reduced to a bare living.

Throughout history, the general subjection of the many to the few has resulted from the appropriation of land as individual property.

The strongest and most cunning easily acquire a superior share in land, not by production, but by appropriation.

Ownership of land is the basis of aristocracy. The English landowner of today has essentially all the power over his tenants that his feudal predecessor had.

In sparsely-settled countries the peasant was made a serf, forbidden to leave the estate, but where land is fully occupied competition may produce substantially the same conditions.

Today, everyone has the right to move about, but the great cause of inequality remains and is manifesting itself in the unequal distribution of wealth.

The essence of slavery is that it takes from the laborer all he produces save enough to support an animal existence.

The condition of the masses in every civilized

country is tending toward virtual slavery under the forms of freedom. And this may be the most cruel and relentless form of slavery, with contact between the laborers and the ultimate beneficiaries of their labor sundered, and individuality lost. The higgling of the market takes the place of every other sentiment.

In the southern states, during the days of slavery, slaves as a class had better living and working conditions than many white workers in free countries. Now that slavery has been abolished, the planters of the South find that their ownership of the land upon which the freedmen must live gives them practically as much command of labor as before, with much less responsibility.

Unlike “free” laborers, slaves always got at least enough to keep them in good physical health.

There were limits, too, to what the lord could extort from the serf. A fixed proportion of produce was rendered to the lord.

The more complicated processes of modern production, which separate so widely the individual whose labor is appropriated from him who appropriates it, makes relations between the two not direct and particular, but indirect and general.

Poverty in an advancing society is degrading. Employers, subject to the same sort of competition as their employees, cannot raise wages and stay in business.

Our boasted freedom will continue to involve slavery, so long as one man can claim exclusive ownership of the land from which other men must live.

Chapter 3: Claim of Landowners to Compensation

The majority of men in civilized communities do not recognize the injustice of private property in land. With them whatever is, is right.

Political economy, even as at present taught, admits that private ownership of land is unjust, but does so vaguely or by omission, directing attention away from the truth.

We have already shown that private property in land cannot be justified on the ground of utility, so expediency joins justice in demanding that we

abolish it.

So why not do so immediately?

Many people, who see clearly the injustice of private land ownership, believe that justice requires the landowners to be compensated.

John Stuart Mill, for example, advocated that only future additions to land value, excluding improvements, should be taken by the state.

Such plans are not only impractical, but their essential defect lies in the impossibility of compromise between wrong and right. The unjust advantage of the landholders would be preserved.

One of the elements in the present market value of land is the expectation of future increase of value, and thus to buy up lands at market rates and pay interest upon the purchase money would be to saddle producers not only with the payment of actual rent, but with the payment in full of speculative rent.

At best, this plan might be better than nothing. And discussion of it is a hopeful sign.

When the times are ripe for them, ideas grow, though insignificant on their first appearance.

By the time the people of any country are sufficiently aroused to the injustice of individual land ownership to take action, they will not trouble themselves about compensating the proprietors.

The robbery of landownership is not like the robbery of a horse or a sum of money, that ceases with the act. It is a fresh and continuous robbery, that goes on every day. Rent is a toll levied upon labor continuously, and is a source of much misery.

Because I was robbed yesterday and the day before, is it any reason that I should suffer myself to be robbed today and tomorrow? Any reason that I should conclude that the robber has acquired a vested right to rob me?

Let the landholders have all that possession of the land would give them in the absence of the rest of the community.

What does the common law allow to the innocent possessor when the land for which he paid his money is adjudged rightfully to belong to another? Nothing at all. He also loses any improvements he has made, and may be called upon to account for profits derived from the land.

But I do not propose to go so far. It is sufficient if the people resume ownership of the land.

Even the landholders would share in the resulting general gain.

In justice is the highest and truest expediency.

Chapter 4: Private Property in Land Historically Considered

We are so used to the treatment of land as individual property that the vast majority of people look upon private ownership of land as the very foundation of civilization.

If land had always been treated as private property, that would not prove the justice or necessity of continuing to so treat it.

But in fact, wherever human society has formed, the common right of men to the use of the earth has been recognized, and historically, as ethically, private property in land is robbery. It everywhere had its birth in war, conquest, and cunning.

Wherever we can trace the early history of society, land has been considered as common property. This is still the case wherever extraneous influences have left intact the form of primitive social organization.

So how has the reduction of land to private ownership become so general?

The causes may be summarized as concentration of power in chieftains, effect of conquest, and development of specialized classes: priests and lawyers.

This may be seen in the histories of Greece and Rome.

In early Rome, each citizen had a homestead plot and rights to use of the public domain. From the latter the patrician families carved their great estates, which finally crushed out all the small proprietors.

The hardy virtues born of personal independence died out, until at length, with a strength nurtured in equality, the barbarians broke through and Rome perished.

Freedom and ownership of an undivided share of the common property, to which the head of every

family was entitled, were in the German village essential rights. The result of this infusion of rude but vigorous life into Romanized society was a blending of common rights in the soil with the idea of exclusive property. This result included the feudal system and a more primitive organization based on common rights of the cultivators.

The feudal system clearly recognized, in theory at least, that the land belongs to society at large.

A fief was essentially a trust. Individual possession of land involved duties by which the enjoyer of its revenues was to render back to the commonwealth an equivalent for benefits received.

Crown lands supported public expenditures and church land defrayed the cost of public benefits. Military tenures provided for the public defense.

Nor was control of the possessor of land allowed to extend beyond his own life.

Infeudation consisted of subordinating individual dominion to the superior dominion of the larger community.

Thus the feudal system was initially a triumph of the idea of common right to land, imposing obligations in return for the privilege of receiving rent.

There remained communities who tilled the soil as common property, and the commons, in feudal ages, must have embraced a very large proportion of the area of most European countries.

Other customs enabled people to use land which owners were not using.

In our legal system are survivals of the historic recognition of land as common property: Eminent domain, primogeniture and entail in England, the greater care and ceremony required for transfer of land.

Paradoxical as it may appear, the emergence of liberty from feudal bonds has been accompanied by a tendency in the treatment of land to the form of ownership which involves enslavement of the working classes. In Great Britain today the right of the people as a whole to the soil of their native country is much less fully acknowledged than it was in feudal times.

The vast majority of the British people have no right whatever to their native land save to walk the

streets.

As the grosser forms of supremacy connected with landownership faded, attention was diverted from the more insidious forms, and landowners were able to put property in land on the same basis as other property.

The great lords lost individual power and importance. Large feudal estates were broken up, and laborers no longer compelled to remain. With the extension of personal liberty, went an extension of individual proprietorship in land.

The power of the barons was broken not by the revolts of the agricultural laborers, but by the growth of the artisan and trading classes, between whose wages and rent there is not the same obvious relation. These classes did not see that the tenure of land determines the conditions of industrial, social, and political life.

And so the abolition of landowners' obligations was characterized as a triumph of the spirit of freedom, yet it is the source of immense debt and heavy taxation. Had the form of feudal dues been simply changed into one better adapted to the times, England today would not require customs duty, excise, license, or income tax, yet would meet all present expenditures and leave a large surplus.

Chapter 5: Of Property in Land in the United States

When the influence of education and habit is weakened, men instinctively recognize the equality of right to the bounty of nature.

When gold was discovered in California, the novelty of the case broke through habitual ideas, and threw men back upon first principles. By common consent this gold-bearing land remained common property, of which no one might take more than he could reasonably use, or hold for a longer time than he continued to use it. The essential idea of the mining regulations was to prevent forestalling and monopoly, and mining laws elsewhere are based upon the same principle.

With the decline of placer mining in California, a law passed permitting patenting of mineral lands. The only effect is to give the owner of mining

ground the power of saying that no one else may use what he does not choose to use himself. It has no effect on security of improvements, as great expenditures of capital were made to develop mines upon possessory titles.

The first English settlers in North America would have reverted to first principles, rejecting individual landownership, except that the area to be settled seemed so vast that we did not realize the essential injustice of private landownership.

And the fortunes that have resulted from appropriation of land, which are really drawn from taxes levied upon the wages of labor, have seemed like prizes held out to the laborer. Many of those who have profited by the increase in the value of land began life without a cent. Their great fortunes seem to many as the best proofs of the justice of existing social conditions.

Americans have failed to see the injustice of private property in land because they have not felt its full effects.

There has always been the consciousness of the public domain, and this has penetrated our whole national life, giving it a generosity and independence, elasticity, and ambition.

Now, with little usable public land remaining available, the republic has entered a new era, in which the monopoly of the land will tell with accelerating effect.

Our population continues to grow.

With continuing progress, it becomes no easier for the masses to make a living. On the contrary, it is becoming harder. The wealthy class is becoming more wealthy, but the poorer class is becoming more dependent.

These are the results of private property in land. Land is becoming more valuable and the terms on which labor can obtain access to natural opportunities are becoming harder.

The increasing poverty perceptible in the United States is but a result of natural laws as irresistible as that of gravitation. Unless we come back to first principles and acknowledge the equal right of all to land, our free institutions, common schools, discoveries and inventions will but add to the force that

presses the masses down.

Book VIII: Application of the Remedy

Chapter 1: Private Property in Land Inconsistent with the Best Use of Land

There is a delusion resulting from confusion of the accidental with the essential, that private property in land is necessary to the proper use of land, and that to make land common property would be to destroy civilization.

There is no need to make a man the absolute and exclusive owner of land in order to induce him to improve it, and making of land private property is a rude, wasteful, and uncertain device for securing improvement.

It is in fact quite common for land to be improved by those who do not own it. Examples include most of the land in Britain and many cases in the United States.

If the rent went to the government, the land would be used and improved as well and as securely as now.

What is necessary for the use of land is security of improvements. These are the natural rewards of labor.

To obtain this security, many smaller landholders of the feudal period surrendered ownership of their lands to a chieftain whom they agreed to serve. In Turkey land is sold to a mosque for a nominal price for similar reasons.

In London and New York costly buildings are erected on leased ground with only the security of fixed ground rent for a term of years.

A lot in San Francisco, to which the common rights of the people is still recognized is covered with fine buildings, the property of private individuals, who pay rent into the common school fund instead of into private pockets.

The islets of St. Peter and St. Paul, breeding places of the fur seal, require special care to harvest without damaging future production. A private company leases the exclusive right to these islands

and manages them to increase the yield, while paying rent to the government.

Recognition of land as private property actually hinders its proper use, because the individual owner can prevent others from using what he cannot or will not use himself. If treated as public property, land would be used as soon as there was need for its use.

If the best use of land be the test, private property in land is condemned, as it is condemned by every other consideration.

Chapter 2: How Equal Rights to the Land May Be Asserted and Secured

We have seen that the cause of poverty and depression is private property in land, that private property in land is unjust, that its abolition is the only possible remedy, and that there are no valid objections to the confiscation of rent.

But how shall we do it? We could simply declare all land public property, and let it out to the highest bidders. Eminent thinker Herbert Spencer has endorsed a similar plan, but I propose a simpler and quieter method.

Great changes are best made under old forms. It is not necessary to confiscate land, but only to confiscate rent. We already take some rent in taxation. We need only modify taxation to take it all.

I propose to abolish all taxation save that upon land values.

It will be necessary, where rent exceeds present governmental revenues, to increase the amount demanded in taxation.

When the reform has been adopted, people will understand it well enough that the community will not fail to collect nearly all of the rent.

It is difficult for the classes most to be benefited by this reform to see its significance.

Therefore let us evaluate it against the accepted canons of taxation.

Chapter 3: The Proposition Tried by the Canons of Taxation

There are four characteristics of a good tax:

- ▶ bears lightly on production.
- ▶ can be easily and cheaply collected.
- ▶ is certain, not prone to corruption or evasion.
- ▶ bears equally on all individuals.

Let us evaluate forms of taxation using these criteria.

(I) The Effect of Taxes upon Production

Taxation which falls upon production obstructs the creation of wealth. The effect of taxation on production is quite sensitive to the specific tax imposed. All taxes upon manufactures, commerce, capital, or improvements, tend to reduce the production of wealth, and should, therefore, not be used when money can be raised by taxes which do not check production.

Of the several kinds of taxes which do not check production, by far the greatest are taxes upon monopolies, for to tax monopoly profits is simply to divert to the public what production must in any event pay.

There are several kinds of monopolies. Patents and copyrights are one type.

A copyright recognizes a product of labor, and so is in accord with natural law, but a patent is an unjust monopoly because discovery gives no right of ownership. Other monopolies, resulting from aggregation of capital largely spring from legislative favors, and should either be abolished or, in the case of natural monopolies, taken over by the State.

But by far the biggest monopoly is the monopoly of land, which is simple to tax because it is entirely the product of monopoly and not at all a product of labor or capital.

All rent may be taken by the State, without reducing the wages of labor or the reward of capital, without increasing the price of any commodity, or making production any more difficult.

Further, taxes on rent tend to increase production by destroying speculative rent, and thus prevent industrial depressions.

(II) As to Ease and Cheapness of Collection

A tax upon land values is easily and cheaply collected, for land cannot be hidden nor carried off, and its value is readily ascertained.

The governmental machinery for collecting a tax on land already exists, saving the cost of collecting other taxes.

Unlike other taxes, a tax on land values does not increase prices.

All taxes which add to prices are shifted from hand to hand, increasing as they go, causing consumers to pay much more than is received by the government.

(III) As to Certainty

The bulk of our current taxes lack certainty. And much effort is expended by payers and collectors in attempting to collect or minimize the taxes paid.

Worse, lack of certainty tells upon morals, encouraging corruption and discouraging honesty.

But a tax on land values possesses the greatest degree of certainty, because land cannot be moved or hidden.

(IV) As to Equality

There is a common idea that everyone should pay taxes in proportion to his means, or his income. But in addition to the practical difficulties, this approach cannot be successful, because two people with the same income may have very different needs and obligations.

Such differences are natural, so let us consider justice according to natural law. Nature gives only to labor. So if one man's income results entirely from labor, and another's entirely from land rent, should they contribute equally to the cost of government? No, because one creates wealth while the other merely takes wealth created by others.

Chapter 4: Indorsements and Objections

The value of land is created and maintained by the community, and so is justly called upon to meet community expenses. It is therefore the most just and equal of all taxes, falling on those who receive a benefit from society, in proportion to the benefit

they receive.

The benefits of a tax on land values have long been noted by economists. Ricardo says the tax cannot be shifted to consumers and would not discourage cultivation. McCulloch declares that landlords would be unable to shift a land tax to anyone else. Mill agrees, and questions the right of landlords to receive wealth without work, risk, or economizing. "Economic perfection" is what Mrs. Fawcett calls the system in India, where land rent is paid directly to the state. The idea that rent should be the subject of taxation is at least hinted at in the works of all economists who accept Ricardo's law. It evidently has not been taken to its logical conclusion so as to protect landowners, or due to false theories of wages and poverty.

There is one exception. The Physiocrats proposed just what I have proposed: That all taxation should be abolished save a tax on the value of land. Their reasoning is not entirely clear to me but their conclusion was correct. My reasoning cannot be disputed. Unfortunately their ideas were overwhelmed by the French Revolution.

The only objection in the standard works is the difficulty of separating the rent of land from the return on improvements, which might thus be discouraged. Even if there are a few cases where return on improvements cannot be precisely separated from rent, can that justify continuing to tax all improvements?

In fact, the value of land can always be readily distinguished from the value of clearly distinguishable improvements, made within a moderate time.

And this is all that justice requires; absolute accuracy is impossible in any system. After a long period of time, permanent improvements such as drainage would be taxed as part of the land, which could have no deterrent effect. Each generation builds and improves for itself, and not for the remote future.

A different objection is that all who exercise political power should pay taxes so as to feel a proper interest in economical government. But the present system certainly doesn't accomplish this.

The single tax on the value of land would so

equalize the distribution of wealth as to reduce the number who are very poor and the number who are very rich, these being the politically dangerous classes. Whatever conduces to the comfortable and independent material condition of the masses will make the ultimate governing power more intelligent and virtuous.

So why is not a tax on land values the sole source of revenue for all governments? Because a large and powerful class are directly interested in minimizing this tax, which they cannot pass on to others.

By contrast, most taxes are paid in ways such that the payer does not notice it and is unlikely to complain effectively.

Most taxes are imposed for private advantage rather than, primarily, to raise revenue.

License taxes, imposts upon manufactures, duties on imports, and similar taxes always are backed by particular interests capable of organized action, while a land value tax has a solid and sensitive interest strongly opposed.

But once the masses understand the truth which I am trying to make clear, the political backing to bring it about becomes possible.

Book IX: Effects of the Remedy

Chapter 1: Of the Effect upon the Production of Wealth

The advantages of substituting a single tax on land for all other taxes will appear increasingly important the more they are considered.

Production and trade would be increased due to the removal of the taxes which now hamper every form of industry or exchange.

Everyone would be free to make or save, buy or sell, unannoyed by taxes or tax collectors.

The community will benefit, because every productive enterprise, besides its return to those who undertake it, yields collateral advantages to others.

The more that labor and capital produce, the greater grows the common wealth in which all may share.

No one would care to hold land unless to use it, so good land would be more readily available for use. Even in well-settled districts, much land is unused or underused and would become available.

This would apply to urban as well as agricultural land.

The owner of a vacant city lot would have to pay as much for the privilege of keeping others off of it as his neighbor who has a fine house.

Farmers and builders would not have to pay large sums to obtain land for use.

Employers would be competing for laborers, and wages would rise to the fair earnings of labor.

Anyone willing to work could meet his needs, recessions and depressions would cease, production and trade would increase, demand would match supply, and wealth would increase.

Chapter 2: Of the Effect upon Distribution and Thence upon Production

The land value tax has beneficial effects on the distribution of wealth.

As civilization advances, private ownership of land gives increasing power of appropriating wealth produced by capital and labor.

Therefore, moving taxes off of labor and capital, and onto rent, means that rent, instead of causing inequality, would promote equality, since everyone would share equally in the rent.

Labor and capital would gain not merely what is now taken from them in taxation, but also by the decline in rent caused by the decrease in speculative land values. A new equilibrium would be established, with common rates of wages and interest much higher than now.

Further advances in productive power, increasing rent, would accrue to the benefit of everyone as rent goes to public uses.

Society suffers great loss because large classes are condemned to poverty and vice. The amount of this loss includes not only charitable expenditures, but the loss of potential earnings, and the damage done, by people deprived of the opportunity to be-

come productive workers, as well as the cost of wasteful and corrupt government.

The increase in wages has an additional benefit, because poorly paid labor is inefficient labor.

Increased wages will promote invention and use of improved production methods. The injurious effects of laborsaving machinery would disappear.

The equalization in the distribution of wealth would lessen the intensity with which wealth is pursued, since when everyone is sure of being able to get enough, few would feel the need for great riches.

Total production is reduced by the greed with which riches are pursued.

Chapter 3: Of the Effect Upon Individuals and Classes

The proposal to confiscate rent is at first alarming to landholders.

But in fact landholders will not really be injured by this reform.

Mainfestly, it will benefit all who live by wages, and all who live partly by wages and partly from interest on their capital, and whose incomes are drawn from the earnings of capital, or investments (except in lands or perhaps in bonds).

The typical homeowner will gain. The selling value of his lot will theoretically disappear, but its usefulness to him will not diminish. If he later wants a larger lot, or his children grow up and need homes, these will be easier to obtain. He will never have to pay any taxes on his house, his furnishings, or any other possessions except land.

His earnings will increase due to higher wages and more stable employment.

Working farmers will benefit from the elimination of all other taxes, including tariffs, which raise the cost of commodities they buy.

In rural areas land values are relatively small, and an improved and cultivated farm would be taxed no more than unused land of equal quality. The reduction of land speculation would mean that some farmland may have no value at all, and therefore some farmers might pay no taxes at all.

Working farmers also would have better social and cultural opportunities due to an improved distribution of population, with more neighbors, perhaps clustered in villages.

Like farmers, nearly all landholders are laborers, and nearly all of those who are not laborers are capitalists. To put all taxes on the value of land would reduce all great fortunes, but leave no rich man penniless.

Wealth would be enormously increased, and equally distributed. This means not that each individual gets the same amount of wealth, but that wealth would be distributed in accordance with each person's contribution to the common stock.

The riches of any individual must then consist of wealth, the product of labor, which constantly tends to dissipation. When everyone gets what he fairly earns, no one can get more than he fairly earns.

Chapter 4: Of the Changes that would be Wrought in Social Organization and Social Life

Our discussion of general principles omits details such as the division of revenues among levels of government. Such details will be readily dealt with once the principles are settled.

Here are some of the major changes which we should expect as a result of the reform.

Government would be simplified. Most of the present tax collection and enforcement machinery would be eliminated. Administration of justice would also be simplified because disputes over landownership would cease, and the growth of morality following from the cessation of want would reduce the civil courts' other business too.

The criminals who spring from the unequal distribution of wealth would disappear, reducing the need for criminal law enforcement, and causing many lawyers to turn to higher pursuits.

Public debts and standing armies, historically the outgrowth of private property in land, would likely disappear along with it.

The directing and repressive aspects of government would disappear, but government

would be able to undertake functions which are natural monopolies, and provide public benefits such as cultural and recreational facilities.

We would reach the ideal of the socialist, but not through government repression. Government would become merely the agency by which the common property was administered for the common benefit.

Greed is not actually the strongest of human motives. The lust for gain springs from the existence of want. Perhaps the strongest motive is the desire for approbation.

Men admire what they desire, and since the fear of want makes men admire the possession of riches, the wealthy are admired.

Consider those who, long after they have accumulated wealth enough to satisfy every desire, go on striving to add riches to riches. They seek power, influence, respect.

The wonder is, not that men are so self-seeking, but that they are not much more so.

With the abolition of want, men would seek respect and approbation in more constructive ways than by acquisition of wealth.

Selfishness is not the master motive of human action, a stronger force exists which might be called religion, patriotism, sympathy, enthusiasm for humanity, love of God, or something else.

Some people never consider that society could be any better than it is now. They do not think

When everyone is confident that goods will be shared equitably, they are polite and not greedy. And so in society, men are greedy of wealth because conditions of distribution are unjust.

But would the abolition of want destroy the stimulus to exertion? No. Want might be satisfied, but desire would remain. Man is the constructive animal, and whatever he accomplishes, will always want to do more.

Labor in itself is not repugnant to man, only labor which produces nothing.

The work which improves the condition of mankind is not done to secure a living. It is not the work of slaves, but of men who perform it for its own sake.

Under the reform I have proposed, there would be

enough opportunities that no one would be forced to hard, routine labor. Wages would be so high that employers would have to take advantage of workers' intelligence. Hours could be shorter.

The greatest of all wastes under the present system is that of mental power. Under the reform, people will much more likely be able to realize their potentials. Many great men of the past might never have been heard of had they been raised differently. This implies that much potential is being lost because people do not have the opportunity to develop.

Give all classes the opportunity for leisure, comfort, and independence, and talents now hidden, virtues unsuspected, would come forth to make human life richer, fuller, happier, nobler.

Considering all the benefits of the reform I propose, would not even the greatest landholder be better off? He and his children would never have to fear poverty.

Book X: The Law of Human Progress

Chapter 1: The Current Theory of Human Progress— its Insufficiency

The question naturally comes up: What is the law of human progress? And are our conclusions consistent with that law?

We need not inquire whether man evolved from an animal.

Man is the progressive animal. However he may have originated, all we know of man is as man, just as he is now.

Although other animals can to some extent make things and learn, their capacity to do so has not increased over time. Only man uses clothes, cooks, makes tools or weapons, breeds animals for food, and has articulate language. And man everywhere does these things, supplementing what nature has done for him by what he does for himself.

But the extent to which he uses this faculty varies greatly among societies. These differences aren't due to difference in original capacity, nor entirely to

differences in physical environment. Evidently, the differences are connected with social development. Beyond the rudiments, man can improve only as he lives with his fellows. We therefore use the term “civilization” to summarize these improvements in man’s powers and conditions.

By what principle can we explain the different stages of civilization? Which social adjustments favor the progress of civilization, and which retard it?

The prevailing belief now is that the progress of civilization is an evolution, based on survival of the fittest and hereditary transmission of acquired qualities.

The common explanation of differences of civilization is of differences in capacity. The civilized races are the superior races.

This explanation of progress as a gradual race improvement harmonizes with the vulgar opinion which attributes differences in civilization to racial differences.

The dominant view now is that as among individuals the best adapted tend to survive and propagate among individuals, so among tribes, nations, and races the best adapted tend to survive.

A sort of hopeful fatalism follows. War, slavery, tyranny, superstition, famine, pestilence, want and misery, all are the impelling causes which drive man on, by eliminating poorer types and extending the higher. Social organization takes its form from the individuals of which it is composed.

The current view sees the difference between civilized man and savage as a result of a long race education, which slowly changes the character, improves and elevates the powers of man. The improvement tends to go on increasingly, to higher and higher civilization, and we look forward to greater achievements of the coming race.

But this theory does not account for the fixed, petrified civilizations which encompass the majority of the human race today. If human progress is the result of general and continuous causes, how shall we account for civilizations that progressed so far and then stopped? The Hindoos and the Chinese were civilized when we were savages. Why have they not progressed further, while we have?

In any group, says one advocate of the current view, a body of laws and customs grows up and helps the group function. But this “cake” of custom and law finally becomes so thick and hard as to prevent progress.

But this doesn’t explain the facts. This hardening tendency would show up at an early period of development; the illustrations of it are nearly all from savage or semi-savage life. But these arrested civilizations had gone a long distance before they stopped. And both India and China received the infusion of new life in conquering races, with different customs and modes of thought.

Even Egypt, the most fixed and petrified of all known civilizations, must once been full of life and vigor, or the arts and sciences couldn’t have been carried to such a pitch. And so it must have been once with all now unprogressive civilizations.

Every civilization has had its period of vigorous growth, then stagnation, and finally decline and fall. Our own civilization of course is more advanced than any earlier one, but relative to its predecessors the Greco-Roman civilization was similarly advanced.

If progress operated to fix an improvement in man’s nature and thus to produce further progress, then progress would in general be continuous. But the universal rule is the reverse of this. The earth is the tomb of dead empires. Every civilization that was in its own time as vigorous as ours is now, has waned.

I think it would be difficult to prove that the overall trend of this pattern, of rising and falling civilizations, is an ascending one, but, regardless, the theory that civilization advances by changes wrought in the nature of man fails to explain the facts. In every case, men under the influences of civilization, though at first improving, afterward degenerate.

Every civilization that has been overwhelmed by barbarians has really perished from internal decay. The line of greatest advance does not coincide for any length of time with any line of heredity.

Shall we therefore say that there is a national or race life, as there is an individual life? Such analogies are superficial. While its members are

constantly reproduced in the fresh vigor of childhood, a community cannot grow old, as does a man, by decay of its powers.

But both this theory and the one I have suggested recognize the obvious truth, that what has destroyed all previous civilizations has been the conditions produced by the growth of civilization itself.

Chapter 2: Differences in Civilization— to what Due?

We must first determine the essential nature of differences in civilization.

They are not differences in the nature of man, or differences in the individuals who compose these communities. The influence of heredity is nothing compared with the influences of the community in which a child is raised. From the community he gets his language and customs.

That this is not so true of children of other distinctly marked races brought up by whites is, I think, because these children aren't treated the same as white children.

Human character is profoundly modified by its conditions and surroundings.

Many of the facts offered as examples of hereditary transmission really do not apply.

For instance, that many criminals and recipients of public relief in New York have descended from a pauper three or four generations back, is cited as showing hereditary transmission. But this simply shows what children raised by paupers or criminals may absorb from their surroundings.

In a single city may be found, side by side, groups which show considerable diversities, with different modes of speech, different beliefs, different customs and tastes.

These differences are not innate, but are derived from association.

It is this body of traditions, beliefs, customs, laws, habits, and associations, which arise in every community and surround every individual, that is the great element in determining national character. Heredity may develop or alter qualities, but this is more true of the physical than of the mental parts of

a man, and more true of animals than even of the physical part of man.

Because man is acted upon by so many more influences than are animals, the relative importance of heredity is much less in man than in animals. The mental constitution of man must be even less influenced by heredity, since all our physical parts we bring with us into the world, but the mind develops afterward.

Whether the mind of the newborn develops to be English, German, American, or Chinese, depends entirely on the social environment in which it is placed. If infants from a highly developed country somehow were raised without civilization, they would be worse off than savages. And children of savages, if raised in a civilized community, would be just like the children of civilization.

Human nature is human nature all the world over.

The Jews provide an example. They have maintained purity of blood, yet everywhere have been modified by their surroundings— the Jews in various countries differing from each other in many respects as much as do others in those countries. That Jews have everywhere preserved their individuality is due to their religion, transmitted not by generation but by association. They have built up and maintained a certain peculiar environment which gives a distinctive character.

The influence of this environment will explain what is so often taken as proof of race differences.

The Chinese in California provide another example. They acquire American modes of working and trading, but in other respects do not change, because the Chinese environment still surrounds them, living in Chinese communities.

These principles fully account for the phenomena seen in the meeting of one stage or body of culture with another, without resort to the theory of ingrained differences.

Bagehot says that modern civilized man has a tougher physical constitution than barbarians, and that's why barbarians who come in contact with civilized society tend to contract diseases and die.

But there is no proof that our constitutions are tougher. Rather, we have the knowledge and means

to treat such diseases, while the barbarian has neither. When he encounters civilization, his environment is changed but his way of dealing with it is not. He learns the vices of civilization without its virtues. He loses his means of subsistence and cannot survive.

Roman civilization conquered existing societies, leaving their structure largely intact.

But in America we have exterminated the Indian, instead of aiding him in adapting to our environment.

The Jesuits in Paraguay, and other missionaries, have shown that it is possible for Indians to be received into our civilization.

Evidence shows that man has not improved physically nor mentally within any time of which we have knowledge. Our higher level of civilization is built on the achievements of earlier societies.

The differences between the people of communities in different places and at different times, which we call differences of civilization, are not differences which inhere in the individuals, but differences which inhere in the society. Each society weaves for itself a web of knowledge, beliefs, customs, language, tastes, institutions, and laws. Into these webs, individuals are received at birth, and thus these characteristics are perpetuated and knowledge stored. Though often an obstacle to progress, this is what makes progress possible.

Advances made by one generation thus become common property of the next, supporting new advances.

Chapter 3: The Law of Human Progress

The law of human progress must explain why, though mankind started presumably with the same capacities and at the same time, there now exist such wide differences in social development. It must account for retrogression as well as for progression, and must show what are the essential conditions of progress.

The incentives to progress are the desire to be, to know, and to do, desires that can never be satisfied.

Mind is the instrument by which man advances.

Little can be accomplished in one generation, but each generation can build on the knowledge obtained by the previous ones. Therefore, men tend to advance in proportion to the mental power expended in progression: extension of knowledge, improvement of methods, betterment of social conditions. But mental power is a fixed quantity, and what is needed for nonprogressive purposes cannot be available for progress.

These nonprogressive purposes are maintenance (subsistence and holding of previous advances) and conflict (gratification of desire at the expense of others, and resistance thereto).

In a separated state, all of man's powers are needed to maintain existence, so mental power is set free for higher uses only by association of men in communities. Thus association is the first essential of progress.

And waste of mental power in conflict is less when equality of rights is maintained, so equality (or justice) is the second essential of progress.

Thus association in equality is the law of progress. This law explains all diversities, advances, halts, and retrogressions.

Man is social in his nature.

Because the earth's surface is diverse, social development varies considerably from place to place, community to community.

Naturally, civilization first arises in the rich plains of warm climates, where human existence can be maintained with less effort and denser populations can be supported.

But, as families and tribes are separated from each other, differences arise, prejudices grow, and animosities spring up. Powers of men are expended in attack and defense, or warlike preparations.

Warfare is the negation of association. Separation of men into diverse tribes, by increasing warfare, thus checks improvement. So in areas where a large number of people can be supported without much separation, civilization gains the advantage of exemption from tribal war.

But if the diversities of the earth operate at first to separate mankind, they also encourage trade. And trade promotes civilization, building interests

opposed to warfare, and dispelling ignorance.

Common religion, too, can mitigate war and furnish the basis of union. Throughout history, we thus see civilization springing up where men are brought into association, and disappearing as this association is broken up.

As association develops, society becomes more complex, its individuals more dependent upon each other. Individuals specialize, including some in the performance of religious ceremonies, and some in the administration of government.

This process of integration and specialization is accompanied by a constant liability to inequality. Inequality is not the necessary result of social growth, but it is the constant tendency of social growth if not accompanied by proper social adjustments.

Such inequality wastes mental power and, as it increases, brings improvement to a halt.

The power of habit tends to continue customs, laws, and methods long after they have lost their original usefulness. Mental and moral deterioration permit the growth of institutions and modes of thought which men would normally find revolting.

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As the community grows, land value arises and increases, as does power in various other forms. This power is produced not by individual effort but by association. Social adjustments appropriate for primitive communities tend to remain, and tend to lodge this collective power in the hands of a portion of the community. The idea of justice is blurred by the habitual toleration of injustice.

This explains the growth of monarchy, the inappropriate extension of a system which could make sense in a family.

A little band of savages will naturally follow a leader who is but the bravest and most wary of their

number, but when warfare is conducted on a large scale absolute power arises.

The preservation of internal order, administration of justice, public works, and observances of religion, all tend to pass into the hands of special classes, whose disposition it is to magnify their function and extend their power.

But the great cause of inequality is in the natural monopoly given by possession of land.

Initially perceived as common property, land becomes confounded with products of labor, which, when population is sparse, merely secures to the improver and user the due reward of his labor. But as population becomes denser and rent arises, this practice strips the producer of his wages. The powerful class comes to own the land, the rest of the community being merely tenants. Wars and conquests exacerbate the concentration of power in a class which obtains much of the conquered land, and we see by modern instances that the remaining common lands or public domain are readily acquired.

As social development goes on, inequality tends to establish itself, though the particular sequence of events varies.

The masses of the community are compelled to expend their mental powers merely maintaining existence. The powerful class expends mental power in keeping up and intensifying the system of inequality. Little, and eventually, no mental power remains for progress, and petrification sets in.

Under inequality, both the lower and upper classes tend to oppose improvement; the former because they are kept in ignorance, compelled to toil for mere existence, and the latter because of their existing special advantages.

These principles make intelligible the history of civilization.

The first civilizations grew up where geographic barriers were few. Power, wealth, and knowledge would tend to concentrate. The power which association sets free for progress would be wasted on temples, palaces, and pyramids, and innovation would be discouraged.

Eventually progress stops.

How long such a state of complete petrification, once reached, will continue, seems to depend upon external causes. Such a community can be easily conquered. If the conquerors merely take the place of the ruling class, nothing will change. But if they ravage and destroy, population becomes sparse, knowledge and art are lost.

European civilization differs from this, because it springs not from the association of a homogenous people developing for a long time, but from the association of peoples who in separation had acquired distinctive social characteristics, and whose smaller organizations longer prevented the concentration of power and wealth in one center.

Roman civilization started as the association of independent farmers and free citizens, gaining fresh strength from conquest. But the tendency to inequality increased as Roman civilization extended, and finally government became despotism.

Modern civilization owes its superiority to the growth of equality with the growth of association. This was due to the splitting up of concentrated power into innumerable little centers, and the influence of Christianity.

Christianity's essential idea of the equality of men was never wholly destroyed. Establishment of the papacy prevented the spiritual power from concentrating with the temporal power, and celibacy of the clergy prevented the establishment of a priestly caste.

The Church, in spite of everything, was a promoter of association and a witness for the natural equality of men.

The rise and growth of European civilization illustrates the truth that progress goes on just as society tends toward closer association and greater equality.

War cannot aid progress except when it prevents further war or breaks down antisocial barriers which are themselves passive war.

Slavery could not have aided in establishing freedom (equality), nor could it ever aid in improvement.

Not only is slave labor less productive than free labor, but the power of the masters is wasted in holding and watching the slaves. No slaveholding

people ever were an inventive people. Whatever degrades the laborer and robs him of the fruits of his toil stifles the spirit of invention and forbids the use of inventions and discoveries even when made.

The law of human progress, what is it but the moral law? Just as social adjustments promote justice, must civilization advance. Just as they fail in this, must civilization stop advancing and recede. These simple truths seem to underlie every religion.

Chapter 4: How Modern Civilization May Decline

The conclusion we have reached proves that the making of land common property, as I have proposed, would give an enormous impetus to civilization, while the refusal to do so must entail retrogression.

The spirit of our times is to scoff at any implication that we are not in all respects progressing. But it is evident that throughout history there have been times of decline, and that these declines could not at first have been generally recognized.

What has destroyed every previous civilization has been the tendency to unequal distribution of wealth and power, which tendency exists in our civilization today.

If the cause of this tendency is not removed, progress must turn to decadence, and modern civilization decline to barbarism, as have all previous civilizations.

The general tendency of modern development has been toward political and legal equality. The United States are in this respect the most advanced of all the great nations.

But it is now manifest that absolute political equality does not in itself prevent the tendency to inequality involved in the private ownership of land and, coexisting with an increasing tendency to unequal distribution of wealth, it must ultimately beget either tyranny or anarchy.

Forms are nothing when substance has gone, and the forms of popular government are those from which the substance of freedom may most easily go.

When the disparity of condition increases, universal suffrage makes it easy to seize power. The poor

feel no direct interest in the conduct of government and are ready to sell their votes to the highest bidder or follow the lead of the most blatant demagogue.

Where there is gross inequality in the distribution of wealth, the more democratic the government the worse it will be. To give suffrage to men to whom the chance to labor is a boon, is to invoke destruction.

Hereditary succession or selection by lot may sometimes place the wise and just in power, but in a corrupt democracy unscrupulousness commands success.

This transformation of popular government into despotism, which must inevitably result from the unequal distribution of wealth, has already begun in the United States.

In all the great American cities there is today a clearly defined political ruling class. They do not produce but they live well.

They are gamblers, saloon keepers, pugilists, or worse, who have made a trade of controlling votes. Through these men rich corporations and powerful interests can control legislatures, judges, and other officials.

Is there not growing up among us a class who have all the power without any of the virtues of aristocracy?

We believe that we have left the savage state behind, but there are indications that we are actually turning back toward barbarism.

If a man steal enough, he may be sure that his punishment will amount but to the loss of a part of the proceeds of his theft.

The general faith in republican institutions is, where they have reached their fullest development, narrowing and weakening. In the U. S., a growing sentiment either doubts the existence of an honest man in public office or looks on him as a fool for not seizing his opportunities. Republican government is running the course it must inevitably follow under conditions which cause the unequal distribution of wealth.

Whence shall come the new barbarians? You may see their gathering hordes, even now, in the squalid quarters of great cities.

Although the tendencies I have mentioned are evident to thinking men, most such men also retain a fundamental belief that progress will continue.

It is difficult to recognize decline, because communities do not go down by the same paths that they came up. For instance, the decline as manifested in government would not take us back to the feudal system; it would take us to imperialism and anarchy.

The decline of fine arts at first appears to be merely a change in taste.

As the decline proceeds, a return to barbarism comes to seem necessary to meet the exigencies of the times.

Everywhere the increasing intensity of the struggle to live is draining the forces which gain and maintain improvements. Conditions are worsening in every civilized country.

Other evidence of the ebb of civilization includes a vague but general feeling of disappointment and increased bitterness among the working classes. This is unaccompanied by any definite idea of how relief is to be obtained, for the general power of tracing effect to cause does not seem to have been improved by education.

Christianity in the popular mind is dying, and nothing arises to take its place. The civilized world is trembling on the verge of a great movement, either a leap upward opening the way to advances yet undreamed of, or a plunge downward carrying us back toward barbarism.

Chapter 5: The Central Truth

The truth to which we were led in the politico-economic branch of our inquiry is apparent in the rise and fall of nations and the growth and decay of civilizations. This truth shows that the evils arising from unjust distribution of wealth will not cure themselves, but it also shows that the cause of these evils may be removed.

By sweeping away the injustice of monopolized opportunities, we shall conform ourselves to the natural law and remove the great cause of unnatural inequality in the distribution of wealth and power. The reform that I have proposed will make all other reforms easier. It is but the carrying out of the truth

enunciated in the Declaration of Independence, “That all men are created equal, with unalienable rights to life, liberty, and the pursuit of happiness.”

We honor Liberty in name and in form, but we have not fully trusted her.

Liberty means justice, and justice is the natural law.

Liberty is the source of virtue, wealth, knowledge, invention, national strength and national independence.

This can be seen in many examples from history.

It is not enough that men vote and are theoretically equal before the law. They must have liberty to avail themselves of natural opportunity, or Liberty will be lost. Our primary social adjustment is a denial of justice.

Civilization based on private ownership of natural resources cannot continue. Justice demands that we right this wrong.

The Creator showers upon us more than enough for all, but we tread it in the mire, while we tear and rend each other.

Land being private property, even the Creator cannot relieve poverty, since any aid supplied would end up just increasing rent.

The wonderful discoveries and inventions of our century have neither increased wages nor lightened toil. The effect has simply been to make the few richer.

History tells us that civilization cannot continue forever in the face of this injustice.

But if we turn to justice and obey her, if we trust Liberty and follow her, a Golden Age can result.

Conclusion: The Problem of Individual Life

Beyond the problems of social life lies the problem of individual life.

The truth that I have tried to make clear will not find easy acceptance, but ultimately it will prevail.

Repeatedly the standard of Truth and justice has been raised, and repeatedly trampled down. If they are weak forces that oppose Truth, how should Error so long prevail?

For those who work for truth and justice, I believe death does not bring oblivion.

The yearning for life after death is natural and deep.

It is difficult to reconcile the idea of human immortality with the idea that nature wastes men. And the idea that man is the result of slow modifications perpetuated by heredity irresistibly suggests that it is the race life, not the individual life, which is the object of human existence.

In our inquiry we have seen that human suffering springs not from natural laws from from our refusal to conform to natural laws. We have seen that progress is not by altering the nature of men.

Thus the nightmare which is banishing from the modern world the belief in a future life is destroyed.

And when we see that social development is governed neither by Special Providence nor by merciless fate, but by unchangeable and beneficent law, and that the economic law and moral law are essentially one, and accord with intuition, our little lives do not seem like meaningless waste.

The same natural laws operate at large and small scales, though we cannot always see the whole picture.

We can see that the social law conforms with the moral law, and that in the life of a community justice brings reward and injustice punishment. But we cannot see this in individual life. Might this prove that we do not see the whole of individual life?

We cannot conceive of a means without an end. Unless man himself may rise to or bring forth something higher, his existence is unintelligible.

What is the meaning of life? To me it seems intelligible only as the avenue to another life.

Many different civilizations and philosophies have expressed similar ideas.

Just because we cannot see something, can it not exist? Shall we say that what passes from our sight passes into oblivion? No.