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## What's Wrong with Capitalism?—By J. GLENN RICHARDS

THE STRUGGLE, in which the forces of capitalism are pitted against the forces of collectivism, has engaged most of the human race in practically every inhabited part of the earth. And upon the outcome of that struggle chiefly depends the future civilization of the world. This is the controversy that must be *understandingly* settled before there can be a cessation of political conflict; before there can be world peace or even a modicum of economic tranquility. If it were said that the United States is more collectivist in its system of political-economy than is Russia — few persons would seriously consider the statement—let alone believe it. But unprejudiced exploration of the situation might lead to astonishing conclusions.

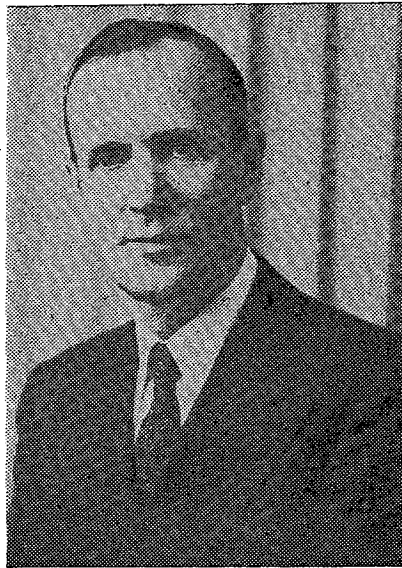
Notice, however, that the tax system of the United States, including the graduated income tax, sales tax and other excise taxes, is a more socialistic manner of distributing production or wealth than that employed by Russia. Our system takes from those with greater ability and ambition to produce, and gives to those with lesser ability and ambition to produce. Whereas the Russian system at present, to some degree at least, rewards those with more ambition and ability — providing they are also believers in, and promoters of, the collectivist system.

Where Russia has exceeded the United States in an advance toward complete collectivism, is in the establishment of a dictatorial or totalitarian form of *government*. And the establishment of such a form of government is, finally, absolutely essential to the establishment of an *economy* of complete collectivism. For no group of humans will all, for any extended period of time, voluntarily subject themselves to an economy which provides that the production of each must be shared, *equally* but not *equitably*, with others, irrespective of the relative ability and ambition of each.

Sufficient consideration of the matter would seem to convince us that such a condition for the entire world could never be brought about. Yet it must also be conceded that the attempt, with its accompanying violence and war, might seriously retard the course of civilization, if it did not actually destroy it.

Probably most persons believe that they understand the fundamental differences between capitalism and communism. But if there were sufficient understanding among a sufficient number of people on both sides of this controversy, then those differences, with the accompanying conflict and strife, would undoubtedly dissolve. One of the philosophies is surely wrong, and perhaps both are.

In the mind of the average citizen of the United States there may be no thought but that a free-enterprise, or capitalistic, form of economy is the better one — the only *right* one. But the average Communist or Socialist in this and other parts of the world also is sincere in his belief that an economy, controlled by the state is the only *right* one. Is it possible that both the *capitalistic free-enterprise* and the *collect-*



*ivist controlled enterprise* philosophies are so faulty in some particular that neither side can accept the other's viewpoint?

It is manifest that if numbers of men are to exist together they must choose between two existing methods to secure the production of material needs and desires. The one is that under which each person would exercise his mental and physical capabilities in any manner he saw fit, *without an organized society or government*. Uncontrolled by man-made rules, man might exercise all of his "freedoms" including the freedom to steal from, destroy the property of, or kill his fellow man. Such a system is known as anarchy. Since there are relatively few anarchists, in the world today, such a system is hardly worthy of consideration.

The other method, and the only alternative to anarchy, is a system under which men join together — form society — and devise man-made rules or laws. That is then a system which is called *economy*, and a *government* is also established, to promulgate, define, and compel compliance with, the man-made rules or laws. In determining the nature of such an economy, there are two schools of thought — in reality, two *extremities* of thought.

The one extremity is that in which the rules recognize only the rights of all humanity, of society as a whole — *the state*. In which the efforts, and the production and distribution from the efforts, of each man shall be equalized in all men by coercion of the state. That extremity is referred to as collectivism or communism.

The other is that in which the individual man holds the supreme consideration; and the state, or organized society, is only for the purpose of adoption and enforcement of simple rules which shall guarantee each man his fullest possible freedom of thought and action; along with the fullest possible ownership and enjoyment of everything which each produces. That extremity is called capitalism.

The Socialist might now say that socialism is in between those extremities, an intermediate form of economy. Although it is a collectivist form of economy, socialism, it might be argued, is not at either "extremity" of thought — proposing neither that the state shall be supreme, nor that the individual shall have complete freedom of thought and action. A well accepted definition of socialism says, "... it would have the state own the land and the large workshops, and the means of production on a large scale, with strict regulation of all trade and industry."

But, in the end, if pursued, that partial and gradual approach can only lead to complete collectivism; to the extremity of complete supremacy of the state, and to slavery of the individual. It is not possible to draw a clearly defined line between large scale and small scale production. And since all such movements tend to gather momentum as they progress, the constant tendency would be for the state to continue its encroachments until eventually it would own or control, not only the land and the large industries, but the medium sized ones, and finally the small ones.

History also shows that when land becomes less easily available, the gulf between rich and poor becomes wider, and the periods between depressions shorter. It is at this time that men turn from the free-enterprise economy and embrace the collectivist economy. For the thing that people seek, for the satisfaction of their materialistic or economic desires, and lacking which they become dissatisfied, is *production*.

If we were to analyze the *nature of production* we might discover why many people, even though they have great ambition and ability to labor, are unable to obtain sufficient *production* to satisfy their needs. The production of wealth is made up of two parts, and two only. One part is the *land* — the natural or created resources — and the other part is *labor* — human mental and physical exertion. The combining of those two parts makes *production* or *wealth*, and there can be no other manner of production of wealth.

*Capital* can be destroyed or consumed, but *land* cannot be destroyed or consumed by man; only the *form* or *location* of land may be *changed*. Man cannot make more land. He must get along with what the Creator has provided. But he can, at any time, make or create *capital* — providing the *use* of *land* is available to him, and he is able, willing, and permitted to exert his *labor*.

Civilization has already, for the most part, acknowledged the immorality or wrongfulness of human slavery. It recognizes the impropriety of one individual, or one group, restraining from honest labor, another individual or group. Thus civilization is willing to guarantee to every individual the one part or side of production — willing to guarantee the labor side of *land* and *labor* which totals production.

Most of the present (and past) dissatisfaction

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## Capitalism

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tions with capitalism and the free-enterprise economy, stem from the fact that the defenders of capitalism attempt to avoid its difficulties and appease its opponents. They do this, not by defending its virtues and correcting its faults, but by the adoption of much of the collectivist ideology of their opponents. And all the while, as its laws and rules multiply, the supremacy of the state ascends, and the freedom of the individual descends — until eventually the individual must become wholly enslaved by the state.

Let us face the issue clearly, since, as is generally agreed, the progress of civilization depends upon it. The defeat of communism will never be accomplished through the prosecution of those who defend the communistic philosophy. The only way to remove this threat is to alleviate the economic maladjustments which cause communism and remove the dissatisfactions resulting from the maladministration of capitalism.

If civilization were willing to guarantee to every individual the right to that *other* part of production — the *land* part of the *land and labor* combination — then the problem of equitable production could be solved. The problem of equitable distribution would then also have been solved. Each individual would be the owner and consumer of all he produced, at least insofar as this could be possible while still guaranteeing equal opportunity to all others.