

A Progressive St. Louis Candidacy.

Percy Pepon, of Typographical Union No. 8 (St. Louis), is the Democratic candidate for the Missouri legislature from the Second district. He is endorsed, moreover, by the Missouri Federation of Labor. If all the people of the country who know him well were voters in his district, his election would be assured. It is to be hoped that among the voters who do live there he is well enough known to make the same result secure. Mr. Pepon is the kind of Democrat who believes in democracy, and the kind of labor unionist who believes in securing to all workers the full product of their work.

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"BACK TO THE LAND."—AN ECONOMIC STUDY.

With his first words in "Progress and Poverty"—which is the best exposition of the profound significance of Bishop Nulty's phrase, "back to the land," now so commonly and heedlessly in use*—Henry George discloses the economic object of all that follows. Not a certain system of taxation, is this object; nor a certain form of land tenure; nor any program of social reconstruction. All are considered as methods for realizing the object, but quite another thing is the object itself.

What that object is, may be inferred from the riddle that "Progress and Poverty" attributes to the Sphinx of Fate,† and which may take this form: "Why does poverty persist with progress?"

I. The Industrial Problem.

That is the economic problem, the industrial problem. Not why poverty persists, be it observed; but why it persists with progress. In other words—and this we all know from observation or experience to be the fact—Why does poverty persist in the midst of abundant and constantly increasing wealth and wealth-producing power?

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Turn to the beginning of "Progress and Poverty" and reflect upon its eloquent exordium, wherein the object of the penetrating and judicial inquiry that follows is indicated.

The Sphinx of Fate had put her question to Henry George. Before venturing an answer, he in that exordium gave to the question a form which all readers with any experience at all of the world in which they live may easily understand.

He drew a vivid picture of the prodigious increase in wealth producing power. So great was

that power, even in his day, that if any man of the century before, a Franklin or a Priestley, could have seen it in a vision of the future as we see it now, he would have inferred—no, it "would not have seemed like an inference," but "further than the vision went, it would have seemed as though he saw; and his heart would have leaped and his nerves would have thrilled, as one who from a height beholds just ahead of the thirst-stricken caravan the living gleam of rustling woods and the glint of laughing waters. Plainly, in the sight of the imagination, he would have beheld these new forces elevating society from its very foundations, lifting the very poorest above the possibility of want, exempting the very lowest from anxiety for the material needs of life; he would have seen these slaves of the lamp of knowledge taking on themselves the traditional curse, these muscles of iron and sinews of steel making the poorest laborer's life a holiday, in which every high quality and noble impulse could have scope to grow. And out of these bounteous material conditions he would have seen arising, as necessary sequences, moral conditions realizing the Golden Age of which mankind have always dreamed. Youth no longer stunted and starved; age no longer harried by avarice; the child at play with the tiger; the man with the muck-rake drinking in the glory of the stars! Foul things fled, fierce things tame; discord turned to harmony! For how could there be greed where all had enough? How could the vice, the crime, the ignorance, the brutality, that spring from poverty and the fear of poverty, exist where poverty had vanished? Who should crouch where all were freemen; who oppress where all were peers?"*

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And such have been the hopes and dreams of men since this era of prodigious wealth producing power set in. But disappointment has followed disappointment, until we have come upon a time when no one any longer expects general prosperity from general progress.

But Henry George was disturbed by this inconsistent though universal fact of continuous poverty—aye, of deepening poverty—with increasing powers of wealth production. Why is it, he asked, that just as frontier communities, where "no one able and willing to work is oppressed by the fear of want"—that "just as such a community realizes the conditions which all civilized communities are striving for, and advances in the scale of material progress; just as closer settlement and a more intimate connection with the rest of the

*See *The Public* of October 21, 1910, page 990.

†"Progress and Poverty," page 10.

*"Progress and Poverty," pages 3 to 5.

world, and greater utilization of labor-saving machinery, make possible greater economies in production and exchange, and wealth in consequence increases, not merely in the aggregate, but in proportion to population," why is it that "so does poverty take a darker aspect," and while "some get an infinitely better and easier living," that "others find it hard to get a living at all"?*

He found, that is, as all are beginning now to realize, that "unpleasant as it may be to admit it, it is at last becoming evident that the enormous increase in productive power which has marked the present century [the Nineteenth] and is still going on with accelerating ratio, has no tendency to extirpate poverty or to lighten the burdens of those compelled to toil."

This "association of poverty with progress" was to Henry George that "riddle which the Sphinx of Fate puts to our civilization, and which not to answer is to be destroyed."†

II. Solutions of the Industrial Problem.

Patiently seeking the answer to that riddle, Henry George found it in the true significance of Bishop Nulty's phrase—"Back to the land!"

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University economists had found explanation in the insufficiency of capital devoted to the payment of labor—of artificial capital in contradistinction to land capital. But labor itself makes all artificial capital; and it adds continually to the volume, not only more than it draws for pay but before it is paid. "Production is always the mother of wages."‡

Further explanation was found by university economists in a theory of Malthus, that population naturally tends to increase faster than subsistence. But not only do human numbers not tend to decrease the relative production of human food, they tend to increase it. So far as human experience has yet gone there is no indication of our planet's failing to respond generously to the progressive activities of its population. Wherever you look for an explanation of poverty, or whatever your explanation may be, there is no accounting for it by lack of capabilities either of man or of external nature.§

University economists of later times are leaving no place for the Malthusian explanation of poverty. Though they attribute it in the past to production "deficits," they account for those "def-

icits" not by any niggardliness of nature but by the ignorance and consequent inefficiency of man; and they find now an increasing "surplus," which confessedly leaves no natural reason for persistent poverty.*

Among other explanations of poverty in spite of progress were and are such feeble ones as personal inefficiency, personal immorality, personal vices, personal unthrift, and the like. These have no value, however, as explanations of the persistence of poverty amid advancing wealth, when it is considered that the same kinds of personal inefficiency, personal immorality, personal vice, personal unthrift, and the like, are no more characteristic of the working poor than of the idle rich. The idle rich are not impoverished by them.

Highly important among the explanations other than George's is that of most schools of socialism. It is adopted also by many non-socialist economists. We allude to the explanation that the advent of steam produced an industrial revolution.

As this theory runs, the industrial revolution which steam power inaugurated has deprived workmen of the possibility of owning their tools. For great machines, superseding hand implements, have necessitated far reaching and intricate organization; and under the system of private ownership, machinery of great value and which no workman can either own or operate alone, has made labor as a class dependent upon machinery owners as a class for opportunities to work. The effect has been to displace feudalistic land-lords with capitalistic machine-lords, as exploiters of labor. According to that theory, the power of capitalists, supplemented with what little power may be left to feudalists, diverts from labor the benefits of increasing productive power. In other words, it is capitalism that perpetuates and intensifies the poverty of the working class as progress goes on. Capitalism monopolizes machines.

But why? Inasmuch as machines are made and continually repaired and replaced exclusively and wholly by "the working class" (using that term as socialists use it, in common with every one else who tries to think straight, as comprising all persons to the extent that they do useful work), and inasmuch as machines are operated exclusively and wholly by the same class, does not the "machine-lord" explanation fail? There is nothing in it to show how mere machine-lords can continuously divest "the working class" of the machines

*"Progress and Poverty," page 7.

†"Progress and Poverty," introductory, pages 3 to 13.

‡"Progress and Poverty," book I, pages 17 to 87.

§"Progress and Poverty," book II, pages 91 to 150.

*"The New Bases of Civilization," by Prof. Simon N. Patten. Reviewed in *The Public* at page 929 of volume X, December 28, 1907.

which the latter and they alone continuously produce. Capitalistic monopoly of machines does not explain, for capitalistic monopoly itself must be explained.

It may be said of course, and truly, that capitalists own the existing opportunities for production, and therefore can and do coerce the working class into selling out their interests in current production in advance and for inadequate wages. But unless capitalists own not only these artificial opportunities, but also the natural opportunities, that explanation also fails. If capitalists monopolize both, they can indeed coerce laborers, precisely as socialists say they can and do. But this would be true if they monopolized natural opportunities alone. The contention regarding machine owning as a coercive force is somewhat suggestive, then, of the "nice, smooth, clean stone" with which the penniless but resourceful wayfarer made "stone soup," begging of the curious innkeeper "just enough water for boiling," "just a little beef for flavor," and "just a few vegetables for variety." "But, why the stone?" asked the innkeeper; "except for the name of it?"

It seems more probable that the advent of steam, instead of making an industrial revolution made but another long stride in the direction of that perfect industrial accomplishment which Henry George imagined illustratively when he wrote: "Were labor-saving invention carried so far that the necessity of labor in the production of wealth were done away with, the result would be that the owners of land could command all the wealth that could be produced, and need not share with labor even what is necessary for its maintenance. Were the powers and capacities of land increased, the gain would be that of landowners. Or were the improvement to take place in the powers and capacities of labor, it would still be the owners of land, not laborers, who would reap the advantage."*

If absolute perfection in machinery would thus subject labor absolutely to land owners—not because ownership of machinery is in itself coercive, but because land monopoly is coercive (whether feudalistic as in Great Britain, or capitalistic as in the United States, Canada and Australasia)—why, then, isn't the same effect in lesser degree, from the advent of steam, attributable to land monopoly instead of machine monopoly?

At any rate, land monopoly is the primary cause to which Henry George attributed the coercion of labor, in the conclusion to which he came after considering all the explanations known at the

*"Social Problems," chapter xiv, "The Effects of Machinery," page 146.

time he wrote. His complete overhauling of the subject fifteen years later and in the light of intervening knowledge and discussion, did not alter his original conclusion as he had put it forth in "Progress and Poverty."

III. The Economic Solution in "Progress and Poverty."

In its economic inquiry, "Progress and Poverty" interrogates the science of political economy for an answer to the fateful riddle of the Sphinx: "Why does poverty persist with progress?"

Its primary axiom for this purpose is that self-evident principle which is to social science (or would be were it better understood and oftener used) what "the line of least resistance" is to physical science, the axiom* namely, that "men seek to gratify their desires with the least exertion." In the light of this axiom, the book clears economic rubbish out of the way and discloses the fact, which few at this day would deny, that the economic answer to the riddle hinges, not upon any problem of wealth *production* but upon problems of wealth *distribution*.

Even in so far as production may be at fault, it is discovered to be from no lack of productive power, but from interferences created and fostered by distributive maladjustments.

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Proceeding then with its economic inquiry, and still in the light of its axiom, "Progress and Poverty" establishes in the economic field the conclusion upon which rests the economic remedy it proposes.

In briefest form, that conclusion may be stated thus:

Two factors, *Land*, the natural opportunity, and *Labor*, the human force, are the only primary factors in wealth production.

In correspondence therewith, *Rent*, the share of Landowners in Labor's earnings, and *Wages*, the share of Labor in its own earnings, are the only primary shares in wealth distribution.

No matter how many subordinate factors there may be in production, such as machinery or other forms of capital produced by labor, nor how many subordinate shares there may be in distribution, such as profits on governmental monopolies other than land, nevertheless "land" and "labor" are the only primary factors, and "rent" and "wages" are the only primary shares. All other factors in production are always dependent upon "land" and "labor," and all other shares in distribution are carved out of "rent" and "wages."

*"Progress and Poverty," page 11.

Whether those primary shares in distribution be called "rent" and "wages," as in economic terminology, or by less technical names, they consist, respectively, (1) of the share of the product which land-owning interests are able to exact of land-using interests for permission to utilize in production appropriate parts of the earth, and (2) of the share of the product which the exaction enforced by land-owning interests leaves to land-using interests.

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From that conclusion to the true solution of the riddle of the Sphinx of Fate is no far cry. It reduces the difficulties of the problem to simplicity itself. For just as the share of the land-owning interests falls or rises, the share of the land-using interests must correspondingly rise or fall.

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If, then, progress in production does not increase wages," which is the share that goes to land-using interests, the fundamental reason must be that it does increase "rent"—the share that goes to land-owning interests.

It is truly a mathematical certainty that such an increase of "rent" must reduce "wages" as a proportion of the total product. But if the reduction of "wages" thus associated with greater productive power were only proportional, poverty might not persist with progress; the share of land-using interests, though less as a proportion, might nevertheless be more in amount.

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This possibility is balked, however, by the custom of forestalling land. General expectations of higher land values are always and everywhere excited by general expectations of progress—of "development" as business men usually call it. Consequently an inevitable result of confidence in progress is the forestalling of land, or speculation in "land futures." This consists in holding natural opportunities wholly out of use (as vacant land), or out of their best use (as inadequately improved land), in order, without enterprise or industry, to profit in higher ground rentals, or higher capitalizations of ground rentals, from the expected market scarcity of desired land. It may be added that while this is usually the motive, the evil effect is the same whether the withholding be from that motive or from any other.

Nor is this true of only some kinds of land. It is true of all kinds that are in demand—not alone of agricultural soil, but also of city and town sites, water power locations, shore lines, mineral

deposits, forests, transportation ways and terminal spots, and so on. Quite as truly as any government land in Alaska, are all these in the category of natural opportunities.

Anticipation of the benefits of expected progress by means of this forestalling or speculation, tends to reduce the share of producers in their product in far greater measure than the measure of a smaller proportion of a larger product. It presses land values up abnormally, which pushes labor values down abnormally. In consequence, "wages" are reduced not only as a proportion but also as a quantity.

The only limit to the contracting influence upon the share of land-using interests of this expansion of the share of land-owning interests, is the minimum standard of living. Even that is under constant and increasing pressure, as continued general progress stimulates general expectations of further progress and confirms general confidence in the profitableness of land-owning investments.

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There, then, you have the force, evolved by economic progress, "which tends," as in its economic inquiry "Progress and Poverty" demonstrates,* "constantly to increase rent† in a greater ratio than progress increases production." It is a force, therefore, which "constantly tends, as material progress goes on and productive power increases, to reduce wages,‡ not merely relatively but absolutely." Thereby it causes poverty to persist, and even to deepen with and in consequence of progress.

"If it were possible," so "Progress and Poverty" proceeds,§ "continuously to reduce wages until zero were reached, it would be possible continuously to increase rent until it swallowed up the whole produce; but as wages cannot be permanently reduced below the point at which laborers will consent to work and reproduce, nor interest¶

*"Progress and Poverty," book iv, ch. iv, p. 257.

†"Rent" is the technical term, remember, for the share in production which land-owning interests are able to exact from land-using interests.

‡"Wages" is the technical term for the share in production which remains to land-using interests after "rent," the share of land-owning interests, has been deducted.

§"Progress and Poverty," book iv, chapter iv., page 258.

¶As here used, "interest" means none of the incomes from land of any kind; nor of premiums for money due to an insufficient volume; nor from stocks and bonds in so far as they represent landholdings or other monopoly privileges; nor from shares in industrial trusts ("Progress and Poverty," ch. iv of book iii, p. 192). It means a form of compensation for work ("Progress and Poverty," ch. iii, iv, v, of book iii), analogous to the higher payments for their greater skill to workmen trained in specialties.

below the point at which capital will be devoted to production, there is a limit which restrains the speculative advance of rent."

IV.—The Economic Proposals of "Progress and Poverty."

Having found the economic answer to the riddle of the Sphinx—"Why does poverty persist with progress?"—having found it rooted in land monopoly (whether feudalistic or capitalistic in form would make no essential difference), "Progress and Poverty" proposes the obvious remedy. It is to *abolish land monopoly*.

But as a practical proposal, abolition of land monopoly would have been altogether too vague. Few there are who would not assent cordially to it in the abstract, yet assail it uncompromisingly in almost any particular application.

So "Progress and Poverty" stated the remedy in particular form. Whenever society has advanced very far beyond primitive conditions, the institution of private ownership of land gives advantages to land-owning interests and imposes corresponding disadvantages upon land-using interests. Therefore, wherever advanced social conditions exist, as in our civilization they do, private monopoly of land and private ownership of land are virtually the same. "Land monopoly" is the indefinite abstract term for what "land ownership" definitely expresses. Accordingly, "Progress and Poverty" proposed to *make land common property*.

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There was nothing novel in this proposal. From the day of Roman Cornelia's "jewels" down to Henry George's time, from the revolt of Moses in Egypt to the experiments of Owen in the United States, the doctrine of communism in land had been advocated in varied settings and practiced in numerous utopian ways. But this ancient remedy for involuntary poverty, this fundamental suggestion for an orderly social state, is discussed and defended in "Progress and Poverty" with unexampled thoroughness. Its expediency, its efficacy, its conformity to the natural laws of social life, its harmony with the moral law of justice, are there disclosed with a brilliancy of rhetoric, a richness of diction, a novelty and charm of style, a power of popular appeal, a cogency of argument, an abundance of apt illustration, and a resistless marshalling of the facts that count, which surpass every effort ever before brought to the service of the old doctrine that society must in some way make land common property.

But the way? Secondary though this problem

is, the long history of disappointing colony experiments in land communism make it vital. So the secondary problem too is discussed in "Progress and Poverty," and its solution demonstrated.

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The result is a practical method for making land common property in effect, without assumption of titles, or revolutionary disturbance, or a risk of reaction, or any extension of the functions of government, or any dubious and dangerous experimentation. To quote from the volume itself,* it seemed to its author that "we should satisfy the law of justice, we should meet all economic requirements, by at one stroke abolishing all private titles, declaring all land public property, and letting it out to the highest bidders in lots to suit, under such conditions as would sacredly guard the private right to improvements." He thought that we should thereby "secure, in a more complex state of society, the same equality of rights that in a ruder state were secured by equal partitions of the soil." He believed that by thus "giving the use of the land to whoever could procure the most from it, we should secure the greatest production." And he held this leasing method to be "perfectly feasible." But he did not think it in all respects as good a method as the one he had to propose.

To him it seemed that the restoration of the land itself "would involve a needless shock to present customs and habits of thought, which is to be avoided;" and "would involve a needless extension of governmental machinery, which is to be avoided." For "it is an axiom of statesmanship," he wrote, "which the successful founders of tyranny have understood and acted upon, that great changes can best be brought about under old forms;" and "we, who would free men, should heed the same truth."

He therefore proposed, not to confiscate land but "*to confiscate† rent*."

Inasmuch as we already take some land rent in taxation, he proposed the slight administrative

*"Progress and Poverty," book viii, chapter ii.

†This use of the word "confiscate" has afforded opportunity for some superficial criticism. Since the word has disagreeable connotations in common use, a better one for the purpose might possibly have been chosen. But it is doubtful if any other would have been as appropriate in denotation. This word comes from the same root as "fiscal," and alludes to public revenues. Its unpleasant significance is due to historical seizures of private property for public revenues unjustly, or by way of penalty. But Henry George's proposal is to turn ground rent regularly into the public treasury, not as a penalty nor an aggression, but because that is where ground rent justly belongs.

changes in our taxing methods that would be necessary to take it all in that way—thus leaving land-owning interests in possession, but taxed approximately the full amount of the ground rent they get or might get from land-using interests.

Yet the immediate practical proposal of "Progress and Poverty" fell short of that; it was merely to "abolish all taxation save that upon land values."

This, however, was a proposal to begin with, not to end with.

To abolish all taxation save that upon land values is just, as a mere fiscal measure; and as a fiscal measure it is also sound scientifically. A just and expedient reform in taxation, it can be advocated and adopted simply as such without reference to its effect on land monopoly; and to the full extent of the formula, or in lesser degree, according to political opportunity and other circumstances. The rest would be only a matter of keeping on.

In that character, then, "Progress and Poverty" puts the fiscal formula forth, and expounds and defends it. But in itself this formula, though so fully carried out as to take public revenues from land values alone, might, in the long run, be of no effect in abolishing involuntary poverty with social progress. Precisely as increase of population, industrial inventions, governmental efficiency and economy, and other modes of social progress tend to increase the wealth of land-owning interests without increasing that of land-using interests, so would land value taxation, if levied so lightly as to leave a large and widening margin between land value taxes and land values. Not at first, indeed, might it do so in fact; but the tendency would become manifest increasingly if land tax exactions were to remain far below ground rent possibilities.

While, then, "Progress and Poverty" proposes the substitution for all other taxation of a single tax on land values, advocating it on its merits as a tax reform, the author did not allow the book to stop with that proposal. His practical plan was designed to be progressive. It contemplates any step, however timid, for the reduction of taxes on industrial processes, and increasing them on land monopoly. But only as a beginning. It is but a means to an end, the end economically being the extreme of abolishing approximately all profit in land-owning as distinguished from land-using.

Since the taxation of land values "must necessarily be increased just as we abolish other taxes," says "Progress and Poverty," we set out prac-

tically with the proposal to "abolish all taxation save that upon land values," leaving the extension of the system to the future. For, the argument continues, "when the common right to land is so far appreciated that all taxes are abolished save those which fall upon rent, there is no danger of much more than is necessary to induce them to collect the public revenues, being left to individual landholders."

It was with reference to this initial proposal in practical statesmanship for recovery of "the land for the people," this proposal that "all taxation save that upon land values" be abolished, that the words *Single Tax* grew into use in the English-speaking world. In Great Britain the name is now nearly superseded by *Taxation of Land Values*.

Neither name may bear a very rigid logical test, or close etymological inspection. The former came into vogue without design, and the latter gained strength from the quite peculiar relations of British taxes to British land values. But names of social movements, like names of persons, are seldom very accurate in description. Nor need they be. Their function is not so much to describe, as conveniently to identify. Whatever the name of a cause, it will be cherished affectionately by friends of the cause and be scorned by its enemies; and substitutions of names will not weaken the affection of the one nor turn the scorn of the other aside.

Be the name "Single Tax," then, or "Taxation of Land Values," it will serve well enough, as long as it "sticks" (which is the sole test of appropriateness in a name), just as other names have served* and others may hereafter, to distinguish that forward movement, "back to the land," for which "Progress and Poverty" maps out the way.

*The Public, vol. xlii, pp. 916, 917, 918.

EDITORIAL CORRESPONDENCE

ELECTORAL PROGRESS IN AUSTRALIA

Toronto, Ont., Oct. 15.

A letter from Professor E. J. Nanson, of the Melbourne University, bearing date September 8th, informs me of the adoption of the second ballot recently by the Parliament of the State of New South Wales. Prof. Nanson writes that it "will be used for the first time in that State at the next general election," to come off in about five weeks from the date of his letter. He adds: "The State Ministry in the State of Victoria (Australia) has decided to introduce a bill for the alternative (a preferential) vote, and it is understood that a majority of mem-