

HENRY GEORGE'S

Progress and Poverty

An Inquiry Into the Cause of Industrial Depressions and
of Increase of Want with Increase of
Wealth; the Remedy

Condensed, with a Foreword, by
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FOREWORD

As I remarked in my chapter on Henry George in my book, "They Were San Franciscans," "only one American has been the father of an economic theory which has commanded and continues to command world-wide adherence, which possesses devoted disciples whose efforts to introduce their system into cities, states, and even nations are unabating . . . His name was Henry George. He is the only American analogue of that other great system-maker, Karl Marx."

George was "one of the very few world influences whom America has so far produced. There is no part of the civilized world where 'Progress and Poverty' has not penetrated, where there is not some semblance at least of a single-tax movement." Even those who feel that the single tax on land values is not the final and complete answer to all economic ills, that it ignores some fundamental social factors and in many respects is out-dated, concede that it does solve many problems that must be solved if civilization is to continue, and that it is one of the answers, if not *the* answer, to humanity's economic ills.

"Progress and Poverty" is "the single-taxers' Bible, and the definitive exposition of Henry George's theory." No student of economics can say that he is fully informed unless he has at least some acquaintance with this book which a San Francisco printer wrote and brought out at his own expense, because orthodox publishers—until the book became a sensational success—thought it "very aggressive, and not likely to sell." In the compass of this condensation I have been able to give a small part of the original book, omitting many chapters and excluding most of George's expository illustrations. It is better to read this much of "Progress and Poverty" than none at all, but the serious student owes it to himself to go from this to a reading of the volume itself, which is still very much in print.

The Duke of Argyll giped at George as "the prophet of San Francisco." His followers converted the sneer into an acclamation. Henry George, however, though long a resident of San Francisco, was a Philadelphian by birth. In 1852, at less than 13, he shipped as a foremast boy on a vessel bound for Melbourne and Calcutta. A year later he returned to Philadelphia and became an apprentice printer. In 1857 he left again, this time forever, as steward on a lighthouse steamer bound for California. He jumped ship in San Francisco, tried his luck in the gold mines of the Mother Lode and of British Columbia, and then (with various interludes at other jobs) became a printer in San Francisco and Sacramento. Meanwhile he had eloped with a girl of 17, who became the mother of his four children and remained to his death his devoted wife. The young couple went through very hard times; once they were in such destitution that George stopped a stranger on the street and asked him for \$5 for his starving wife and baby. "If he had not given it to me, I think I was desperate enough to kill him," he said long afterwards: by so slight a line does fate determine our lives.

From a printer, Henry George became a reporter on the famous *Alta California*, then on other San Francisco, Sacramento, and Oakland papers. Finally he became editor of an anti-Southern Pacific Railroad paper, then owner and editor of the *Daily Evening Post*, in San Francisco—the first penny newspaper on the Pacific Coast. In 1871 he published "Our Land and Land Policy," his first extended writing on his

slowly developing economic theory. In the mid-'70s he was appointed to a sinecure position as state inspector of gas meters, and at last was able to give the time for writing his long-projected book, which he finished in 1879.

In 1880 he left San Francisco permanently, settling in New York. He wrote other books on the land question and related problems, lectured widely both in the United States and in Great Britain—with one world-tour—and in 1897 ran for the second time for mayor of New York. The strain of the campaign brought on a stroke of apoplexy (his second) and he died in the midst of the campaign, at 58.

THE PROBLEM

The present century has been marked by a prodigious increase in wealth-producing power. The utilization of steam and electricity, the introduction of improved processes and labor-saving machinery, the greater subdivision and grander scale of production, the wonderful facilitation of exchanges, have multiplied enormously the effectiveness of labor.

At the beginning of this marvelous era it was natural to expect, and it was expected, that labor-saving inventions would lighten the toil and improve the condition of the laborer; that the enormous increase in the power of producing wealth would make real poverty a thing of the past.

It is true that disappointment has followed disappointment, and that discovery upon discovery, and invention after invention, have neither lessened the toil of those who most need respite, nor brought plenty to the poor. But there have been so many things to which it seemed this failure could be laid, that up to our time the new faith has hardly weakened. We have better appreciated the difficulties to be overcome; but not the less trusted that the tendency of the times was to overcome them.

Now, however, we are coming into collision with facts which there can be no mistaking. From all parts of the civilized world come complaints of industrial depression; of labor condemned to involuntary idleness; of capital massed and wasting; of pecuniary distress among business men; of want and suffering and anxiety among the working classes. All the dull, deadening pain, all the keen maddening anguish, that to great masses of men are involved in the words "hard times," afflict the world today.

Where the conditions to which material progress everywhere tends are most fully realized—that is to say, where population is densest, wealth greatest, and the machinery of production and exchange most highly developed—we find the deepest poverty, the sharpest struggle for existence, and the most of enforced idleness.

It is to the newer countries—that is, to the countries where material progress is yet in its earlier stages—that laborers emigrate in search of higher wages, and capital flows in search of higher interest. It is in the older countries—that is to say, the countries where material progress has reached later stages—that wide-spread destitution is found, in the midst of the greatest abundance.

Go into one of the new communities where Anglo-Saxon vigor is just beginning the race of progress; where the machinery of production and exchange is yet rude and inefficient; where the increment of wealth is not yet great enough to enable any class to live in ease and luxury; where the best house is but a cabin of logs or a cloth and paper shanty, and the richest man is forced to daily work—and though you will find an absence of wealth and all its concomitants, you will find no beggars. There is no luxury, but there is no destitution. No one makes an easy living, nor a very good living; but every one *can* make a living, and no one able and willing to work is oppressed by the fear of want.

But 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 world, and greater utilization of labor—

saving machinery, make possible greater economics in production and exchange, and wealth in consequence increases, not merely in the aggregate, but in popotion to population—so does poverty take a darker aspect. Some get an infinitely better and easier living, but others find it hard to get a living at all. The "tramp" comes with the locomotive, and almshouses and prisons are as surely the marks of "material progress" as are costly dwellings, rich warehouses, and magnificent churches. Upon streets lighted with gas and patrolled by uniformed policemen, beggars wait for the passer-by and in the shadow of college and library, and museum, are gathering the more hideous Huns and fiercer Vandals of whom Macaulay prophesied.

This association of poverty with progress is the great enigma of our times. It is the central fact from which spring industrial, social, and political difficulties that perplex the world, and with which statesmanship and philanthropy and education grapple in vain. From it come the clouds that overhang the future of the most progressive and self-reliant nations. It is the riddle which the Sphinx of Fate puts to our civilization, and which not to answer is to be destroyed.

It must be within the province of political economy to give such an answer. For political economy is not a set of dogmas. It is the explanation of a certain set of facts. It is the science which, in the sequence of certain phenomena, seeks to trace mutual relations and to identify cause and effect, just as the physical sciences seek to do in other sets of phenomena.

I propose in the following pages to attempt to solve by the methods of political economy the great problem I have outlined. I propose to seek the law which associates poverty with progress, and increases want with advancing wealth; and I believe that in the explanation of this paradox we shall find the explanation of those recurring seasons of industrial and commercial paralysis which, viewed independently of their relations to more general phenomena, seem so inexplicable. Properly commenced and carefully pursued, such an investigation must yield a conclusion that will stand every test, and as truth, will correlate with all other truth.

I propose to beg no question, to shrink from no conclusion, but to follow truth wherever it may lead. Upon us is the responsibility of seeking the law, for in the very heart of our civilization to-day women faint and little children moan. But what that law may prove to be is not our affair. If the conclusions that we reach run counter to our prejudices, let us not flinch; if they challenge institutions that have long been deemed wise and natural, let us not turn back.

WAGES AND CAPITAL

Reducing to its most compact form the problem we have set out to investigate, let us examine, step by step, the explanation which political economy, as now accepted by the best authority, gives of it.

The cause which produces poverty in the midst of advancing wealth is evidently the cause which exhibits itself in the tendency, everywhere recognized, of wages to a minimum. Let us, therefore, put our inquiry into this compact form:

Why, in spite of increase in productive power, do wages tend to a minimum which will give but a bare living?

The answer of the current political economy is, that wages are fixed by the ratio between the number of laborers and the amount of capital devoted to the employment of labor, and constantly tend to the lowest amount on which laborers will consent to live and reproduce, because the increase in the number of laborers tends naturally to follow and overtake any increase in capital. The increase of the divisor being thus held in check only by the possibilities of the

quotient, the dividend may be increased to infinity without greater result.

And yet, widely accepted and deeply rooted as it is, it seems to me that this theory does not tally with obvious facts. For, if wages depend upon the ratio between the amount of labor seeking employment and the amount of capital devoted to its employment, the relative scarcity or abundance of one factor must mean the relative abundance or scarcity of the other. Thus, capital must be relatively abundant where wages are high, and relatively scarce where wages are low. Now, as the capital used in paying wages must largely consist of the capital constantly seeking investment, the current rate of interest must be the measure of its relative abundance or scarcity. So, if it be true that wages depend upon the ratio between the amount of labor seeking employment and the capital devoted to its employment, then high wages, the mark of the relative scarcity of labor, must be accompanied by low interest, the mark of the relative abundance of capital, and reversely, low wages must be accompanied by high interest.

This is not the fact, but the contrary. Eliminating from interest the element of insurance, and regarding only interest proper, or the return for the use of capital, is it not a general truth that interest is high where and when wages are high, and low where and when wages are low?

Now, this broad, general fact, that wages are higher in new countries, where capital is relatively scarce, than in old countries, where capital is relatively abundant, is too glaring to be ignored.

How, then, it will be asked, could such a theory arise? How is it that it has been accepted by a succession of economists, from the time of Adam Smith to the present day?

If we examine the reasoning by which in current treatises this theory of wages is supported, we see at once that it is not an induction from observed facts, but a deduction from a previously assumed theory—viz., that wages are drawn from capital. It being assumed that capital is the source of wages, it necessarily follows that the gross amount of wages must be limited by the amount of capital devoted to the employment of labor, and hence that the amount individual laborers can receive must be determined by the ratio between their number and the amount of capital existing for their recompense. This reasoning is valid, but the conclusion, as we have seen, does not correspond with the facts. The fault, therefore, must be in the premises. Let us see.

The proposition I shall endeavor to prove, is:

That wages, instead of being drawn from capital, are in reality drawn from the product of the labor for which they are paid.

All the teachings of the current political economy, in the widest and most important part of its domain, are based more or less directly upon the assumption that labor is maintained and paid out of existing capital before the product which constitutes the ultimate object is secured. If it be shown that this is an error, and that on the contrary the maintenance and payment of labor do not even temporarily trench on capital, but are directly drawn from the product of labor, then all this vast superstructure is left without support and must fall.

But the fundamental truth, that in all economic reasoning must be firmly grasped, and never let go, is that society in its most highly developed form is but an elaboration of society in its rudest beginnings, and that principles obvious in the simpler relations of men are merely disguised and not abrogated or reversed by the more intricate relations that result from the division of labor and the use of complex tools and methods.

To illustrate: In the simplest state of which we can conceive, each man digs his own bait and catches his own fish. The advantages of the division of labor soon become apparent, and one digs bait while the others fish. Yet evidently the one who digs bait is in reality doing as

much toward the catching of fish as any of those who actually take the fish. So when the advantages of canoes are discovered, and instead of all going a-fishing, one stays behind and makes and repairs canoes, the canoe-maker is in reality devoting his labor to the taking of fish as much as the actual fishermen, and the fish which he eats at night when the fishermen come home are as truly the product of his labor as of theirs. And thus when the division of labor is fairly inaugurated, and instead of each attempting to satisfy all of his wants by direct resort to nature, one fishes, another hunts, a third picks berries, a fourth gathers fruit, a fifth makes tools, a sixth builds huts, and a seventh prepares clothing—each one is to the extent he exchanges the direct product of his own labor for the direct product of the labor of others really applying his own labor to the production of the things he uses—is in effect satisfying his particular desires by the exertion of his particular powers; that is to say, what he receives he in reality produces. If he digs roots and exchanges them for venison, he is in effect as truly the producer of venison as though he had gone in chase of the deer and left the huntsman to dig his own roots. The common expression, "I made so and so," signifying "I earned so and so," or "I earned money with which I purchased so and so," is, economically speaking, not metaphorically but literally true: Earning is making.

Keeping these principles in view we see that the draughtsman, who, shut up in some dingy office on the banks of the Thames, is drawing the plans for a great marine engine, is in reality devoting his labor to the production of bread and meat as truly as though he were garnering the grain in California or swinging a lariat on a La Plata pampa; that he is as truly making his own clothing as though he were shearing sheep in Australia or weaving cloth in Paisley, and just as effectually producing the claret he drinks at dinner as though he gathered the grapes on the banks of the Garonne. The miner who, two thousand feet under ground in the heart of the Comstock, is digging out silver ore, is, in effect, by virtue of a thousand exchanges, harvesting crops in valleys five thousand feet nearer the earth's center; chasing the whale through Arctic icefields; plucking tobacco leaves in Virginia; picking coffee berries in Honduras; cutting sugar cane on the Hawaiian Islands; gathering cotton in Georgia or weaving it in Manchester or Lowell; making quaint wooden toys for his children in the Hartz Mountains; or plucking amid the green and gold of Los Angeles orchards the oranges which, when his shift is relieved, he will take home to his sick wife. The wages which he receives on Saturday night at the mouth of the shaft, what are they but the certificate to all the world that he has done these things—the primary exchange in the long series which transmutes his labor into the things he has really been laboring for?

Before proceeding further in our inquiry, let us make sure of the meaning of our terms, for indistinctness in their use must inevitably produce ambiguity and indeterminateness in reasoning.

As used in common discourse "wages" means a compensation paid to a hired person for his services; and we speak of one man's "working for wages," in contradistinction to another who is "working for himself." The use of the term is still further narrowed by the habit of applying it solely to compensation paid for manual labor. But in political economy the word wages has a much wider meaning, and includes all returns for exertion.

Thus the term labor includes all human exertion in the production of wealth, and wages, being that part of the produces which goes to labor, includes all reward for that exertion.

But it is more difficult to clear away from the idea of capital the ambiguities that beset it, and to fix the scientific use of the term. In general discourse, all sorts of things that have a value or will yield a return are vaguely spoken of as capital, while economic writers vary

so widely that the term can hardly be said to have a fixed meaning. The common sense of the term is that of wealth devoted to procuring more wealth.

Land, labor, and capital are the three factors of production. If we remember that capital is thus a term used in contradistinction to land and labor, we at once see that nothing properly included under either one of the latter terms can be properly classed as capital. The term land necessarily includes, not merely the surface of the earth as distinguished from the water and the air, but the whole material universe outside of man himself, for it is only by having access to land, from which his very body is drawn, that man can come into contact with or use nature.

Thus we must exclude from the category of capital everything that may be included either as land or labor. Doing so, there remain only things which are neither land nor labor, but which have resulted from the union of these two original factors of production. Nothing can be properly capital that does not consist of these—that is to say, nothing can be capital that is not wealth.

But is it from ambiguities in the use of this inclusive term wealth that many of the ambiguities which beset the term capital are derived.

As commonly used the word "wealth" is applied to anything having an exchange value. But when used as a term of political economy it must be limited to a much more definite meaning, because many things are commonly spoken of as wealth which in taking account of collective or general wealth cannot be considered as wealth at all. Such things have an exchange value, and are commonly spoken of as wealth, inasmuch as the represent as between individuals, or between sets of individuals, the power of obtaining wealth; but they are not truly wealth, inasmuch as their increase or decrease does not affect the sum of wealth. Such are bonds, mortgages, promissory notes, bank bills, or other stipulations for the transfer of wealth. Such are slaves, whose value represents merely the power of one class to appropriate the earnings of another class. Such are lands, or other natural opportunities, the value of which is but the result of the acknowledgment in favor of certain persons of an exclusive right to their use, and which represents merely the power thus given to the owners to demand a share of the wealth produced by those who use them.

All things which have an exchange value are, therefore, not wealth, in the only sense in which the term can be used in political economy. Only such things can be wealth, the production of which increases and the destruction of which decreases the aggregation of wealth.

But though all capital is wealth, all wealth is not capital. Capital is only a part of wealth—that part, namely, which is devoted to the aid of production.

Now, if, after having thus separated the wealth that is capital from the wealth that is not capital, we look for the distinction between the two classes, we shall not find it to be as to the character, capabilities, or final destination of the things themselves, as has been vainly attempted to draw it; but it seems to me that we shall find it to be as to whether they are or are not in the possession of the consumer. Such articles of wealth as in themselves, in their uses, or in their products, are yet to be exchanged are capital; such articles of wealth as are in the hands of the consumer are not capital.

It is at first glance evident that the economic meaning of the term wages is lost sight of, and attention is concentrated upon the common and narrow meaning of the word, when it is affirmed that wages are drawn from capital. It is plain enough that wages result directly as the product of labor. If, for instance, I devote my labor to gathering birds' eggs or picking wild berries, the eggs or the berries I thus get are my wages.

Next in simplicity to "that original state of things," of which many examples may yet be found, where the whole produce of labor belongs to the laborer, is the arrangement in which the laborer, though working for another person, or with the capital of another person, receives his wages in kind—that is to say, in the things his labor produces. In this case it is as clear as in the case of the self-employing laborer that the wages are really drawn from the product of the labor, and not at all from capital. If I hire a man to gather eggs, to pick berries, or to make shoes, paying him from the eggs, the berries, or the shoes that his labor secures, there can be no question that the source of the wages is the labor for which they are paid.

The next step in the advance from simplicity to complexity is where the wages, though estimated in kind, are paid in an equivalent of something else. For instance, on American whaling ships the custom is not to pay fixed wages, but a "lay," or proportion of the catch. Can anything be clearer than that these wages—this oil and bone which the crew of the whaler have taken—have not been drawn from capital, but are really a part of the produce of their labor?

So far there can be no dispute. Let us now take another step, which will bring us to the usual method of employing labor and paying wages. In San Buenaventura lives a man who makes an excellent living by shooting for their oil and skins the common hair seals which frequent the islands forming the Santa Barbara Channel. When on these sealing expeditions he takes two or three Chinamen along to help him, whom at first he paid wholly in coin. But it seems that the Chinese highly value some of the organs of the seal, which they dry and pulverize for medicine, as well as the long hairs in the whiskers of the male seal, which, when over a certain length, they greatly esteem for some purpose that to outside barbarians is not very clear. And this man soon found that the Chinamen were very willing to take instead of money these parts of the seals killed, so that now, in large part, he thus pays them their wages.

Now, is not what may be seen in all these cases—the identity of wages in money with wages in kind—true of all cases in which wages are paid for productive labor? Is not the fund created by the labor really the fund from which the wages are paid?

It may, perhaps, be said: "There is this difference—where a man works for himself, or where, when working for an employer, he takes his wages in kind, his wages depend upon the result of his labor. Should that, from any misadventure, prove futile, he gets nothing. When he works for an employer, however, he gets his wages anyhow—they depend upon the performance of the labor, not upon the result of the labor." But this is evidently not a real distinction. For on the average the labor that is rendered for fixed wages not only yields the amount of the wages, but more; else employers could make no profit.

Whenever we analyze the facts this will be found to be true. For labor always precedes wages. This is as universally true of wages received by the laborer from an employer as it is of wages taken directly by the laborer who is his own employer.

The payment of wages, therefore, always implies the previous rendering of labor. Now, what does the rendering of labor in production imply? Evidently the production of wealth, which, if it is to be exchanged or used in production, is capital. Therefore, the payment of capital in wages pre-supposes a production of capital by the labor for which the wages are paid. And as the employer generally makes a profit, the payment of wages is, so far as he is concerned, but the return to the laborer of a portion of the capital he has received from the labor.

As the laborer who works for an employer does not get his wages until he has performed the work, his case is similar to that of the depositor in a bank who cannot draw money out until he has put money

in. And as by drawing out what he has previously put in, the bank depositor does not lessen the capital of the bank, neither can laborers by receiving wages lessen even temporarily either the capital of the employed or the aggregate capital of the community.

Here is a blacksmith at his forge making picks. Clearly he is making capital—adding picks to his employer's capital before he draws money from it in wages. Here is a machinist or boiler-maker working on the keelplates of a Great Eastern. Is not he also just as clearly creating value—making capital?

In short, as the payment of wages is always conditioned upon the rendering of labor, the payment of wages in production, no matter how long the process, never involves any advance of capital, or even temporarily lessens capital. And this is obvious in agriculture also. That the creation of value does not take place all at once when the crop is gathered, but step by step during the whole process which the gathering of the crop concludes, and that no payment of wages in the interim lessens the farmer's capital, is tangible enough when land is sold or rented during the process of production, as a plowed field will bring more than an unplowed field, or a field that has been sown more than one merely plowed. It is tangible enough when growing crops are sold, as is sometimes done, or where the farmer does not harvest himself, but lets a contract to the owner of harvesting machinery. It is tangible in the case of orchards and vineyards which, though not yet in bearing, brings prices proportionate to their age. It is tangible in the case of horses, cattle and sheep, which increase in value as they grow toward maturity. And if not always tangible between what may be called the usual exchange points in production, this increase of value as surely takes place with every exertion of labor.

"Yet," it may be said, "in such cases as we have been considering capital is required!" Certainly; I do not dispute that. But it is not required in order to make advances to labor. It is required for quite another purpose. What that purpose is we may readily see.

Capital has never to be set aside for the payment of wages when the produce of the labor for which the wages are paid is exchanged as soon as produced; it is only required when the produce is stored up, or what is to the individual the same thing, placed in the general current of exchanges without being at once drawn against—that is, sold on credit. But the capital thus required is not required for the payment of wages, nor for advances to labor, as it is always represented in the produce of the labor. It is never as an employer of labor that any producer needs capital; when he does need capital, it is because he is not only an employer of labor, but a merchant or speculator in, or an accumulator of, the products of labor. This is generally the case with employers.

But a stumbling block may yet remain, or may recur, in the mind of the reader.

As the plowman cannot eat the furrow, nor a partially completed steam engine aid in any way in producing the clothes the machinist wears, have I not, in the words of John Stuart Mill, "forgotten that the people of a country are maintained and have their wants supplied, not by the produce of present labor, but of past?"

I have already pointed out the fallacy, concealed by an erroneous definition, which underlies the proposition that because food, raiment and shelter are necessary to productive labor, therefore industry is limited by capital. To say that a man must have his breakfast before going to work is not to say that he cannot go to work unless a capitalist furnishes him with a breakfast, for his breakfast may, and in point of fact in any country where there is not actual famine will, come not from wealth set apart for the assistance of production, but from wealth set apart for subsistence.

It seems to me that the proposition that present labor must be

maintained by the produce of past labor will upon analysis prove to be true only in the sense that the afternoon's labor must be performed by the aid of the noonday meal, or that before you eat the hare he must be caught and cooked.

And as a matter of fact, is it not true, in any normal condition of things, that consumption is supported by contemporaneous production?

Here is a luxurious man, who does no productive work either with head or hand, but lives, we say, upon wealth which his father left him securely invested in government bonds. Does his subsistence, as a matter of fact, come from wealth accumulated in the past or from the productive labor that is going on around him? On his table are new-laid eggs, butter churned but a few days before, milk which the cow gave this morning, fish which twenty-four hours ago were swimming in the sea, meat that the butcher boy has just brought in time to be cooked, vegetables fresh from the garden, and fruit from the orchard—in short, hardly anything that has not recently left the hand of the productive laborer (for in this category must be included transporters and distributors as well as those who are engaged in the first stages of production), and nothing that has been produced for any considerable length of time, unless it may be some bottles of old wine. What this man inherited from his father, and on which we say he lives, is not actually wealth at all, but only the power of commanding wealth as others produce it. And it is from this contemporaneous production that his subsistence is drawn.

If we trace the circle of exchange by which work done in the production of a great steam secures to the worker bread, meat, clothes and shelter, we shall find that though between the laborer on the engine and the producers of the bread, meat, etc., there may be a thousand intermediate exchanges, the transaction, when reduced to its lowest terms, really amounts to an exchange of labor between him and them.

Or, to formularize this principle:

The demand for consumption determines the direction in which labor will be expended in production.

We thus see how thoroughly and completely true it is, that in whatever is taken or consumed by laborers in return for labor rendered, there is no advance of capital to the laborers. If I have made jack-knives, and with the wages received have bought wheat, I have simply exchanged jack-knives for wheat—added jack-knives to the existing stock of wealth and taken wheat from it.

As a matter of fact, where there is labor looking for employment, the want of capital does not prevent the owner of land which promises a crop for which there is a demand from hiring it. Either he makes an agreement to cultivate on shares, a common method in some parts of the United States, in which case the laborers, if they are without means of subsistence, will, on the strength of the work they are doing, obtain credit at the nearest store; or, if he prefers to pay wages, the farmer will himself obtain credit, and thus the work done in cultivation is immediately utilized or exchanged as it is done.

I may now be asked, if capital is not required for the payment of wages or the support of labor during production, what, then, are its functions?

Capital increases the power of labor to produce wealth: (1) By enabling labor to apply itself in more effective ways, as by digging up clams with a spade instead of the hand, or moving a vessel by shoveling coal into a furnace, instead of tugging at an oar. (2) By enabling labor to avail itself of the reproductive forces of nature, as to obtain corn by sowing it, or animals by breeding them. (3) By permitting the division of labor, and thus, on the one hand, increasing the efficiency of the human factor of wealth, by the utilization of special capabilities, the acquisition of skill, and the reduction of waste; and

on the other, calling in the powers of the natural factor at their highest by taking advantage of the diversities of soil, climate and situation, so as to obtain each particular species of wealth where nature is most favorable to its production.

That capital may limit the form of industry is clear. Without the factory, there could be no factory operatives; without the sewing machine, no machine sewing; without the plow, no plowman; and without a great capital engaged in exchange, industry could not take the many special forms which are concerned with exchanges.

But to say that capital may limit the form of industry or the productiveness of industry is a very different thing from saying that capital limits industry. It is not to say that there could be no industry without capital; any more than it is to say that without the power loom there could be no weaving; without the sewing machine no sewing; no cultivation without the plow; or that in a community of one, like that of Robinson Crusoe, there could be no labor because there could be no exchange. We can, of course, imagine a community in which the want of capital would be the only obstacle to an increased productiveness of labor, but it is only by imagining a conjunction of conditions that seldom, if ever, occurs, except by accident or as a passing phase. A community in which capital has been swept away by war, conflagration, or convulsion of nature, and, possibly, a community composed of civilized people just settled in a new land, seem to me to furnish the only examples.

If bad government rob the laborer of his capital, if unjust laws take from the producer the wealth with which he would assist production, and hand it over to those who are mere pensioners upon industry, the real limitation to the effectiveness of labor is in misgovernment, and not in want of capital. And so of ignorance, or custom, or other conditions which prevent the use of capital. It is they, not the want of capital, that really constitute the limitation. To give a circular saw to a Terra del Fuegan, a locomotive to a Bedouin Arab, or a sewing machine to a Flathead squaw, would not be to add to the efficiency of their labor.

As, no matter how much water is poured in, there can never be in a bucket more than a bucketful, so no greater amount of wealth will be used as capital than is required by the machinery of production and exchange that under all the existing conditions—intelligence, habit, security, density of population, etc.—best suit the people. And I am inclined to think that as a general rule this amount will be had—that the social organism secretes, as it were, the necessary amount of capital just as the human organism in a healthy condition secretes the requisite fat.

We are thus irresistibly led to practical conclusions so important as amply to justify the pains taken to make sure of them.

If each laborer in performing the labor really creates the fund from which his wages are drawn, then wages cannot be diminished by the increase of laborers, but, on the contrary, as the efficiency of labor manifestly increases with the number of laborers, the more laborers, other things being equal, the higher should wages be.

But this necessary proviso, "other things being equal," brings us to a question which must be considered and disposed of before we can further proceed. That question is, Do the productive powers of nature tend to diminish with the increasing drafts made upon them by increasing population?

POPULATION AND SUBSISTENCE

Behind the theory we have been considering lies a theory we have yet to consider. The current doctrine as to the derivation and law of wages finds its strongest support in a doctrine as generally accepted—

the doctrine to which Malthus has given his name—that population naturally tends to increase faster than subsistence.

The Malthusian doctrine, as at present held, may be thus stated in its strongest and least objectionable form:

That population, constantly tending to increase, must, when unrestrained, ultimately press against the limits of subsistence, not as against a fixed, but as against an elastic barrier, which makes the procurement of subsistence progressively more and more difficult. And thus, wherever reproduction has had time to assert its power, and is unchecked by prudence, there must exist that degree of want which will keep population within the bounds of subsistence.

According to the current doctrine of wages, wages fall as increase in the number of laborers necessitates a more minute division of capital; according to the Malthusian theory, poverty appears as increase in population necessitates the more minute division of subsistence. It requires but the identification of capital with subsistence, and number of laborers with population, an identification made in the current treatises on political economy, where the terms are often converted, to make the two propositions as identical formally as they are substantially.

The great cause of the triumph of this theory is, that, instead of menacing any vested right or antagonizing any powerful interest, it is eminently soothing and reassuring to the classes who, wielding the power of wealth, largely dominate thought. It furnishes a philosophy by which Dives as he feasts can shut out the image of Lazarus who faints with hunger at his door; by which wealth may complacently button up its pocket when poverty asks an alms, and the rich Christian bend on Sundays in a nicely upholstered pew to implore the good gifts of the All Father without any feeling of responsibility for the squalid misery that is festering but a block away. For poverty, want, and starvation are by this theory not chargeable either to individual greed or to social mal-adjustments; they are the inevitable results of universal laws, with which, if it were not impious, it were as hopeless to quarrel as with the law of gravitation.

A theory that, falling in with the habits of thought of the poorer classes, thus justifies the greed of the rich and the selfishness of the powerful, will spread quickly and strike its roots deep. This has been the case with the theory advanced by Malthus. It is indorsed by economists and by statesmen, by historians and by natural investigators; by social science congresses and by trade unions; by churchmen and by materialists; by conservatives of the strictest sect and by the most radical of radicals. It is held and habitually reasoned from by many who never heard of Malthus and who have not the slightest idea of what his theory is.

Nevertheless, as the grounds of the current theory of wages have vanished when subjected to a candid examination; so, do I believe, will vanish the grounds of this, its twin. In proving that wages are not drawn from capital we have raised this Antaeus from the earth.

But when we subject the theory itself to the test of straightforward analysis, it will, I think, be found as utterly untenable as the current theory of wages.

I go to the heart of the matter in saying that there is no warrant, either in experience or analogy, for the assumption that there is any tendency in population to increase faster than subsistence. The facts cited to show this simply show that where, owing to the sparseness of population, as in new countries, or where, owing to the unequal distribution of wealth, as among the poorer classes in old countries, human life is occupied with the physical necessities of existence, the tendency to reproduce is at a rate which would, were it to go on unchecked, some time exceed subsistence. But it is not a legitimate inference from this that the tendency to reproduce would show itself

in the same force where population was sufficiently dense and wealth distributed with sufficient evenness to lift a whole community above the necessity of devoting their energies to a struggle for mere existence. And even if it be admitted that the tendency to multiply must ultimately produce poverty, it cannot from this alone be predicated of existing poverty that is due to this cause, until it be shown that there are no other cause which can account for it—a thing in the present state of government, laws, and customs, manifestly impossible.

It is a fact, that, as we count our increasing millions, we are apt to lose sight of—nevertheless it is a fact—that in what we know of the world's history decadence of population is as common as increase. And in basing our estimates of population upon the development of trade, the advance of the arts, and the size of cities, we are apt to underrate the density of population which the intensive cultivations, characteristic of the earlier civilizations, are capable of maintaining—especially where irrigation is resorted to. As we may see from the closely cultivated districts of China and Europe a very great population of simple habits can readily exist with very little commerce and a much lower stage of those arts in which modern progress has been most marked, and without that tendency to concentrate in cities which modern populations show. And it must be remembered that there have been societies in which the community guaranteed to every member employment and subsistence. In Sparta, in Peru, in Paraguay, as in the industrial communities which appear almost everywhere to have constituted the primitive agricultural organization, there seems to have been an utter ignorance of these dire consequences of a natural tendency.

Besides the broad, general facts I have cited, there are facts of common knowledge which seem utterly inconsistent with such an overpowering tendency to multiplication. If the tendency to reproduce be so strong as Malthusianism supposes, how is it that families so often become extinct—families in which want is unknown? For the solitary example of a family that has survived any great lapse of time, even though assured of subsistence and honor, we must go to unchangeable China. The descendants of Confucius still exist there, and enjoy peculiar privileges and considering, forming, in fact, the only hereditary aristocracy.

Increase of descendants does not show increase of population. It could only do this when the breeding was in and in. Smith and his wife have a son and daughter, who marry respectively some one else's daughter and son, and each have two children. Smith and his wife would thus have four grandchildren; but there would be in the one generation no greater number than in the other—each child would have four grandparents. And supposing this process were to go on, the line of descent might constantly spread out into hundreds, thousands and millions; but in each generation of descendants there would be no more individuals than in any previous generation of ancestors.

Neither in India nor China can poverty and starvation be charged to the pressure of population against subsistence. It is not dense population, but the causes which prevent social organization from taking its natural development and labor from securing its full return, that keep millions just on the verge of starvation, and every now and again force millions beyond it.

So far as our knowledge of facts goes, we may safely deny that the increase of population has ever yet pressed upon subsistence in such a way as to produce vice and misery; that increase of numbers has ever yet decreased the relative production of food. The families of India, China, and Ireland can no more be credited to over-population than the families of sparsely populated Brazil. The vice and misery that come of want can no more be attributed to the niggardliness of Nature than can the six millions slain by the sword of Genghis Khan,

Tamerlane's pyramid of skulls, or the extermination of the ancient Britons or of the aboriginal inhabitants of the West Indies.

To the supreme and final test of facts we can easily bring this theory. Manifestly 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.

I assert that the very reverse of these propositions is true. I assert that in any given state of civilization a greater number of people can collectively be better provided for than a smaller. I assert that the injustice of society, not the niggardliness of nature, is the cause of the want and misery which the current theory attributes to overpopulation. I assert that the new mouths which an increasing population calls into existence require no more food than the old ones, while the hands they bring with them can in the natural order of things produce more. I assert that, other things being equal, the greater the population, the greater the comfort which an equitable distribution of wealth would give to each individual. I assert that in a state of equality the natural increase of population would constantly tend to make every individual richer instead of poorer.

I thus distinctly join issue, and submit the question to the test of facts.

The facts are so patent that it is only necessary to call attention to them. We have, in modern times, seen many communities advance in population. Have they not at the same time advanced even more rapidly in wealth? We see many communities still increasing in population. Are they not also increasing their wealth still faster? Is it not true that while the population of the United States has been doubling every twenty-nine years her wealth has been doubling at much shorter intervals? Is it not true that under similar conditions—that is to say, among communities of similar people in a similar stage of civilization—the most densely populated community is also the richest? Are not the more densely populated Eastern States richer in proportion to population than the more sparsely populated Western or Southern States? Whence is it that capital overflows for remunerative investment? Is it not from densely populated countries to sparsely populated countries?

It may, however, be said that the superior wealth of older countries is due not to superior productive power, but to the accumulations of wealth which the new country has not yet had time to make.

The truth is, that wealth can be accumulated but to a slight degree, and that communities really live, as the vast majority of individuals live, from hand to mouth. It is evident that superior accumulations of wealth can account for greater consumption of wealth only in cases where accumulated wealth is decreasing, and that wherever the volume of accumulated wealth is maintained, and even more obviously where it is increasing, a greater consumption of wealth must imply a greater production of wealth.

And the reason of this is obvious. For, even if the increase of population does reduce the power of the natural factor of wealth, by compelling a resort to poorer soils, etc., it yet so vastly increases the power of the human factor as more than to compensate.

Look simply at the facts. Can anything be clearer than that the cause of the poverty which festers in the centers of civilization is not in the weakness of the productive forces? In countries where poverty is deepest, the forces of production are evidently strong enough, if fully employed, to provide for the lowest not merely comfort but luxury. The industrial paralysis, the commercial depression which curses the civilized world today, evidently springs from no lack of productive power. Whatever be the trouble, it is clearly not in the want of ability to produce wealth.

It is this very fact—that want appears where productive power is greatest and the production of wealth is largest—that constitutes the enigma which perplexes the civilized world, and which we are trying to unravel.

THE LAWS OF DISTRIBUTION

The preceding examination has, I think, conclusively shown that the explanation currently given, in the name of political economy, of the problem we are attempting to solve, is no explanation at all.

So far, we have only increased the perplexities of the problem. We have overthrown a theory which did, in some sort of fashion, explain existing facts; but in doing so we have only made existing facts seem more inexplicable. Nevertheless, even in doing this we have made some progress. Next to finding what we look for, is to discover where it is useless to look. We have at least narrowed the field of inquiry.

It will be necessary to review in its main branches the whole subject of the distribution of wealth. To discover the cause which, as population increases and the productive arts advance, deepens the poverty of the lowest class, we must find the law which determines what part of the produce is distributed to labor as wages. To find the law of wages, or at least to make sure when we have found it, we must also determine the laws which fix the part of the produce which goes to capital and the part which goes to land owners, for as land, labor, and capital join in producing wealth, it is between these three that the produce must be divided.

It is, further, a matter of fact, that in every community which has passed the most primitive stage some portion of the produce is taken in taxation and consumed by government. But it is not necessary, in seeking the laws of distribution, to take this into consideration. We may consider taxation either as not existing, or as by so much reducing the produce.

In all politico-economic works we are told that the three factors in production are land, labor, and capital, and that the whole produce is primarily distributed into three corresponding parts. Three terms, therefore, are needed, each of which shall clearly express one of these parts to the exclusion of the others. Rent, as defined, clearly enough expresses the first of these parts—that which goes to the owners of land. Wages, as defined, clearly enough expresses the second—that part which constitutes the return to labor. But as to the third term—that which should express the return to capital—there is in the standard works a most puzzling ambiguity and confusion.

To read carefully what economists say about the distribution of wealth is to see that, though they correctly define it, wages, as they use it in this connection, is what logicians would call an undistributed term—it does not mean all wages, but only some wages—viz., the wages of manual labor paid by an employer. So other wages are thrown over with the return to capital, and included under the term profits, and any clear distinction between the returns to capital and the returns to human exertion thus avoided.

The laws of the distribution of wealth are obviously laws of proportion, and must be so related to each other that any two being given the third may be inferred. For to say that one of the three parts of a whole is increased or decreased, is to say that one or both of the other parts is, reversely, decreased or increased. If Tom, Dick, and Harry are partners in business, the agreement which fixes the share of one in the profits must at the same time fix either the separate or the joint shares of the other two. To fix Tom's share at forty per cent, is to leave but sixty per cent, to be divided between Dick and Harry. To fix Dick's share at forty per cent and Harry's share at thirty-five per cent is to fix Tom's share at twenty-five per cent.

But between the laws of the distribution of wealth, as laid down in the standard works, there is no such relation. If we fish them out and bring them together, we find them to be as follows:

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

Rent is determined by the margin of cultivation; all lands yielding as rent that part of their produce which exceeds what an equal application of labor and capital could procure from the poorest land in use.

Interest is determined by the equation between the demands of borrowers and the supply of capital offered by lenders. Or, if we take what is given as the law of profits, it is determined by wages, falling as wages rise and rising as wages fall—or, to use the phrase of Mill, by the cost of labor to the capitalist.

Let us, then, seek the true laws of the distribution of the produce of labor into wages, rent, and interest. The proof that we have found them will be in their correlation—that they meet, and relate, and mutually bound each other.

The term rent, in its economic sense—that is, when used, as I am using it, to distinguish that part of the produce which accrues to the owners of land or other natural capabilities by virtue of their ownership—differs in meaning from the word rent as commonly used. In some respects this economic meaning is narrower than the common meaning; in other respects it is wider.

It is narrower in this: In common speech, we apply the word rent to payments for the use of buildings, machinery, fixtures, etc., as well as to payments for the use of land or other natural capabilities; and in speaking of the rent of a house or the rent of a farm, we do not separate the price for the use of the improvements from the price for the use of the bare land. But in the economic meaning of rent, payments for the use of any of the products of human exertion are excluded, and of the lumped payments for the use of houses, farms, etc., only that part is rent which constitutes the consideration for the use of the land—that part paid for the use of buildings or other improvements being properly interest, as it is a consideration for the use of capital.

It is wider in this: In common speech we speak of rent only when owner and user are distinct persons. But in the economic sense there is also rent where the same person is both owner and user. Where owner and user are thus the same person, whatever part of his income he might obtain by letting the land to another is rent, while the return for his labor and capital are that part of his income which they would yield him did he hire instead of owning the land. Rent is also expressed in a selling price. When land is purchased, the payment which is made for the ownership, or right to perpetual use, is rent commuted or capitalized.

Until its ownership will confer some advantage, land has no value. Thus rent or land value does not arise from the productiveness or utility of land. It in no wise represents any help or advantage given to production, but simply the power of securing a part of the results of production.

If one man owned all the land accessible to any community, he could, of course, demand any price or condition for its use that he saw fit; and, as long as his ownership was acknowledged, the other members of the community would have but death or emigration as the alternative to submission to his terms. This has been the case in many communities; but in the modern form of society, the land, though generally reduced to individual ownership, is in the hands of too many different persons to permit the price which can be obtained for its use to be fixed by mere caprice or desire. While each individual owner tries to get all he can, there is a limit to what he can get, which

constitutes the market price or market rent of the land, and which varies with different lands and to different times.

The accepted law of rent, which John Stuart Mill denominates the *pons asinorum* of political economy, is sometimes styled "Ricardo's law of rent," from the fact that although not the first to announce it, he first brought it prominently into notice. It is:

The rent of land is determined by the excess of its produce over that which the same application can secure from the least productive land in use.

Perhaps it may conduce to a fuller understanding of the law of rent to put it in this form: The ownership of a natural agent of production will give the power of appraising so much of the wealth produced by the exertion of labor and capital upon it as exceeds the return which the same application of labor and capital could secure in the least productive occupation in which they freely engage.

Or to put it in algebraic [sic] form:

As Produce=Rent+Wages+Interest.

Therefore, Produce-Rent=Wages+Interest.

The moment this simple relation is recognized, a flood of light streams in upon what was before inexplicable, and seemingly discordant facts range themselves under an obvious law. The increase of rent which goes on in progressive countries is at once seen to be the key which explains why wages and interest fail to increase with increase of productive power. For the wealth produced in every community is divided into two parts by what may be called the rent line, which is fixed by a margin of cultivation, or the return which labor and capital could obtain from such natural opportunities as are free to them without the payment of rent. From the part of the produce below this line wages and interest must be paid. All that is above goes to the owners of land. Thus, where the value of land is low, there may be a small production of wealth, and yet a high rate of wages and interest, as we see in new countries. And, where the value of land is high, there may be a very large production of wealth, and yet a low rate of wages and interest, as we see in old countries. And, where productive power increases, as it is increasing in all progressive countries, wages and interest will be affected, not by the increase, but by the manner in which rent is affected. If the value of land increases proportionately, all the increased production will be swallowed up by rent, and wages and interest will remain as before. If the value of land increases in greater ratio than productive power, rent will swallow up even more than the increase; and while the produce of labor and capital will be much larger, wages and interest will fall. It is only when the value of land fails to increase as rapidly as productive power, that wages and interest can increase with the increase of productive power. All this is exemplified in actual fact.

Having made sure of the law of rent, we have obtained as its necessary corollary the law of wages, where the division is between rent and wages; and the law of wages and interest taken together, where the division is between the three factors. What proportion of the produce is taken as rent must determine what proportion is left for wages, if but land and labor are concerned; or to be divided between wages and interest, if capital joins in the production.

It may be worth while, to say that interest, as an abstract term in the distribution of wealth, differs in meaning from the word as commonly used, in this: That it includes all returns for the use of capital, and not merely those that pass from borrower to lender; and that it excludes compensation for risk, which forms so great a part of what is commonly called interest.

Now, it is evident that the greatest differences in what is ordinarily called interest are due to differences in risk; but it is also evident that between different countries and different times there are also con-

siderable variations in the rate of interest proper. In the United States generally the rate of interest has been higher than in England; and in the newer States of the Union higher than in the older States; and the tendency of interest to sink as society progresses is well marked and has long been noticed. What is the law which will bind all these variations together and exhibit their cause?

What is the reason and justification of interest? Why should the borrower pay back to the lender more than he received? The feeling that interest is the robbery of industry is widespread and growing, and on both sides of the Atlantic shows itself more and more in popular literature and in popular movements.

Why should interest be? Interest, we are told, in all the standard works, is the reward of abstinence. But, manifestly, this does not sufficiently account for it. Abstinence in itself produces nothing. Why, then, should any part of what is produced be claimed for it? If I have a sum of money which I lock up for a year, I have exercised as much abstinence as though I had loaned it. Yet, though in the latter case I will expect it to be returned to me with an additional sum by way of interest, in the former I will have but the same sum, and no increase. But the abstinence is the same. If it be said that in lending it I do the borrower a service, it may be replied that he also does me a service in keeping it safely—a service that under some conditions may be very valuable, and for which I would willingly pay, rather than not have it.

If we were merely to abstain from using it, how much wealth would disappear in a year! And how little would be left at the end of two years! Hence, if more is demanded for abstinence than the safe return of capital, is not labor wronged? Such ideas as these underlie the widespread opinion that interest can accrue only at the expense of labor, and is in fact a robbery of labor which in a social condition based on justice would be abolished.

I am inclined to think that if all wealth consisted but of the inert matter of the universe, and production of working up this inert matter into different shapes, interest would be but the robbery of industry, and could not long exist.

But all wealth is not of the nature of planes, or planks, or money, which has no reproductive power; nor is all production merely the turning into other forms of this inert matter of the universe. It is true that if I put away money, it will not increase. But suppose, instead, I put away wine. At the end of a year I will have an increased value, for the wine will have improved in quality. Or supposing that in a country adapted to them, I set out bees; at the end of a year I will have more swarms of bees, and the honey which they have made. Or, supposing, where there is a range, I turn out sheep, or hogs, or cattle; at the end of the year I will upon the average, also have an increase.

Now what gives the increase in these cases is something which, though it generally requires labor to utilize it, is yet distinct and separable from labor—the active power of nature; the principle of growth, of production, which everywhere characterizes all the forms of that mysterious thing or condition which we call life. And it seems to me that it is this which is the cause of interest, or the increase of capital over and above that due to labor.

Were the quality and capacity of matter everywhere uniform, and all productive power in man, there would be no interest. For interest is not properly a payment made for the use of capital, but a return accruing from the increase of capital. If the capital did not yield an increase, the cases would be few and exceptional in which the owner would get a premium. William would soon find out if it did not pay him to give a plank for the privilege of deferring payment on James' plane.

Primarily, the benefits which arise from use go to labor, and the benefits which arise from increase, to capital. But, inasmuch as the division of labor and the interchangeability of wealth necessitate and imply an averaging of benefits, in so far as these different modes of production correlate with each other, the benefits that arise from one will average with the benefits that arise from the others, for 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.

Let us now turn to the law of interest, keeping in mind two things to which attention has heretofore been called—viz:

First—That it is not capital which employs labor, but labor which employs capital.

Second—That capital is not a fixed quantity, but can always be increased or decreased, (1) by the greater or less application of labor to the production of capital, and (2) by the conversion of wealth into capital, or capital into wealth, for capital being but wealth applied in a certain way, wealth is the larger and inclusive term.

Now, if the vital forces of nature which give an advantage to the element of time be the cause of interest, it would seem to follow that this maximum rate of interest would be determined by the strength of these forces and the extent to which they are engaged in production. But while the reproductive force of nature seems to vary enormously, as, for instance, between the salmon, which spawns thousands of eggs, and the whale, which brings forth a single calf at intervals of years; between the rabbit and the elephant, the thistle and the gigantic redwood, it appears from the way the natural balance is maintained that there is an equation between the reproductive and the destructive forces of nature, which in effect brings the principle of increase to a uniform point. This natural balance man has within narrow limits the power to disturb, and by the modification of natural conditions may avail himself at will of the varying strength of the reproductive force in nature. But when he does so, there arises from the wide scope of his desires another principle which brings about in the increase of wealth a similar equation and balance to that which is effected in nature between the different forms of life. This equation exhibits itself through values. If, in a country adapted to both, I go to raising rabbits and you to raising horses, my rabbits may, until the natural limit is reached, increase faster than your horses. But my capital will not increase faster, for the effect of the varying rates of increase will be to lower the value of rabbits as compared with horses, and to increase the value of horses as compared with rabbits.

So these tendencies, to a great extent, and probably, so far as we have yet gone, completely, balance each other, and preserve the equilibrium which fixes the average increase of capital, or the normal rate of interest.

This natural relation between interest and wages—this equilibrium at which both will represent equal returns to equal exertions—may be stated in a form which suggests a relation of opposition; but this opposition is only apparent. In a partnership between Dick and Harry, the statement that Dick receives a certain proportion of the profits implies that the portion of Harry is less or greater as Dick's is greater or less; but where, as in this case, each gets only what he adds to the common fund, the increase of the portion of the one does not decrease what the other receives.

To sum up, the law of interest is this:

The relation between wages and interest is determined by the average power of increase which attaches to capital from its use in reproductive modes. As rent arises, interest will fall as wages fall, or will be determined by the margin of cultivation.

We have by inference already obtained the law of wages. But to

verify the deduction and to strip the subject of all ambiguities, let us seek the law from an independent starting point.

There is, of course, no such thing as a common rate of wages, in the sense that there is at any given time and place a common rate of interest. Wages, which include all returns received from labor, not only vary with the differing powers of individuals, but, as the organization of society becomes elaborate, very largely as between occupations. Nevertheless, there is a certain general relation between all wages, so that we express a clear and well-understood idea when we say that wages are higher or lower in one time or place than in another. In their degrees, wages rise and fall in obedience to a common law. What is this law?

The principle that men seek to gratify their desires with the least exertion will fix wages at the produce of such at the point of highest natural productiveness open to it. Now, by virtue of the same principle, the highest point of natural productiveness open to labor under existing conditions will be the lowest point at which production continues, for men, impelled by a supreme law of the human mind to seek the satisfaction of their desires with the least exertion, will not expend labor at a lower point of productiveness while a higher is open to them. Thus the wages which an employer must pay will be measured by the lowest point of natural productiveness to which production extends, and wages will rise or fall as this point rises or falls.

Here, then, we have the law of wages, as a deduction from a principle most obvious and most universal. That wages depend upon the margin of cultivation—that they will be greater or less as the produce which labor can obtain from the highest natural opportunities open to it is greater or less, flows from the principle that men will seek to satisfy their wants with the least exertion.

The effect of all the circumstances which give rise to the differences between wages in different occupations may be included as supply and demand, and it is perfectly correct to say that the wages in different occupations will vary relatively according to differences in the supply and demand of labor—meaning by demand the call which the community as a whole makes for services of the particular kind, and by supply the relative amount of labor which, under the existing conditions, can be determined to the performance of those particular services. But the words are meaningless. For supply and demand are but relative terms. The supply of labor can only mean labor offered in exchange for labor or the produce of labor, and the demand for labor can only mean labor or the produce of labor in exchange for labor. Supply is thus demand, and demand supply, and, in the whole community, one must be co-extensive with the other.

The high wages of some occupations must resemble what Adam Smith compares them to, the prizes of a lottery, in which the great gain of one is made up from the losses of many others. This is true not only of the professions, by means of which Smith illustrates the principle, but is largely true of the wages of superintendence in mercantile pursuits, as shown by the fact that over ninety per cent. of the mercantile firms that commence business ultimately fail. The higher wages of those occupations which can be prosecuted only in certain states of the weather, or are otherwise intermittent and uncertain, are also of this class; while differences that arise from hardship, discredit, unhealthiness, etc., imply differences of sacrifice, the increased compensation for which only preserves the level of equal returns for equal exertions.

Although barriers of greater or less difficulty may exist, the amount of labor which can be determined by any particular pursuit is nowhere absolutely fixed. All mechanics could act as laborers, and many laborers could readily become mechanics; all storekeepers could act as shopmen, and many shopmen could easily become storekeepers;

many farmers would, upon inducement, become hunters or miners, fishermen or sailors, and many hunters, miners, fishermen, and sailors know enough of farming to turn their hands to it on demand. In each occupation there are men who unite it with others, or who alternate between occupations, while the young men who are constantly coming in to fill up the ranks of labor are drawn in the direction of the strongest inducements and least resistances. And further than this, all the gradations of wages shade into each other by imperceptible degrees, instead of being separated by clearly defined gulfs. The wages, even of the poorer paid mechanics, are generally higher than the wages of simple laborers, but there are always some mechanics who do not, on the whole, make as much as some laborers; the best paid lawyers receive much higher wages than the best paid clerks but the best paid clerks make more than some lawyers, and in fact the worst paid clerks make more than the worst paid lawyers. Thus, on the verge of each occupation, stand those to whom the inducements between one occupation and another are so nicely balanced that the slightest change is sufficient to determine their labor in one direction or another. Thus, any increase or decrease in the demand for labor of a certain kind cannot, except temporarily, raise wages in that occupation above, nor depress them below, the relative level with wages in other occupations, which is determined by the circumstances previously adverted to, such as relative agreeableness or continuity of employment, etc. Even, as experience shows, where artificial barriers are imposed to this interaction, such as limiting laws, guild regulations, the establishment of caste, etc., they may interfere with, but cannot prevent, the maintenance of this equilibrium. They operate only as dams, which pile up the water of a stream above its natural level, but cannot prevent its flow.

The law of wages we have thus obtained is that which we previously obtained as the corollary of the law of rent, and it completely harmonizes with the law of interest. It is, that:

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 universal facts that without its apprehension seem unrelated and contradictory. It shows that:

Where land is free and labor is unassisted by capital, the whole produce will go to labor as wages.

Where land is free and labor is essential by capital, wages will consist of the whole produce, less that part necessary to induce the storing up of labor as capital.

Where land is subject to ownership and rent arises, wages will be fixed by what labor could secure from the highest natural opportunities open to it without the payment of rent.

Where natural opportunities are all monopolized, wages may be forced by the competition among laborers to the minimum at which laborers will consent to reproduce.

The conclusions we have reached as to the laws which govern the distribution of wealth recast a large and most important part of the science of political economy, as at present taught, overthrowing some of its most highly elaborated theories and shedding a new light on some of its most important problems.

The law of interest and the law of wages which we have substituted for those now taught are necessary deductions from the great law which alone makes any science of political economy possible—the all-compelling law that is as inseparable from the human mind as attraction is inseparable from matter, and without which it would be impossible to pre-see or calculate upon any human action, the most trivial or the most important. This fundamental law, that men seek

to gratify their desires with the least exertion, becomes, when viewed in its relation to one of the factors of production, the law of rent; in relation to one another, the law of interest; and in relation to a third, the law of wages.

We have now obtained a clear, simple, and consistent theory of the distribution of wealth, which accords with first principles and existing facts, and which, when understood, will commend itself as self-evident.

Three things unite to production—labor, capital, and land.

Three parties divide the produce—the laborer, the capitalist, and the land owner.

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

The increase of rent explains why wages and interest do not increase. The cause which gives to the land holder is the cause which denies to the laborer and capitalist.

If production had not passed the simple stage in which all labor is directly applied to the land and all are paid in its produce, the fact that when the land owner takes a larger portion the laborer must put up with a smaller portion could not be lost sight of.

In short, the value of land depending wholly upon the power which its ownership gives of appropriating wealth created by labor, the increase of land values is always at the expense of the value of labor. And, hence, that the increase of productive power does not increase wages, is because it does increase the value of land. Rent swallows up the whole gain and pauperism accompanies progress.

EFFECTS OF MATERIAL PROGRESS UPON THE DISTRIBUTION OF WEALTH

The manner in which increasing population advances rent, as explained and illustrated in current reatyses, is that the increased demand for subsistence forces production to inferior soil or to inferior productive points.

Let us suppose land of diminishing qualities. The best would naturally be settled first, and as population increased production would take in the next lower quality, and so on. But, as the increase of population, by permitting greater economies, adds to the effectiveness of labor, the cause which brought each quality of land successively into cultivation would at the same time increase the amount of wealth that the same quality of labor could produce from it. But it would also do more than this—it would increase the power of producing wealth on all the superior lands already in cultivation.

If we now suppose population still increasing, but between the poorest quality, to be a difference so great that the increased power of labor which comes with the increased population that brings it into cultivation cannot compensate for it—the minimum return to labor will be reduced, and with the rise of rents, wages will fall, not only as a proportion, but as a quantity. But unless the descent in the quality of land is far more precipitous than we can well imagine, or than, I think, ever exists, the average production will still be increased, for the increased effectiveness which comes by reason of the increased population that compels resort to the inferior quality of land attaches to all labor, and the gain in the superior qualities of land will more than compensate for the diminished production on the quality last brought in. The aggregate wealth production, as compared with the aggregate expenditure of labor, will be greater, though its distribution will be more unequal.

An improvement in the method of cultivation which, with the same outlay, will give two crops a year in place of one, or an improvement in tools and machinery which will double the result of labor,

will manifestly, on a particular piece of ground, have the same effect on the produce as a doubling of the fertility of the land. But the difference is in this respect—the improvement in method or in tools can be utilized on any land; but the improvement in fertility can be utilized only on the particular land to which it applies.

Here, let us imagine, is an unbounded savannah, stretching off in unbroken sameness of grass and flower, tree and rill, till the traveler tires of the monotony. Along comes the wagon of the first immigrant. Where to settle he cannot tell—every acre seems as good as every other acre. As to wood, as to water, as to fertility, as to situation, there is absolutely no choice, and he is perplexed by the embarrassment of richness. Tired out with the search for one place that is better than another, he stops—somewhere, anywhere—and starts to make himself a home. The soil is virgin and rich, game is abundant, the streams flash with the finest trout. Nature is at her very best. He has what, were he in a populous district, would make him rich, but he is very poor.

Soon there comes another immigrant. Although every quarter section of the boundless plain is as good as every other quarter section, he is not beset by any embarrassment as to where to settle. Though the land is the same, there is one place that is clearly better for him than any other place, and that is where there is already a settler and he may have a neighbor. He settles by the side of the first comer, whose condition is at once greatly improved, and to whom many things are now possible that were before impossible, for two men may help each other to do things that one man could never do.

Another immigrant comes, and, guided by the same attraction, settles where there are already two. Another, and another, until around our first comer there are a score of neighbors. Labor has now an effectiveness which, in the solitary state, it could not approach. A blacksmith and a wheelwright soon set up shops, and our settler can have his tools repaired for a small part of the labor it formerly cost him. A store is opened and he can get what he wants from it; a post-office, soon added, gives him regular communication with the rest of the world. Then come a cobbler, a carpenter, a harness-maker, a doctor; and a little church soon arises. Satisfaction becomes possible that in the solitary state were impossible.

Go to our settler now, and say to him: "You have so many fruit trees which you planted; so much fencing, such a well, a barn, a house—in short, you have by your labor added so much value to this farm. Your land itself is not quite so good. You have been cropping it, and by and by it will need manure. I will give you the full value of all your improvements if you will give it to me, and go again with your family beyond the verge of settlement." He would laugh at you. His land yields no more wheat or potatoes than before, but it does yield far more of all the necessities and comforts of life.

Population still keeps on increasing, giving greater and greater utility to the land, and more and more wealth to its owner. The town has grown into a city—a St. Louis, a Chicago, or a San Francisco—and still it grows. Production is here carried on upon a great scale, with the best machinery and the most favorable facilities; the division of labor becomes extremely minute, wonderfully multiplying efficiency; exchanges are of such volume and rapidity that they are made with the minimum of friction and loss.

So enormous are the advantages which this land now offers for the application of labor that instead of one man with a span of horses scratching over acres, you may count in places thousands of workers to the acre, working tier on tier, on floors raised one above the other, five, six, seven and eight stories from the ground, while underneath the surface of the earth engines are throbbing with pulsations that exert the force of thousands of horses

All these advantages attach to the land; it is on this land and no other that they can be utilized, for here is the center of population—the focus of exchanges, the market place and workshop of the highest forms of industry.

Our settler, or whoever has succeeded to his right to the land, is now a millionaire. Like another Rip Van Winkle, he may have lain down and slept; still he is rich—not from anything he has done, but from the increase of population. There are lots from which for every foot of frontage the owner may draw more than an average mechanic can earn; there are lots that will sell for more than would suffice to pave them with gold coin. In the principal streets are towering buildings, of granite, marble, iron, and plate glass, finished in the most expensive style, replete with every convenience. Yet they are not worth as much as the land upon which they rest—the same land, in nothing changed, which when our first settler came upon it had no value at all.

Eliminating improvements in the arts, we have seen the effects of increase of population upon the distribution of wealth. Eliminating increase of population, let us now see what effect improvements in the arts of production have upon distribution.

The effect of labor-saving improvements will be to increase the production of wealth. Now, for the production of wealth, two things are required—labor and land. Therefore, the effect of labor-saving improvements will be to extend the demand for land, and wherever the limit of the quality of land in use is reached, to bring into cultivation lands of less natural productiveness, or to extend cultivation on the same lands to a point of lower natural productiveness. And thus, while the primary effect of labor-saving improvements is to increase the power of labor, the secondary effect is to extend cultivation, and, where this lowers the margin of cultivation, to increase rent.

Where production is carried on by the division of labor between individuals, an increase in the power of producing one of the things sought by production in the aggregate adds to the power of obtaining others, and will increase the production of the others, to an extent determined by the proportion which the saving of labor bears to the total amount of labor expended, and by the relative strength of desires.

Nor is the demand for food limited, as in economic reasoning is frequently, but erroneously, assumed. Subsistence is often spoken of as though it were a fixed quantity; but it is fixed only as having a definite minimum. Less than a certain amount will not keep a human being alive, and less than a somewhat larger amount will not keep a human being in good health. But, above this minimum, the subsistence which a human being can use may be increased almost indefinitely.

And, so, every improvement, no matter what it be, which gives to labor the power of producing more wealth, causes an increased demand for land and its direct products, and thus tends to force down the margin of cultivation, just as would the demand caused by an increased population. This being the case, every labor-saving invention, whether it be a steam plow, a telegraph, an improved process of smelting ores, a perfecting printing press, or a sewing machine, has a tendency to increase rent.

Or to state this truth concisely:

Wealth in all its forms being the product of labor applied to land or the products of land, any increase in the power of labor, the demand for wealth being unsatisfied, will be utilized in procuring more wealth, and thus increase the demand for land.

And, as we assign no limits to the progress of invention, neither can we assign any limits to the increase of rent, short of the whole produce.

We have now seen that while advancing population tends to advance rent, so all the causes that in a progressive state of society operate to increase the productive power of labor tend, also, to ad-

vance rent, and not to advance wages or interest. The increased production of wealth goes ultimately to the owners of land in increased rent; and, although, as improvement goes on, advantages may accrue to individuals not land holders, which concentrate in their hands considerable portions of the increased produce, yet there is in all this improvement nothing which tends to increase the general return either to labor or to capital.

But there is a cause, not yet adverted to, which must be taken into consideration fully to explain the influence of material progress upon the distribution of wealth.

That cause is the confident expectation of the future enhancement of land values, which arises in all progressive countries from the steady increase of rent, and which leads to speculation, or the holding of land for a higher price than it would then otherwise bring.

If the land of superior quality as to location were always fully used before land of inferior quality were resorted to, no vacant lots would be left as a city extended, nor would we find miserable shanties in the midst of costly buildings. These lots, some of them extremely valuable, are withheld from use, or from the full use to which they might be put, because their owners, not being able or not wishing to improve them, prefer, in expectation of the advance of land values, to hold them for a higher rate than could now be obtained from those willing to improve them.

But when we reach the limits of the growing city—the actual margin of building, which corresponds to the margin of cultivation in agriculture—we shall not find the land purchasable at its value for agricultural purposes, as it would be were rent determined simply by present requirements; but we shall find that for a long distance beyond the city land bears a speculative value, based upon the belief that it will be required in the future for urban purposes, and that to reach the point at which land can be purchased at a price not based upon urban rent, we must go very far beyond the actual margin of urban use.

If it were possible continuously to reduce wages until zero were reached, it would be possible continuously to increase rent until it swallowed up the whole produces. But as wages cannot be permanently reduced below the point at which laborers will consent to work and reproduce, nor interest below the point at which capital will be devoted to production, there is a limit which restrains the speculative advance of rent. Hence speculation cannot have the same scope to advance rent in countries where wages and interest are already near the minimum, as in countries where they are considerably above it. Yet that there is in all progressive countries a constant tendency in the speculative advance of rent to overpass the limit where production would cease, is, I think, shown by recurring seasons of industrial paralysis—a matter which will be more fully examined in the next section.

THE PROBLEM SOLVED

Our long inquiry is ended. We may now marshal the results.

To begin with the industrial depressions, to account for which so many contradictory and self-contradictory theories are broached.

A consideration of the manner in which the speculative advance in land values cuts down the earnings of labor and capital and checks production leads, I think, irresistibly to the conclusion that this is the main cause of those periodical industrial depressions to which every civilized country, and all civilized countries together, seem increasingly liable.

I do not mean to say that there are not other proximate causes. But given a progressive community, in which population is increasing and one improvement succeeds another, and land must constantly in-

crease in value. This steady increase naturally leads to speculation in which future increase is anticipated, and land values are carried beyond the point at which, under the existing conditions of production, their accustomed returns would be left to labor and capital. Production, therefore, begins to stop.

The period of depression thus ensuing would continue until (1) the speculative advance in rents had been lost; or (2) the increase in the efficiency of labor, owing to the growth of population and the progress of improvement, had enabled the normal rent line to overtake the speculative rent line; or (3) labor and capital had become reconciled to engaging in production for smaller returns. Or, most probably, all three of these causes would cooperate to produce a new equilibrium, at which all the forces of production would again engage, and a season of activity ensue; whereupon rent would begin to advance again, a speculative advance again take place, production again be checked, and the same round be gone over.

These seasons of depression are always preceded by seasons of activity and speculation, and on all hands the connection between the two is admitted—the depression being looked upon as the reaction from the speculation, as the headache of the morning is the reaction from the debauch of the night.

When, with the desire to consume more, there co-exist the ability and willingness to produce more, industrial and commercial paralysis cannot be charged either to overproduction or to overconsumption. Manifestly, the trouble is that production and consumption cannot meet and satisfy each other.

How does this inability arise? It is evidently and by common consent the result of speculation. But of speculation in what?

Certainly not of speculation in things which are the products of labor—in agricultural or mineral productions, or manufactured goods, for the effect of speculation in such things, as is well shown in current treatises that spare me the necessity of illustration, is simply to equalize supply and demand, and to steady the interplay of production and consumption by an action analogous to that of a fly-wheel in a machine.

Therefore, if speculation be the cause of these industrial depressions, it must be speculation in things not the production of labor, but yet necessary to the exertion of labor in the production of wealth—of things of fixed quantity; that is to say, it must be speculation in land.

People want the things the manufacturer makes as much as ever, just as the operatives want the things the storekeeper has to sell. But they do not have as much to give for them. Production has somewhere been checked, and this reduction in the supply of some things has shown itself in cessation of demand for others; the check propagation itself through the whole framework of industry and exchange. Now, the industrial pyramid manifestly rests on the land. The speculative advance in rent, or the value of land, produces the same effects, as what in fact, it is, a lock-out of labor and capital by land owners. This check to production, beginning at the basis of inter-laced industry, propagates itself from exchange point to exchange point, cessation of supply becoming failure of demand, until so to speak the whole machine is thrown out of gear, and the spectacle is everywhere presented of labor going to waste while laborers suffer from want.

When in all trades there is what we call scarcity of employment; when, everywhere, labor wastes, while desire is unsatisfied, must not the obstacle which prevents labor from producing the wealth it needs, lie at the foundation of the industrial structure? That foundation is land. Milliners, optical instrument makers, gilders, and polishers, are not the pioneers of new settlements. Miners did not go to California or Australia because shoemakers, tailors, machinists, and printers were

there. But those trades followed the miners, just as they are now following the gold diggers into the Black Hills and the diamond diggers into South Africa. It is not the storekeeper who is the cause of the farmer, but the farmer who brings the storekeeper. It is not the growth of the city that develops the country, but the development of the country that makes the city grow. And, hence, when, through all trades, men willing to work cannot find opportunity to do so, the difficulty must arise in the employment that creates a demand for all other employments—it must be because labor is shut out from land.

Now, why is it that this unemployed labor cannot employ itself upon the land? Not that the land is all in use. I do not mean to say that every unemployed man can turn farmer or build himself a house, if he had the land; but that enough could and would do so to give employment to the rest. What is it, then, that prevents labor from employing itself on this land? Simply, that it has been monopolized, and is held at speculative prices, based not upon present value, but upon the added value that will come with the future growth of population.

The farmer can sell his crop as soon as it is harvested, and for cash; the great manufacturer must keep a large stock, send his goods long distances to agents, and, generally, sell on time. Thus, as advances and credits are generally from what we may call the secondary, to what we may call the primary industries, it follows that any check to production which proceeds from the latter will not immediately manifest itself in the former. The system of advances and credits constitutes, as it were, an elastic connection, which will give considerably before breaking, but which, when it breaks, will break with a snap.

That the main cause and general course of the recurring paroxysms of industrial depression, which are becoming so marked a feature of modern social life, are thus explained, is, I think, clear. The net result of all these perturbations or wave-like movements is the gradual forcing of wages and interest toward their minimum. These temporary and recurring depressions exhibit, in fact, as was noticed in the opening chapter, but intensifications of the general movement which accompanies material progress.

The great problem, of which these recurring seasons of industrial depression are but peculiar manifestations, is now, I think, fully solved, and the social phenomena which all over the civilized world appall the philanthropist and perplex the statesman, which hang with clouds the future of the most advanced races, and suggest doubts of the reality and ultimate goal of what we have fondly called progress, are now explained.

The reason why, in spite of the increase of productive power, wages constantly tend to a minimum which will give but a bare living, is that, with an increase in productive power, rent tends to even greater increase, thus producing a constant tendency to the forcing down of wages.

And thus robbed of all the benefits of the increase in productive power, labor is exposed to certain effects of advancing civilization which, without the advantages that naturally accompany them, are positive evils, and of themselves tend to reduce the free laborer to the helpless and degraded condition of the slave.

For all improvements which add to productive power as civilization advances consist in, or necessitate, a still further subdivision of labor, and the efficiency of the whole body of laborers is increased at the expense of the independence of the constituents. The individual laborer acquires knowledge of and skill in but an infinitesimal part of the varied processes which are required to supply even the commonest wants.

The simple theory which I have outlined (if indeed it can be called a theory which is but the recognition of the most obvious relations)

explains this conjunction of poverty with wealth, of low wages with high productive power, of degradation amid enlightenment, of virtual slavery in political liberty. It harmonizes, as results flowing from a general and inexorable law, facts otherwise most perplexing, and exhibits the sequence and relation between phenomena that without reference to it are divers and contradictory. It explains why interest and wages are higher in new than in older communities, though the average as well as the aggregate, production of wealth is less. It explains why improvements which increase the productive power of labor and capital increase the reward of neither. It explains what is commonly called the conflict between labor and capital, while proving the real harmony of interest between them. It cuts the last inch of ground from under the fallacies of protection, while showing why free trade fails to benefit permanently the working classes. It explains why want increases with abundance, and wealth tends to greater and greater aggregations. It explains the periodically recurring depressions of industry without recourse either to the absurdity of "over-production" or the absurdity of "over-consumption." It explains the enforced idleness of large numbers of would-be producers, which wastes the productive force of advanced communities, without the absurd assumption that there is too little work to do or that there are too many to do it. It explains the ill effects upon the laboring classes which often follow the introduction of machinery, without denying the natural advantages which the use of machinery gives.

In all our long investigation we have been advancing to this simple truth: That as land is necessary to the exertion of labor in the production of wealth, to command the land which is necessary to labor, is to command all the fruits of labor save enough to enable labor to exist.

The great cause of inequality in the distribution of wealth is inequality in the ownership of land. The ownership of land is the great fundamental fact which ultimately determines the social, the political, and consequently the intellectual and moral condition of a people. And it must be so. For land is the habitation of man, the storehouse upon which he must draw for all his needs, the material to which his labor must be applied for the supply of all his desires; for even the products of the sea cannot be taken, the light of the sun enjoyed, or any of the forces of nature utilized, without the use of land or its products. On the land we are born, from it we live, to it we return again—children of the soil as truly as is the blade of grass or the flower of the field. Take away from man all that belongs to land, and he is but a disembodied spirit. Material progress cannot rid us of our dependence upon land; it can but add to the power of producing wealth from land; and hence, when land is monopolized, it might go on to infinity without increasing wages or improving the condition of those who have but their labor. It can but add to the value of land and the power which its possession gives. Everywhere, in all times, among all peoples, the possession of land is the base of aristocracy, the foundation of great fortunes, the source of power. As said the Brahmins, ages ago—

"To whomsoever the soil at any time belongs, to him belong the fruits of it. White parasols and elephants mad with pride are the flowers of a grant of land."

THE REMEDY

There is but one way to remove an evil—and that is, to remove its cause. Poverty deepens as wealth increases, and wages are forced down while productive power grows, because land, which is the source of all wealth and the field of all labor, is monopolized. To extirpate poverty, to make wages what justice commands they should be, the full earnings of the laborer, we must therefore substitute for the individual owner-

ship of land a common ownership. Nothing else will go to the cause of the evil—in nothing else is there the slightest hope.

This, then, is the remedy for the unjust and unequal distribution of wealth apparent in modern civilization, and for all the evils which flow from it:

We must make land common property.

The laws of the universe are harmonious. And if the remedy to which we have been led is the true one, it must be consistent with justice; it must be practicable of application; it must accord with the tendencies of social development and must harmonize with other reforms.

All this I propose to show. I propose to meet all practical objections that can be raised, and to show that this simple measure is not only easy of application; but that it is a sufficient remedy for all the evils which, as modern progress goes on, arise from the greater and greater inequality in the distribution of wealth—that it will substitute equality for inequality, plenty for want, justice for injustice, social strength for social weakness, and will open the way to grander and nobler advances of civilization.

JUSTICE OF THE REMEDY

When it is proposed to abolish private property in land, the first question that will arise is that of justice. I bow to this arbitrament, and accept this test.

What constitutes the rightful basis of property? Is it not, primarily, the right of a man to himself, to the use of his own powers, to the enjoyment of the fruits of his own exertions?

And for this reason, that which a man makes or produces is his own, as against all the world—to enjoy or to destroy, to use, to exchange, or to give. No one else can rightfully claim it, and his exclusive right to it involves no wrong to anyone else.

Now, this is not only the original source from which all ideas of exclusive ownership arise, but it is necessarily the only source.

What most prevents the realization of the injustice of private property in land is the habit of including all the things that are made the subject of ownership in one category, as property, or, if any distinction is made, drawing the line, according to the unphilosophical distinction of the lawyers, between personal property and real estate, or things movable and things immovable. The real and natural distinction is between things which are the produce of labor and things which are the gratuitous offerings of nature; or, to adopt the terms of political economy, between wealth and land.

The moment this distinction is realized, that moment is it seen that the sanction which natural justice gives to one species of property is denied to the other.

Whatever may be said for the institution of private property in land, it is therefore plain that it cannot be defended on the score of justice.

But it will be said: There are improvements which in time become indistinguishable from the land itself! Very well; then the title to the improvements becomes blended with the title to the land; the individual right is lost in the common right. It is the greater that swallows up the less, not the less that swallows up the greater. Nature does not proceed from man, but man from nature, and it is into the bosom of nature that he and all his works must return again.

Yet, it will be said: As every man has a right to the use and enjoyment of nature, the man who is using land must be permitted the exclusive right to its use in order that he may get the full benefit of his labor. But there is no difficulty in determining where the individual right ends and the common right begins. A delicate and exact test is supplied by value, and with its aid there is no difficulty, no matter

how dense population may become, in determining and securing the exact rights of each, the equal rights of all. The value of land, as we have seen, is the price of monopoly. It is not the absolute, but the relative, capability of land that determines its value.

As for the deduction of a complete and exclusive individual right to land from priority of occupation, that is, if possible, the most absurd ground on which land ownership can be defended. Priority of occupation give exclusive and perpetual title to the surface of a globe on which, in the order of nature, countless generations succeed one another! Had the men of the last generation any better right to the use of this world than we of this? or the men of a hundred years ago? or of a thousand years ago? Had the mound-builders, or the cave-dwellers, the contemporaries of the mastodon and the three-toed horse, or the generations still farther back, who, in dim aeons that we can think of only as geologic periods, followed one another on the earth we now tenant for our little day?

Has the first comer at a banquet the right to turn back all the chairs and claim that none of the other guests shall partake of the food provided, except as they make terms with him? Does the first man who presents a ticket at the door of a theatre, and passes in, acquire by his priority the right to shut the doors and have the performance go on for him alone?

If chattel slavery be unjust, then is private property in land unjust!

For let the circumstances be what they may—the ownership of land will always give the ownership of men, to a degree measured by the necessity (real or artificial) for the use of the land. This is but a statement in different form of the law of rent.

And when that necessity is absolute—when starvation is the alternative to the use of land, then does the ownership of men involved in the ownership of land become absolute.

Place one hundred men on an island from which there is no escape, and whether you make one of these men the absolute owner of the other ninety-nine, or the absolute owner of the soil of the island, will make no difference either to him or to them.

When the idea of individual ownership, which so justly and naturally attaches to things of human production, is extended to land, all the rest is a mere matter of development. The strongest and most cunning easily acquire a superior share in this species of property, which is to be had, not by production, but by appropriation, and in becoming lords of the land they become necessarily lords of their fellow-men. The ownership of land is the basis of aristocracy. It was not nobility that gave land, but the possession of land that gave nobility. All the enormous privileges of the nobility of medieval Europe flowed from their position as the owners of the soil. Where the peasant was made a serf, it was simply by forbidding him to leave the estate on which he was born, thus artificially producing the condition we supposed on the island. In sparsely settled countries this is necessary to produce absolute slavery, but where land is fully occupied, competition may produce substantially the same conditions. Between the condition of the rack-rented Irish peasant and the Russian serf, the advantage was in many things on the side of the serf. The serf did not starve.

Thus the condition of the masses in every civilized country is, or is tending to become, that of virtual slavery under the forms of freedom. And it is probable that of all kinds of slavery this is the most cruel and relentless. For the laborer is robbed of the produce of his labor and compelled to toil for a mere subsistence; but his task-masters, instead of human beings, assume the form of imperious necessities. Labor has become a commodity, and the laborer a machine. There are no masters and slaves, no owners and owned, but only buyers and sellers. The higgling of the market takes the place of every other sentiment.

Our boasted freedom necessarily involves slavery, so long as we recognize private property in land. Until that is abolished, Declarations of Independence and Acts of Emancipation are in vain. So long as one man can claim the exclusive ownership of the land from which other men must live, slavery will exist, and as material progresses on, must grow and deepen!

The truth is, and from this truth there can be no escape, that there is and can be no just title to an exclusive possession of the soil, and that private property in land is a bold, bare, enormous wrong, like that of chattel slavery.

The examination through which we have passed has proved conclusively that private property in land cannot be justified on the ground of utility—that, on the contrary, it is the great cause to which are to be traced the poverty, misery, and degradation, the social disease and the political weakness which are showing themselves so menacingly amid advancing civilization. Expediency, therefore, joins justice in demanding that we abolish it. The consideration that seems to cause hesitation, even on the part of those who see clearly that land by right is common property, is the idea that having permitted land to be treated as private property for so long, we should in abolishing it be doing a wrong to those who have been suffered to base their calculations upon its performance; that having permitted land to be held as rightful property, we should by the resumption of common rights be doing injustice to those who have purchased it with what was unquestionably their rightful property. Thus, it is held that if we abolish private property in land, justice requires that we should fully compensate those who now possess it.

But just in proportion as the interests of the land holders are conserved, just in that proportion must general interests and general rights be disregarded, and if land holders are to lose nothing of their special privileges, the people at large can gain nothing. To buy up individual property rights would merely be to give the land holders in another form a claim of the same kind and amount that their possession of land now gives them: it would be to raise for them by taxation the same proportion of the earnings of labor and capital that they are now enabled to appropriate in rent.

If the land of any country belong to the people of that country, what right, in morality and justice, have the individuals called land owners to the rent? If the land belong to the people, why in the name of morality and justice should the people pay its salable value for their own? If the land belong to the people, why continue to permit land owners to take the rent, or compensate them in any manner for the loss of rent? Consider what rent is. It does not raise spontaneously from land; it is due to nothing that the land owners have done. It represents a value created by the whole community. Let the land holders have, if you please, all that the possession of the land would give them in the absence of the rest of the community. But rent, the creation of the whole community, necessarily belongs to the whole community.

If we apply to this case of *The People vs. The Land Owners* the same maxims of justice that have been formulated by land owners into law, and are applied every day in English and American courts to disputes between man and man, we shall not only think of giving the land holders any compensation for the land, but shall take all the improvements and whatever else they may have as well.

But I do not propose, and I do not suppose that any one else will propose, to go so far. It is sufficient if the people resume the ownership of land. Let the land owners retain their improvements and personal property in secure possession.

APPLICATION OF THE REMEDY

There is a delusion resulting from the tendency to confound the accidental with the essential—a delusion which the law writers have done their best to extend, and political economists generally have acquiesced in, rather than endeavored to expose—that private property in land is necessary to the proper use of land, and that again to make land common property would be to destroy civilization and revert to barbarism.

This delusion may be likened to the idea which, according to Charles Lamb, so long prevailed among the Chinese after the savor of roast pork had been accidentally discovered by the burning down of Ho-ti's hut—that to cook a pig it was necessary to set fire to a house. While there is no more necessity for making a man the absolute and exclusive owner of land, in order to induce him to improve it, than there is of burning down a house in order to cook a pig; while the making of land private property is as rude, wasteful, and uncertain a device for securing improvement, as the burning of a house is a rude, wasteful, and uncertain device for roasting a pig, we have not the excuse for persisting in the one that Lamb's Chinamen had for persisting in the other. Until the sage arose who invented the rude gridiron, which according to Lamb, preceded the spit and oven, no one had known or heard of a pig's being roasted, except by a house being burned. But among us, nothing is more common than for land to be improved by those who do not own it. The greater part of the land of Great Britain is cultivated by tenants, the greater part of the buildings of London are built upon leased ground, and even in the United States the same system prevails everywhere to a greater or less extent. Thus it is a common matter for use to be separated from ownership.

Would not all this land be cultivated and improved just as well if the rent went to the State or municipality, as now, when it goes to private individuals? If no private ownership in land were acknowledged, but all land were held in this way, the occupier or user paying rent to the State, would not land be used and improved as well and as securely as now? There can be but one answer: Of course it would. Then would the resumption of land as common property in nowise interfere with the proper use and improvement of land.

It is not the magic of property, as Arthur Young said, that has turned Flemish sands into fruitful fields. It is the magic of security to labor. This can be secured in other ways than making land private property, just as the heat necessary to roast a pig can be secured in other ways than by burning down houses. The mere pledge of an Irish landlord that for twenty years he would not claim in rent any share in their cultivation induced Irish peasants to turn a barren mountain into gardens; on the mere security of a fixed ground rent for a term of years the most costly buildings of such cities as London and New York are erected on leased ground. If we give improvers such security, we may safely abolish private property in land.

So far from the recognition of private property in land being necessary to the proper use of land, the contrary is the case. Treating land as private property stands in the way of its proper use. Were land treated as public property it would be used and improved as soon as there was need for its use or improvement, but being treated as private property, the individual owner is permitted to prevent others from using or improving what he cannot or will not use or improve himself. In the thickly settled parts of the United States there is enough land to maintain three or four times our present population, lying unused, because its owners are holding it for higher prices, and immigrants are forced past this unused land to seek homes where their labor will be far less productive. In every city valuable lots may be seen lying vacant for the same reason. If the best use of land be

the test, then private property in land is condemned, as it is condemned by every other consideration. It is as wasteful and uncertain a mode of securing the proper use of land as the burning down of houses is of roasting pigs.

We have weighed every objection, and seen that neither on the ground of equity or expediency is there anything to deter us from making land common property by confiscating rent.

But a question of method remains. How shall we do it?

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.

But such a plan, though perfectly feasible, does not seem to me the best. Or rather, I propose to accomplish the same thing in a simpler, easier, and quieter way, than that of formally confiscating all the land and formally letting it out to the highest bidders.

I do not propose either to purchase or to confiscate private property in land. The first would be unjust; the second, needless. Let the individuals who now hold it still retain, if they want to, possession of what they are pleased to call *their* land. Let them continue to call it *their* land. Let them buy and sell, and bequeath and devise it. We may safely leave them the shell, if we take the kernel. *It is not necessary to confiscate land; it is necessary only to confiscate rent.*

We already take some rent in taxation. We have only to make some changes in our modes of taxation to take it all.

What I, therefore, propose, as the simple yet sovereign remedy, which will raise wages, increase the earnings of capital, extirpate pauperism, poverty, give remunerative employment to whoever wishes it, afford free scope to human powers, lessen crime, elevate morals, taste, and intelligence, purify government and carry civilization to yet nobler heights, is—to appropriate rent by taxation.

In this way the State may become the universal landlord without calling herself so, and without assuming a single new function. In form, the ownership of land would remain just as now. No owner of land need be dispossessed, and no restriction need be placed upon the amount of land any one could hold. For, rent being taken by the State in taxes, land, no matter in whose name it stood, or in what parcels it was held, would be really common property, and every member of the community would participate in the advantages of its ownership.

Now, inasmuch as the taxation of rent, or land values, must necessarily be increased just as we abolish other taxes, we may put the proposition into practical form by proposing—

To abolish all taxation save that upon land values.

The best tax by which public revenues can be raised is evidently that which will closest conform to the following conditions:

1. That it bears lightly as possible upon production—so as least to check the increase of the general fund from which taxes must be paid and the community maintained.
2. That it be easily and cheaply collected, and fall as directly as may be upon the ultimate payers—so as to take from the people as little as possible in addition to what it yields the government.
3. That it be certain—so as to give the least opportunity for tyranny or corruption on the part of officials, and the least temptation to law-breaking and evasion on the part of the taxpayers.
4. That it bear equally—so as to give no citizen an advantage or put any at a disadvantage, as compared with others.

1. It is sufficiently evident that with regard to production, the tax upon the value of land is the best tax that can be imposed. Tax manufacturers, and the effect is to check manufacturing; tax improve-

ments, and the effect is to lessen improvement; tax commerce, and the effect is to prevent exchange; tax capital, and the effect is to drive it away. But the whole value of land may be taken in taxation, and the only effect will be to stimulate industry, to open new opportunities to capital, and to increase the production of wealth.

2. With, perhaps, the exception of certain licenses and stamp duties which may be made almost to collect themselves, but which can be relied on for only a trivial amount of revenue, a tax upon land values can, of all taxes, be most easily and cheaply collected. For land cannot be hidden or carried off; its value can be readily ascertained, and the assessment once made, nothing but a receiver is required for collection.

3. But there is no necessity of resorting to any arbitrary assessment. The tax on land values, which is the least arbitrary of taxes, possesses in the highest degree the element of certainty. It may be assessed and collected with a definiteness that partakes of the immovable and unconcealable character of the land itself. Taxes levied on land may be collected to the last cent, and though the assessment of land is now often unequal, yet the assessment of personal property is far more unequal, and these inequalities in the assessment of land largely arise from the taxation of improvements with land, and from the demoralization that, springing from the causes to which I have referred, affects the whole scheme of taxation. Were all taxes placed upon land values, irrespective of improvements, the scheme of taxation would be so simple and clear, and public attention would be so directed to it, that the valuation of taxation could and would be made with the same certainty that a real estate agent can determine the price a seller can get for a lot.

4. The tax upon land values is the most just and equal of all taxes. It falls only upon those who receive from society a peculiar and valuable benefit, and upon them in proportion to the benefit they receive. It is the taking by the community for the use of the community, of that value which is the creation of the community. It is the application of the common property to common uses. When all rent is taken by taxation for the needs of the community, then will the equality ordained by nature be attained. No citizen will have an advantage over any other citizen save as is given by his industry, skill, and intelligence; and each will obtain what he fairly earns. Then, but not till then, will labor get its full reward, and capital its natural return.

EFFECTS OF THE REMEDY

The older Mirabeau, we are told, ranked the proposition of Quesnay, to substitute one single tax on rent (the *impôt unique*) for all other taxes, as a discovery equal in utility to the invention of writing or the substitution of the use of money for barter.

Consider the effect upon the production of wealth.

To abolish the taxation which, acting and reacting, now hampers every wheel of exchange and presses upon every form of industry, would be like removing an immense weight from a powerful spring. Imbued with fresh energy, production would start into new life, and trade would receive a stimulus which would be felt to the remotest arteries. The present method of taxation operates upon exchange like artificial deserts and mountains; it costs more to get goods through a custom house than it does to carry them around the world. It operates upon energy, and industry, and skill, and thrift, like a fine upon those qualities.

To abolish these taxes would be to lift the whole enormous weight of taxation from productive industry. The needle of the seamstress and the great manufactory; the cart-horse and the locomotive; the fishing boat and the steamship; the farmer's plow and the merchant's

stock, would be alike untaxed. All would be free to make or to save, to buy or to sell, unfined by taxes, unannoyed by the tax-gatherer.

And will not the community gain by thus refusing to kill the goose that lays the golden eggs; by thus refraining from muzzling the ox that treadeth out the corn; by thus leaving to industry, and thrift, and skill, their natural reward, full and unimpaired? For there is to the community also a natural reward. The law of society is each for all, as well as all for each. No one can keep to himself the good he may do, any more than he can keep the bad. Every productive enterprise, besides its return to those who undertake it, yields collateral advantages to others.

And to shift the burden of taxation from production and exchange to the value or rent of land would not merely be to give new stimulus to the production of wealth; it would be to open new opportunities. For under this system no one would care to hold land unless to use it, and land now withheld from use would everywhere be thrown open to environment.

The selling price of land would fall; land speculation would receive its death blow; land monopolization would no longer pay.

For this simple device of placing all taxes on the value of land would be in effect putting up the land at auction to whomsoever would pay the highest rent to the state. The demand for land fixes its value, and hence, if taxes were placed so as very nearly to consume that value, the man who wished to hold land without using it would have to pay very nearly what it would be worth to any one who wanted to use it.

With natural opportunities thus free to labor; with capital and improvements exempt from tax, and exchange released from restrictions, the spectacle of willing men unable to turn their labor into things they are suffering for would become impossible; the recurring paroxysms which paralyze industry would cease; every wheel of production would be set in motion; demand would keep pace with supply, and supply with demand; trade would increase in every direction, and wealth augment on every hand.

But great as they thus appear, the advantages of a transference of all public burdens to a tax upon the value of land cannot be fully appreciated until we consider the effect upon the distribution of wealth.

We have seen that wages and interest must everywhere be fixed by the rent or margin of cultivation—that is to say, by the reward which labor and capital can secure on land for which no rent is paid; that the aggregate amount of wealth, which the aggregate of labor and capital employed in production will receive, will be the amount of wealth produced (or rather, when we consider taxes, the net amount), minus what is taken as rent.

Now, it is evident that to take rent in taxation for public purposes, which virtually abolishes private ownership in land, would be to destroy the tendency to an absolute decrease in wages and interest, by destroying the speculative monopolization of land and the speculative increase in rent. It would be very largely to increase wages and interest, by throwing open natural opportunities now monopolized and reducing the price of land. Labor and capital would thus not merely gain what is now taken from them in taxation, but would gain by the positive decline in rent caused by the decrease in speculative land values. A new equilibrium would be established, at which the common rate of wages and interest would be much higher than now.

If it were possible to express in figures the direct pecuniary loss which society suffers from the social maladjustments which condemn large classes to poverty and vice, the estimate would be appalling. But the increase in wages, and the opening of new avenues of employment which would result from the appropriation of rent to public

purposes, would not merely stop these wastes and relieve society of these enormous losses; new power would be added to labor. It is but a truism that labor is most productive where its wages are largest. Poorly paid labor is inefficient labor, the world over.

Who can say to what infinite powers the wealth-producing capacity of labor may not be raised by social adjustments which will give to the producers of wealth their fair proportion of its advantages and enjoyments?

When it is first proposed to put all taxes upon the value of land, and thus confiscate rent, all land holders are likely to take the alarm, and there will not be wanting appeals to the fears of small farm and homestead owners, who will be told that this is a proposition to rob them of their hard-earned property. But a moment's reflection will show that this proposition should commend itself to all whose interests as land holders do not largely exceed their interests as laborers or capitalists, or both.

The working farmer is both a laborer and a capitalist, as well as a land owner, and it is by his labor and capital that his living is made. His loss would be nominal; his gain would be real and great.

In varying degrees is this true of all land holders. Many land holders are laborers of one sort or another. And it would be hard to find a land owner not a laborer, who is not also a capitalist—while the general rule is, that the larger the land owner the greater the capitalist.

Wealth would not only be enormously increased; it would be equally distributed. I do not mean that each individual would get the same amount of wealth. That would not be equal distribution, so long as different individuals have different powers and different desires. But I mean that wealth would be distributed in accordance with the degree in which the industry, skill, knowledge, or prudence of each contributed to the common stock. The great cause which concentrates wealth in the hands of those who do not produce, and take it from the hands of those who do, would be gone. The inequalities that continued to exist would be those of nature, not the artificial inequalities produced by the denial of natural law. The non-producer would no longer roll in luxury while the producer got but the barest necessities of animal existence.

The monopoly of the land gone, there need be no fear of large fortunes. For then the riches of any individual must consist of wealth, properly so-called—of wealth, which is the product of labor, and which constantly tends to dissipation, for natural debts, I imagine, would not long survive the abolition of the system from which they spring. All fear of great fortunes might be dismissed, for when every one gets what he fairly earns, no one can get more than he fairly earns. How many men are there who fairly earn a million dollars?

To some main features of the social changes brought about by taxation of land values only, let me now call attention.

Noticeable among these is the great simplicity which would become possible in government. To collect taxes, to prevent and punish evasions, to check and countercheck revenues drawn from so many distinct sources, now make up probably three-fourths, perhaps seven-eighths of the business of government, outside of the preservation of order, the maintenance of the military arm, and the administration of justice. An immense and complicated network of governmental machinery would thus be dispensed with.

In the administration of justice there would be a like saving of strain. Much of the civil business of our courts arises from disputes as to ownership of land. These would cease when the state was virtually acknowledged as the sole owner of land, and all occupiers became practically rent-paying tenants. The growth of morality consequent upon the cessation of want would tend to a like diminution in other civil business of the courts, which could be hastened by the adoption

of the common sense proposition of Bentham to abolish all laws for the collection of debts and the enforcement of private contracts. The rise of wages, the opening of opportunities for all to make an easy and comfortable living, would at once lessen and would soon eliminate from society the thieves, swindlers, and other classes of criminals who spring from the unequal distribution of wealth. Thus the administration of the criminal law, with all its paraphernalia of policemen, detectives, prisons, and penitentiaries, would, like the administration of the civil law, cease to make such a drain upon the vital force and attention of society. We should get rid, not only of many judges, bailiffs, clerks and prison keepers, but of the great host of lawyers who are now maintained at the expense of producers; and talent now wasted in legal subtleties would be turned to higher pursuits.

Give labor a free field and its full earnings; take for the benefit of the whole community that fund which the growth of the community creates, and want and the fear of want would be gone. The springs of production would be set free, and the enormous increase of wealth would give the poorest ample comfort. Men would no more worry about finding employment than they worry about finding air to breathe; they need have no more care about physical necessities than do the lilies of the field. The progress of science, the march of invention, the diffusion of knowledge, would bring their benefits to all.

With this abolition of want and the fear of want, the admiration of riches would decay, and men would seek the respect and approbation of their fellows in other modes than by the acquisition and display of wealth. In this way there would be brought to the management of public affairs, and the administration of common funds, the skill, the attention, the fidelity, and integrity that can now be secured only for private interests, and a railroad or gas works might be operated on public account, not only more economically and efficiently than as at present, under joint stock management, but as economically and efficiently as would be possible under a single ownership. The prize of the Olympian games, that called forth the most strenuous exertions of all Greece, was but a wreath of wild olive; for a bit of ribbon men have over and over again performed services no money could have bought.

In society, as at present constituted, men are greedy of wealth because the conditions of distribution are so unjust that instead of each being sure of enough, many are certain to be condemned to want. It is the "devil catch the handmost" of present social adjustments that causes the race and scramble for wealth, in which all considerations of justice, mercy, religion, and sentiment are trampled under foot; in which men forget their own souls, and struggle to the very verge of the grave for what they cannot take beyond. But an equitable distribution of wealth, that would exempt all from the fear of want, would destroy the greed of wealth, just as in polite society the greed of food has been destroyed.

But it may be said, to banish want and the fear of want would be to destroy the stimulus to exertion; men would become simply idlers, and such a happy state of general comfort and content would be the death of progress. This is the old slaveholders' argument, that men can be driven to labor only with the lash. Nothing is farther from the truth.

Want might be banished, but desire would remain. Man is the unsatisfied animal. He has begun to explore, and the universe lies before him. Each step that he takes opens new vistas and kindles new desires. He is the constructive animal; he builds, he improves, he invents, and puts together, and the greater the thing he does, the greater the thing he wants to do.

It is not labor in itself that is repugnant to man; it is not the

natural necessity for exertion which is a curse. It is only labor which produces nothing—exertion of which he cannot see the results.

The fact is that the work which improves the condition of mankind, the work which extends knowledge and increases power, and enriches literature, and elevates thought, is not done to secure a living. It is not the work of slaves, driven to their task either by the lash of a master or by animal necessities. It is the work of men who perform it for its own sake, and not that they may get more to eat or drink, or wear, or display. In a state of society where want was abolished, work of this sort would be enormously increased.

To remove want and the fear of want, to give to all classes leisure, and comfort, and independence, the decencies and refinements of life, the opportunities of mental and moral development, would be like turning water into a desert. The sterile waste would clothe itself with verdure, and the barren places where life seemed banned would ere long be dappled with the shade of trees and musical with the song of birds. Talents now hidden, virtues unsuspected, would come forth to make human life richer, fuller, happier, nobler.

Consider the possibilities of a state of society that gave that opportunity to all. Let imagination fill out the picture; its colors grow too bright for words to paint. Consider the moral elevation, the intellectual activity, the social life. Consider how by a thousand actions and interactions the members of every community are linked together, and how in the present condition of things even the fortunate few who stand upon the apex of the social pyramid must suffer, though they know it not, from the want, ignorance, and degradation that are underneath. Consider these things and then say whether the change I propose would not be for the benefit of every one—even the greatest land holder? Would he not be safer of the future of his children in leaving them penniless in such a state of society than in leaving them the largest fortune in this? Did such a state of society anywhere exist, would he not buy entrance to it cheaply by giving up all his possessions?

I have now traced to their source social weakness and disease. I have shown the remedy. I have covered every point and met every objection. But the problems that we have been considering, great as they are, pass into problems greater yet—into the grandest problems with which the human mind can grapple.

THE LAW OF HUMAN PROGRESS

If the conclusions at which we have arrived are correct, they will fall under a larger generalization.

Let us, therefore, recommence our inquiry from a higher standpoint, whence we may survey a wider field.

What is the law of human progress?

However man may have originated, all we know of him is as man—just as he is now to be found. By whatever bridge he may have crossed the wide chasm which now in any lower condition than that in which savages are still to be met, separates him from the brutes, there remain of it no vestiges. Between the lowest savages of whom we know and the highest animals, there is an irreconcilable difference—a difference not merely of degree, but of kind. Many of the characteristics, actions, and emotions of man are exhibited by the lower animals; but man, no matter how low in the scale of humanity, has never yet been found destitute of one thing of which no animal shows the slightest trace, a clearly recognizable but most undefinable something, which gives him the power of improvement—which makes him the progressive animal.

We know of no animal that uses clothes, that cooks its food, that makes itself tools or weapons, that breeds other animals that it wishes to eat, or that has an artificial language. But men who do not do

such things have never yet been found, or heard of, except in fable. That is to say, man, wherever, we know him, exhibits this power—of supplementing what nature has done for him by what he does for himself; and, in fact, so inferior is the physical endowment of man, that there is no part of the world, save perhaps some of the small islands of the Pacific, where without this faculty he could maintain an existence.

The varying degrees in which this faculty is used cannot be ascribed to differences in original capacity—the most highly improved peoples of the present day were savages within historic times, and we meet with the widest differences between peoples of the same stock. Nor can they be wholly ascribed to differences in physical environment—the cradles of learning and the arts are now in many cases tenanted by barbarians, and within a few years great cities rise on the hunting grounds of wild tribes.

Beyond perhaps the veriest rudiments, it becomes possible for man to improve only as he lives with his fellows. All these improvements, therefore, in man's powers and condition we summarize in the term civilization. Men improve as they become civilized, or learn to co-operate in society.

What is the law of this improvement? By what common principle can we explain the different stages of civilization at which different communities have arrived?

The view which now dominates the world of thought is this: That the struggle for existence, just in proportion as it becomes intense, impels men to new efforts and inventions. That this improvement and capacity for improvement is fixed by hereditary transmission, and extended by the tendency of the best adapted individual, or most improved individual, to survive and propagate among individuals, and of the best adapted, or most improved tribe, nation, or race to survive in the struggle between social aggregates. On this theory the differences between man and the animals, and differences in the relative progress of men, are now explained as confidently, and all but as generally, as a little while ago they were explained upon the theory of special creation and divine interposition.

The practical outcome of this theory as in a sort of hopeful fatalism, of which current literature is full. In this view, progress is the result of forces which work slowly, steadily and remorselessly, for the elevation of man. War, slavery, tyranny, superstition, famine and pestilence, the want and misery which fester in modern civilization, are the impelling causes which drive man on, by eliminating poorer types and extending the higher; and hereditary transmission is the power by which advances are fixed, and past advances made the footing for new advances. The individual is the result of changes thus impressed upon and perpetuated through a long series of past individuals, and the social organization takes its form from the individuals of which it is composed. We have reached such a point that progress seems to be natural with us, and we look forward confidently to the greater achievements of the coming race—some even holding that the progress of science will finally give men immortality and enable them to make bodily the tour not only of the planets, but of the fixed stars, and at length to manufacture suns and systems for themselves.

But without soaring to the stars, the moment that this theory of progression, which seems so natural to us amid an advancing civilization, looks around the world, it comes against an enormous fact—the fixed, petrified civilizations. The majority of the human race to-day have no idea of progress; the majority of the human race to-day look (as until a few generations ago our own ancestors looked) upon the past as the time of human perfection.

If progress be the result of fixed laws, inevitable and eternal, which impel men forward, how shall we account for this?

But it is not merely these arrested civilizations that the current theory of development fails to account for. It is not merely that men have gone so far on the path of progress and then stopped; it is that men have gone far on the path of progress and then gone back. Every civilization that the world has yet seen has had its period of vigorous growth, of arrest and stagnation; its decline and fall.

In truth, nothing could be further from explaining the facts of universal history than this theory that civilization is the result of a course of natural selection which operates to improve and elevate the powers of man.

Not merely the general rule, but *the universal rule*, is the reverse of this. The earth is the tomb of the dead empires, no less than of dead men. Instead of progress' fitting men for greater progress, every civilization that was in its own time as vigorous and advancing as ours is now, has of itself come to a stop. Over and over again, art has declined, learning sunk, power waned, population become sparse, until the people who had built great temples and mighty cities, turned rivers and pierced mountains, cultivated the earth like a garden and introduced the utmost refinement into the minute affairs of life, remained but in a remnant of squalid barbarians, who had lost even the memory of what their ancestors had done, and regarded the surviving fragments of their grandeur as the work of genii, or of the mighty race before the flood.

Civilizations have died and made no sign, and hard-won progress has been lost to the race forever, but, even if it be admitted that each wave of progress has made possible a higher wave and each civilization passed the torch to a greater civilization, the theory that civilization advances by changes wrought in the nature of man fails to explain the facts; for in every case it is not the race which has been educated and hereditarily modified by the old civilization that begins the new, but a fresh race coming from a lower level. It is the barbarians of the one epoch who have been the civilized men of the next; to be in their turn succeeded by fresh barbarians.

This universal fact, the moment that it is recognized, disposes of the theory that progress is by hereditary transmission. Looking over the history of the world, the line of greatest advance does not coincide for any length of time with any line of heredity. On any particular line of heredity, retrogression seems always to follow advance.

Shall we therefore say that there is a national or race life, as there is an individual life—that every social aggregate has, as it were, a certain amount of energy, the expenditure of which necessitates decay? An analogy may be drawn between the life of a society and the life of a solar system upon the nebular hypothesis. As the heat and light of the sun are produced by the aggregation of atoms evolving motion; which finally ceases when the atoms at length come to a state of equilibrium or rest, and a state of immobility succeeds, which can be broken in to again only by the impact of external forces, which reverse the process of evolution, integrating motion and dissipating matter in the form of gas, again to evolve motion by its condensation; so, it may be said, does the aggregation of individuals in a community evolve a force which produces the light and warmth of civilization, but when this process ceases and the individual components are brought into a state of equilibrium, assuming their fixed places, petrification ensues, and the breaking up and diffusion caused by an incursion of barbarians is necessary to the recommencement of the process and a new growth of civilization.

But analogies are the most dangerous modes of thought. They may connect resemblances and yet disguise or cover up the truth. And all such analogies are supernatural. While its members are constantly reproduced in all the fresh vigor of childhood, a community cannot grow old, as does a man, by the decay of its powers. While its aggregate

force must be the sum of the forces of its individual components, a community cannot lose vital power unless the vital powers of its components are lessened.

Yet in both the common analogy which likens the life power of a nation to that of an individual, and in the one I have supposed, lurks the recognition of an obvious truth—the truth that the obstacles which finally bring progress to a halt are raised by the course of progress; that what has destroyed all previous civilizations has been the conditions produced by the growth of civilization itself.

In attempting to discover the law of human progress, the first step must be to determine the essential nature of those differences which we describe as difference in civilization.

That the current philosophy, which attributes social progress to changes wrought in the nature of man, does not accord with historical facts, we have already seen. And we may also see, if we consider them, that the difference between communities in different stages of civilization cannot be ascribed to innate differences in the individuals who compose these communities. The influence of heredity, which it is now the fashion to rate so highly, is as nothing compared with the influences which mold the man after he comes into the world.

Take two brothers, the sons of poor parents, brought up in the same home and in the same way. One is put to a rude trade, and never gets beyond the necessity of making a living by hard daily labor; the other, commencing as an errand boy, gets a start in another direction, and becomes finally a successful lawyer, merchant, or politician. At forty or fifty the contrast between them will be striking, and the unreflecting will credit it to the greater natural ability which has enabled the one to push himself ahead. But just as striking a difference in manners and intelligence will be manifested between two sisters, one of whom, married to a man who has remained poor, has her life fretted with petty cares and devoid of opportunities, and the other of whom has married a man whose subsequent position brings her into cultured society and opens to her opportunities which refine taste and expand intelligence.

That, for instance, a large number of criminals and recipients of public relief in New York have been shown to have descended from a pauper three or four generations back is extensively cited as showing hereditary transmission. But it shows nothing of the kind, inasmuch as an adequate explanation of the facts is nearer. Paupers will raise paupers, even if the children be not their own, just as familiar contact with criminals will make criminals of the children of virtuous parents.

These differences are certainly not innate. No baby is born a Methodist or Catholic, to drop its h's or to sound them. All these differences which distinguish different groups or circles are derived from association in these circles.

The Jews have maintained the purity of their blood more scrupulously and for a far longer time than any of the European races, yet I am inclined to think that the only characteristic that can be attributed to this is that of physiognomy, and this is in reality far less marked than is conventionally supposed, as any one who will take the trouble may see on observation. Although they have constantly married among themselves, the Jews have everywhere been modified by their surroundings—the English, Russian, Polish, German, and Oriental Jews differing from one another in many respects as much as do the other people of those countries. Yet they have much in common, and have everywhere preserved their individuality. The reason is clear. It is the Hebrew religion—and certainly religion is not transmitted by generation, but by association—which has everywhere preserved the distinctiveness of the Hebrew race. Thus has been built up and maintained a certain peculiar environment which gives a distinctive character. Jewish intermarriage has been the effect, not the

cause of this. What persecution which stopped short of taking Jewish children from their parents and bringing them up outside of this peculiar environment could not accomplish, will be accomplished by the lessening intensity of religious belief, as is already evident in the United States, where the distinction between Jew and Gentile is fast disappearing.

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

I do not deny the influence of heredity in transmitting peculiarities of the mind in the same way, and possibly to the same degree, as bodily peculiarities are transmitted. But this is the great fact with which we are concerned: That 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.

What, then, is the law of human progress—the law under which civilization advances?

Mind is the instrument by which man advances, and by which each advance is secured and made the vantage ground for new advances. Mental power is, therefore, the motor of progress, and men tend to advance in proportion to the mental power expended in progression—the mental power which is devoted to the extension of knowledge, the improvement of methods, and the betterment of social conditions.

Now mental power is a fixed quantity—that is to say, there is a limit to the work a man can do with his mind, as there is to the work he can do with his body; therefore, the mental power which can be devoted to progress is only what is left after what is required for non-progressive purposes.

Now, as in a separated state the whole powers of man are required to maintain existence, and mental power is set free for higher uses only by the association of men in communities, which permits the division of labor and all the economies which come with the co-operation of increased numbers, association is the first essential of progress. Improvement becomes possible as men come together in peaceful association, and the wider and closer the association, the greater the possibilities of improvement.

Thus *association in equality* is the law of progress.

Here is the law of progress, which will explain all diversities, all advances, all halts, and retrogressions. Men tend to progress just as they come closer together, and by co-operation with each other increase the mental power that may be devoted to improvement, but just as conflict is provoked, or association develops inequality of condition and power, this tendency to progression is lessened, checked, and finally reversed.

Now, warfare is the negation of association. The separation of men into diverse tribes, by increasing warfare, thus checks improvement; while in the localities where a large increase in numbers is possible without much separation, civilization gains the advantage of exemption from tribal war, even when the community as a whole is carrying on warfare beyond its borders. And thus, when small, separated communities exist in a state of chronic warfare which forbids advance, the first step to their civilization is the advent of some conquering tribe or nation that unites these smaller communities into a larger one, in which internal peace is preserved. Where this power of peaceable association is broken up, either by external assaults or internal dissensions, the advance ceases and retrogression begins.

But it is not conquest alone that has separated to promote association, and, by liberating mental power from the necessities of warfare, to promote civilization. Commerce, which is in itself a form of association or co-operation, operates to promote civilization, not only directly,

but by building up interests which are opposed to warfare, and dispelling the ignorance which is the fertile mother of prejudice and animosities.

And so of religion. Though the forms it has assumed and the animosities it has aroused have often sundered men and produced warfare, yet it has at other times been the means of promoting association.

Looking over what we know of the history of the world, we thus see civilization everywhere springing up where men are brought into association, and everywhere disappearing as this association is broken up.

Now, as society grows, the disposition to continue previous social adjustments tends to lodge this collective power, as it arises, in the hands of a portion of the community; and this unequal distribution of the wealth and power gained as society advances tends to produce greater inequality, since aggression grows by what it feeds on, and the idea of justice is blurred by the habitual toleration of injustice.

But the great cause of inequality is in the natural monopoly which is given by the possession of land. And inequality once established, the ownership of land tends to concentrate as development goes on.

A community divided into a class that rules and a class that is ruled—into the very rich and the very poor, may “build like giants and finish like jewelers:” but it will be monuments of ruthless pride and barren vanity, or of a religion turned from its office of elevating man into an instrument for keeping him down. Invention may for awhile to some degree go on; but it will be the invention of refinements in luxury, not the inventions that relieve toil and increase power. In the arcana of temples or in the chambers of court physicians knowledge may still be sought; but it will be hidden as a secret thing, or if it dares come out to elevate common thought or brighten common life, it will be trodden down as a dangerous innovator.

It is in this way that petrification succeeds progress. The advance of inequality necessarily brings improvement to a halt, and as it still persists or provokes unavailing reactions, draws even upon the mental power necessary for maintenance, and retrogression begins.

Modern civilization owes its superiority to the growth of equality with the growth of association.

The law of human progress, what is it but the moral law? Just as social adjustments promote justice, just as they acknowledge the equality of right between man and man, just as they insure to each other the perfect liberty which is bounded only by the equal liberty of every other, must civilization advance. Just as they fail in this, must advancing civilization come to a halt and recede.

THE CENTRAL TRUTH

He would have been a rash man who, when Augustus was changing the Rome of brick to the Rome of marble, when wealth was augmenting and magnificence increasing, when victorious legions were extending the frontier, when manners were becoming more refined, language more polished, and literature rising to higher splendors—he would have been a rash man who then would have said that Rome was entering her decline. Yet such was the case.

And whoever will look may see that though our civilization is apparently advancing with greater rapidity than ever, the same cause which turned Roman progress into retrogression is operating now.

What has destroyed every previous civilization has been the tendency to the unequal distribution of wealth and power. This same tendency, operating with increasing force, is observable in our civilization to-day, showing itself in every progressive community, and with greater intensity the more progressive the community.

To turn a republican government into a despotism the basest and most brutal, it is not necessary formally to change its constitution or abandon popular elections. It was centuries after Caesar before the absolute master of the Roman world pretended to rule other than by authority of a Senate that trembled before him.

Thus in the United States to-day is republican government running the course it must inevitably follow under conditions which cause the unequal distribution of wealth.

Where that course leads is clear to whoever will think. As corruption becomes chronic; as public spirit is lost; as traditions of honor, virtue, and patriotism are weakened; as law is brought into contempt and reforms become hopeless; then in the festering mass will be generated volcanic forces, which shatter and rend when seeming accident gives them vent. Strong, unscrupulous men, rising up upon occasion, will become the exponents of blind popular desires or fierce popular passions, and dash aside forms that have lost their vitality.

I speak of the United States only because the United States is the most advanced of all the great nations. What shall we say of Europe, where dams of ancient law and custom pen up the swelling waters and standing armies weigh down the safety valves, though year by year the fires grow hotter underneath? Europe tends to republicanism under conditions that will not admit of true republicanism—under conditions that substitute for the calm and august figure of Liberty the petroleuse and the guillotine!

Whence shall come the new barbarians? Go through the squalid quarters of great cities, and you may see, even now, their gathering hordes! How shall learning perish? Men will cease to read, and books will kindle fires and be turned into cartridges!

And how the retrogression of civilization, following a period of advance, may be so gradual as to attract no attention at the time; nay, how that decline must necessarily, by the great majority of men, be mistaken for advance, is easily seen.

The really good writer would not find readers; he would be regarded as rude, dry, or dull. And so would the drama decline; not because there was a lack of good plays, but because the prevailing taste became more and more that of a less cultured class, who, of course, regard that which they most admire as the best of its kind. And so, too, of religion; the superstitions which a superstitious people will add to it will be regarded by them as improvements. While, as the decline goes on, the return to barbarism, where it is not in itself regarded as an advance, will seem necessary to meet the exigencies of the times.

What change may come, no mortal man can tell, but that some great change *must* come, thoughtful men begin to feel. The civilized world is trembling on the verge of a great movement. Either it must be a leap forward, which will open the way to advances yet undreamed of, or it must be a plunge downward, which will carry us back toward barbarism.

The reform I have proposed accords with all that is politically, socially, or morally desirable. It has the qualities of a true reform, for it will make all other reforms easier. What is it but the carrying out in a letter and spirit of the truth enunciated in the Declaration of Independence—the “self-evident” truth that is the heart and soul of the Declaration—*“That all men are created equal; that they are endowed by their Creator with certain unalienable rights; that among these are life, liberty and the pursuit to happiness!”*

These rights are denied when the equal right to land—on which and by which men alone can live—is denied. Equality of political rights will not compensate for the denial of the equal right to the bounty of nature. Political liberty, when the equal right to land is denied, becomes as population increases and invention goes on, merely the liberty to

compete for employment at starvation wages. This is the truth that we have ignored.

We honor Liberty in name and in form. We set up her status and sound her praises. But we have not fully trusted her. And with our growth so grow her demands. She will have no half service!

Shall we not trust her?

In our time, as in times before, creep on the insidious forces that, producing inequality, destroy Liberty. On the horizon the clouds begin to lower. Liberty calls to us again. We must follow her further; we must trust her fully. Either we must wholly accept her or she will not stay.

Our primary social adjustment is a denial of justice. In allowing one man to own the land on which and from which other men must live, we have made them his bondsmen in a degree which increases as material progress goes on. This is the subtle alchemy that in ways they do not realize is extracting from the masses in every civilized country the fruits of their weary toil; that is instituting a harder and more hopeless slavery in place of that which has been destroyed; that is bringing political despotism out of political freedom, and must soon transmute democratic institutions into anarchy.

The fiat has gone forth! With steam and electricity, and the new powers of progress, forces have entered the world that will compel us to a higher plane or overwhelm us, as nation after nation, as civilization after civilization, have been overwhelmed before. It is the delusion which precedes destruction that sees in the popular unrest with which the civilized world is feverishly pulsing only the passing effect of ephemeral causes. Between democratic ideas and the aristocratic adjustments of society there is an irreconcilable conflict. Here in the United States, as there in Europe, it may be seen arising. We cannot go on permitting men to vote and forcing them to tramp. We cannot go on educating boys and girls in our public schools and then refusing them the right to earn an honest living.

But if, while there is yet time, we turn to Justice and obey her, if we trust Liberty and follow her, the dangers that now threaten must disappear, the forces that now menace will turn to agencies of elevation. Think of the powers now wasted; of the infinite fields of knowledge yet to be explored; of the possibilities of which the wondrous inventions of this century give us but a hint. With want destroyed; with greed changed to noble passions; with the fraternity that is born of equality taking the place of the jealousy and fear that now array men against each other; with mental power loosed by conditions that give to the humblest comfort and leisure; who shall measure the heights to which our civilization may soar?