

THE STUDY  
FIRST PRESBYTERIAN CHURCH  
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This is the second in a series of letters that I propose writing to you. If for some reason you did not read the first or consigned it to your wastebasket may I urge you both to read and save subsequent letters. It could be, you know, that I have something here that you could profit by reading.

We, upon whom society depends to organize thought and present philosophies which are in harmony with the Christian Tradition, have become involuntarily victims of a conspiracy of silence. Because of that conspiracy, whether deliberate or natural, we have been left to grope our way about the economic maze without plan or pattern to understand its mysteries. That pattern exists. The problem "Why poverty?" has been solved and certain recommendations have been on file for fifty years.

I was a Commissioner to the General Assembly last year. If I am any judge of what the leaders of our great church actually know about this particular analysis and its suggested cure I would say that not one in one hundred ever heard of it much less thoroughly understands it. Our church is moving almost enmasse toward the sort of solutions that have been concocted out of the philosophy of Karl Marx. We reflect the opinions which have laid hold upon the sympathetic and socially minded leaders of this generation. For lack of specific knowledge as to the real cause of poverty we are throwing the weight of our church back of movements that will only bring ruin and slavery to millions.

I entertain no prejudice against Marxian Philosophy because it was atheistic. After the way the established church in many countries behaved this reaction was inevitable. I oppose him because his analysis of the real cause of poverty is wrong and his solution will not make for liberty of action or supply the atmosphere for the recognition of the infinite worth of each individual soul in daily living. The Christian interpretation of life does not permit accepting his recommendations.

In my last letter I recommended that you secure a copy of "Progress and Poverty" by Henry George. I hope you have done so for if I have to rely entirely on my own skill in handling his argument I will be much less able to bring you into a knowledge of what I have seen. That book is a classic and with it handy for reference as I go along I know you will be greatly helped and I will be supported.

Yes, it was written fifty years ago. Then why in this day and age should we hope to find our answers there? Listen. We ministers ought to know that modernity is not the only test of truth. Indeed some of us are more than convinced of this fact. Jesus did his work several years before we were born and we hail Him as the authority of the ages past and yet to come. We should be the last class of men to fall into the error of thinking that a book has to be fresh off the press to deal with fundamental considerations. I once labored under the impression that a book over two years old was out of date. That was one bit of foolishness that Princeton took out of my system. Though I was not a fervent devotee of Alexander Hodge, I did learn to respect the thinking of any man who had long since been "gathered".

Henry George begins by stating the problem that he proposes to solve. To be able to state a problem clearly is often the first step toward a reasonable solution. He does state his problem with startling clearness. It took much thought just to reach the point where he could clearly see what he wanted to prove. His background helped him to see the problem.

As a young man he had walked the streets of New York and Philadelphia looking for work. A depression was on and he had looked in vain. As he looked he observed evidences of the existence of great wealth and also he noted that the mass of laboring people was poor and desperate. Plenty of wealth, but accompanying it, masses suffering from poverty. Why? He had shipped to California hoping to find gold but he was too late. Not too late however to be told tales of how cooks had earned \$20 per day in San Francisco restaurants during the gold rush. Strange, he thought, no evidence of great wealth as yet in lovely homes or great factories, yet, the laboring class was able to demand \$20 for a day's work, and there seemed to be enough for all despite the fact that means for producing wealth were as yet not highly developed. Why?

So the problem shaped itself in his mind. Why, he asked, does poverty seem to deepen and intensify as the means of production are improved and refined? Why is there seemingly less wealth for the people when progress in the arts of production has been achieved? Should not the opposite be true and all men be richly blessed with the products of efficient machines? Why does poverty increase as progress in civilization advances? If you will read the first chapter called "The Problem" you will find some deep and penetrating observations. You can imagine that it was written yesterday it is so apt in its description of modern conditions.

He saw one fact clearly. There seemed to be a wedge which was driven through society. Those on the upper side were increased in wealth beyond all thought of need and those on the lower side found themselves always struggling against minimum wages and able to make but a bare living. Apparently some factor operated to keep wages down to a minimum while the same force made inevitable increasing and unneeded wealth for those who were in a favorable situation. The problem then became "Why do wages tend to a minimum?"

That this is everywhere true is apparent to a careful observer of life. In India the wedge has been driven in as far as it can go. Laborers will not produce or re-produce for a mite less than they now receive. Indeed the wage is far below the point of reason and strength to labor is denied to many. In Europe this has been the story for centuries. Many a social idealist has kicked against the pricks to no avail. Such men, before America was discovered, died in dungeons and were done to death in a multitude of ways. America offered an escape hatch for the distressed people of Europe and here they came with their already developed ideas of democracy and fair play.

Unfortunately for our forefathers, and now for us, they did not understand the true cause of their plight. They had thought they could solve the problem of poverty with political democracy. But alas they conducted their business along the same lines as their European forebears and fell victims of the laws of economics that are as inexorable as the laws of gravity or friction.

Economics had not yet been reduced to a science. None had ever solved the problem of poverty and they could not be expected to know better. But for us to be in the dark there is no excuse. For us to be fumbling with the laws of economic life is a travesty against God who is the essence of truth. This truth has been revealed and both ignorance and prejudice have conspired to fool us into believing this truth to be invalid.

But, perhaps you still say "but this is a new and different world than it was fifty years ago". How could a man writing fifty years ago deal with an age that suffers from giant monopolies and international cartels, is afflicted with interlocking directorates and a maze of holding companies that even the men who set them up cannot understand. Listen! Don't let that cluster of boogey-boos throw you. For all the apparent complexity of this thing called modern business there are only three elemental factors in production. Only three! Other economists to the contrary notwithstanding, who seem to be determined to make it hard, and who try to argue that there are more, you can rest assured that three is the absolute maximum. They are Land, Labor and Capital.

A chemist has to worry about some 80 odd fundamental elements. These may be mixed in countless combinations and the science of chemistry may well develop a few complexities. When we reduce the fundamental elements of economics to three and declare that all actions and interactions are made up of these basic factors we can see that our problem is reduced to relatively simple terms. Some people think Henry

George over-simplified the whole problem. When you understand it you realize this is not a fault but evidence of his genius.

Before we can hope to reason intelligently we must agree as to the precise meaning of the terms that we will employ. College text-books have confused their students by mixing the fundamental elements and so loosely defining their terms as to let one element overlap into another and the other to overlap into a third. In my library I have a book on Elementary Principles of Economics by a widely known economist from one of our great universities. He makes more mistakes in the first forty pages in his book than any professor has a right to make in a lifetime. Yet if I were a student in his class I would probably sit and wonder at the learning of this great economist and believe or try to believe everything he said. If you want to have a good laugh just sit at the feet of Henry George until you get his argument plain and clear and then run through some of the text books that are being used all over America today. Well, when you start checking their mistakes you might be too sick to laugh!

Three factors and three only play a part in the production of wealth. Now, wealth we must define first of all. Despite the declaration of our above mentioned economist land is not wealth. Wealth we must agree is "All material things produced by human labor for the gratification of human desires and having exchange value." Land is not produced by human labor. It has exchange value which is why some men think it must be wealth. When we speak of wealth we are speaking only of those things that man has produced by the application of labor to land and which have certain exchange value.

What then is land? The answer, "the whole material universe outside of man and his products". Whatever was here before man came is land. The sky, the ocean, mineral deposits, oyster beds, soil, forests, water falls etc. Here we must make a clean out distinction between the gifts of nature and the products of man's labor. This is vitally important if we would properly understand the laws of economics.

Next we define labor as "all human exertion which is devoted to the production of wealth." Our professor says that a slave is wealth. We beg to disagree. A slave is a man whose labor is being exploited and we would have to classify him under labor and not under wealth.

Under labor we include all forms of human exertion used in the production of wealth. Management is labor. Salesmen are classified under labor. An architect, hanging his feet on a desk and planning the drawing of a bridge, is classified as labor. Anyone making any contribution in exertion or thought to the production of wealth is rightly considered a laborer.

Capital is "that part of wealth that is devoted to the production of more wealth." All capital is wealth. Note the definition of wealth again. But not all wealth is capital. A horse drawing a milk wagon is capital. A horse drawing a family to church is wealth. Goods on the store shelves is capital. Those same goods in the handbag of a lady going out of the store is wealth.

How about an orchard? Is it land, capital or wealth? It might be all three. That part of the orchard that represents the bare land before cultivation is classified as land. That part which represents the improvement over the bare land represents capital. The bushel of apples just purchased from the farmer to be consumed on your table is wealth. How about a city site? The bare land minus improvements is land. The improvements in business building or factory is capital or if it holds a house in which a family lives it is wealth.

A little practice and one can spot any item in the whole economic picture quickly and can say instantly what it is. Land, labor, capital or wealth.

You have no doubt heard of the complicated maneuver of rolling off a log or know of the exhausting experience of learning to play chopsticks on the piano. Getting your fundamentals clear is just about that difficult.

There you have the three basic factors that produce wealth. Each factor must receive its due. Land receives its due in rent. Labor receives its due in wages. Capital receives its due in interest. There are no other avenues along which wealth is

distributed. Wherever it goes it goes to pay either the owner of land, the doer of work, or the lender or user of capital.

After wealth is produced, who gets it and why? That is our problem. No doubt many economists can explain the law of rent, the law of wages and the law of interest. If we find one of these three getting more than he deserves there should be, and there is a way of preventing this division. There is nothing hard about this problem and we can easily discover where the title to wealth goes. Strange, isn't it, that everybody doesn't know all the answers? But the fact remains that not one person in a thousand has the slightest idea where the money, which merely represents wealth, goes.

Henry George was not the only man who tried to explain the fact of poverty. Other economists had their own ideas and theories. In our next letter we are going to consider some of the false explanations that have cluttered up our text books and made us victims of badly conceived solutions.

One thing this course of study may do for you. It may protect you against those who would lure you down false roads. At least if you know the real truth about these matters you may be saved from wasting time and energy on useless or even dangerous cures.

Faternally yours,

A handwritten signature in cursive script, reading "W. L. Young". The signature is written in dark ink and is positioned to the right of the typed name "W. L. Young".