

PROGRESS & POVERTY:

AN INQUIRY INTO THE

1890
1190
CAUSE OF INDUSTRIAL DEPRESSIONS,

AND OF

INCREASE OF WANT WITH INCREASE OF WEALTH.

THE REMEDY.

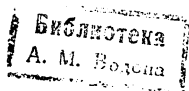
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1884.



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TO THOSE WHO
SEEKING THE VICE AND MISERY THAT SPRING FROM
THE UNEQUAL DISTRIBUTION
OF WEALTH AND PRIVILEGE,
FEEL THE POSSIBILITY OF A HIGHER SOCIAL STATE,
AND WOULD STRIVE FOR ITS ATTAINMENT.

There must be refuge ! Men
Perished in winter winds till one smote fire
From flint stones coldly hiding what they held,
The red spark treasured from the kindling sun ;
They gorged on flesh like wolves, till one sowed corn,
Which grew a weed, yet makes the life of man ;
They mowed and babbled till some tongue struck speech,
And patient fingers framed the lettered sound.
What good gift have my brothers, but it came
From search and strife and loving sacrifice ?

— *Edwin Arnold.*

Never yet
Share of Truth was vainly set
In the world's wide fallow ;
After hands shall sow the seed,
After hands, from hill and mead,
Reap the harvests yellow.

— *Whittier.*



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PREFACE.

THE views herein set forth were in the main briefly stated in a pamphlet entitled "Our Land and Land Policy," published in San Francisco in 1871. I then intended, as soon as I could, to present them more fully, but the opportunity did not for a long time occur. In the meanwhile, I became even more firmly convinced of their truth, and saw more completely and clearly their relations; and I also saw how many false ideas and erroneous habits of thought stood in the way of their recognition, and how necessary it was to go over the whole ground.

This I have here tried to do, as thoroughly as space would permit. It has been necessary for me to clear away before I could build up, and to write at once for those who have made no previous study of such subjects, and for those who are familiar with economic reasonings; and so great is the scope of the argument, that it has been impossible to treat with the fulness they deserve many of the questions raised. What I have most endeavoured to do is to establish general principles, trusting to my readers to carry further their applications where this is needed.

In certain respects this book will be best appreciated by those who have some knowledge of economic literature; but no previous reading is necessary to the understanding of the argument or the passing of judgment upon its conclusions. The facts upon which I have relied are not facts which can only be verified by a search through libraries. They are facts of common observation and common knowledge, which every reader can verify for himself, just as he can decide whether the reasoning from them is or is not valid.

Beginning with a brief statement of facts which suggest this inquiry, I proceed to examine the explanation currently given in the name of political economy of the reason why, in spite of the increase of productive power, wages tend to the minimum of a bare living. This examination shows that the current doctrine of wages is founded upon a misconception; that, in truth, wages are produced by the labour for which they are paid, and should, other things being equal, increase with the number of labourers. Here the inquiry meets a doctrine which is the foundation and centre of most important economic theories, and which has powerfully influenced thought in all directions—the Malthusian doctrine, that population tends to increase faster than subsistence. Examination, however, shows that this doctrine has no real support either in fact or in analogy, and that when brought to a decisive test it is utterly disproved.

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Thus far the results of the inquiry, though extremely important, are mainly negative. They show that current theories do not satisfactorily explain the connection of poverty with material progress, but throw no light upon the problem itself, beyond showing that its solution must be sought in the laws which govern the distribution of wealth. It therefore becomes necessary to carry the inquiry into this field. A preliminary review shows that the three laws of distribution must necessarily correlate with each other, which as laid down by the current political economy they fail to do, and an examination of the terminology in use reveals the confusion of thought by which this discrepancy has been slurred over. Proceeding then to work out the laws of distribution, I first take up the law of rent. This, it is readily seen, is correctly apprehended by the current political economy. But it is also seen that the full scope of this law has not been appreciated, and that it involves as corollaries the laws of wages and interest—the cause which determines what part of the produce shall go to the landowner necessarily determining what part shall be left for labour and capital. Without resting here, I proceed to an independent deduction of the laws of interest and wages. I have stopped to determine the real cause and justification of interest, and to point out a source of much misconception—the confounding of what are really the profits of monopoly with the legitimate earnings of capital. Then returning to the main inquiry, investigation shows that interest must rise and fall with wages, and depends ultimately upon the same thing as rent—the margin of cultivation or point in production where rent begins. A similar but independent investigation of the law of wages yields similar harmonious results. Thus the three laws of distribution are brought into mutual support and harmony, and the fact that with material progress rent everywhere advances is seen to explain the fact that wages and interest do not advance.

What causes this advance of rent is the next question that arises, and it necessitates an examination of the effect of material progress upon the distribution of wealth. Separating the factors of material progress into increase of population and improvements in the arts, it is first seen that increase in population tends constantly, not merely by reducing the margin of cultivation, but by localising the economies and powers which come with increased population, to increase the proportion of the aggregate produce which is taken in rent, and to reduce that which goes as wages and interest. Then eliminating increase of population, it is seen that improvement in the methods and powers of production tend in the same direction, and land being held as private property, would produce in a stationary population all the effects attributed by the Malthusian doctrine to pressure of population. And then a consideration of the effects of the continuous increase in land values which thus springs from material progress reveals in the speculative advance inevitably begotten when land is private property a derivative but most powerful cause of the increase of rent and the crowding down of wages. Deduction shows that this cause must necessarily produce periodical industrial depressions, and induction proves the conclusion; while from the analysis which has thus been made, it is seen that the necessary result of

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material progress, land being private property, is, no matter what the increase in population, to force labourers to wages which give but a bare living.

This identification of the cause that associates poverty with progress points to the remedy, but it is to so radical a remedy that I have next deemed it necessary to inquire whether there is any other remedy. Beginning the investigation again from another starting-point, I have passed in examination the measures and tendencies currently advocated or trusted in for the improvement of the condition of the labouring masses. The result of this investigation is to prove the preceding one, as it shows that nothing short of making land common property can permanently relieve property and check the tendency of wages to the starvation-point.

The question of justice now naturally arises, and the inquiry passes into the field of ethics. An investigation of the nature and basis of property shows that there is a fundamental and irreconcilable difference between property in things which are the product of labour and property in land ; that the one has a natural basis and sanction while the other has none, and that the recognition of exclusive property in land is necessarily a denial of the right of property in the products of labour. Further investigation shows that private property in land always has, and always must, as development proceeds, lead to the enslavement of the labouring class ; that landowners can make no just claim to compensation if society choose to resume its right ; that so far from private property in land being in accordance with the natural perceptions of men, the very reverse is true, and that in the United States we are already beginning to feel the effects of having admitted this erroneous and destructive principle.

The inquiry then passes to the field of practical statesmanship. It is seen that private property in land, instead of being necessary to its improvement and use, stands in the way of improvement and use, and entails an enormous waste of productive forces ; that the recognition of the common right to land involves no shock or dispossession, but is to be reached by the simple and easy method of abolishing all taxation save that upon land values. And this an inquiry into the principles of taxation shows to be, in all respects, the best subject of taxation.

A consideration of the effects of the change proposed then show that it would enormously increase production ; would secure justice in distribution ; would benefit all classes ; and would make possible an advance to a higher and nobler civilisation.

The inquiry now rises to a wider field, and re-commences from another starting-point. For not only do the hopes which have been raised come into collision with the widespread idea that social progress is only possible by slow race improvement, but the conclusions we have arrived at assert certain laws which, if they are really natural laws, must be manifest in universal history. As a final test, it therefore becomes necessary to work out the law of human progress, for certain great facts which force themselves on our attention as soon as we begin to consider this subject, seems utterly inconsistent with what is now the current theory. This inquiry