

the last and especially the present generation. As Mr. Matthew Arnold has remarked, primary education has little or no history. No one apparently even thought of establishing a national system until the present century, hence we should not be surprised if the results are still often unsatisfactory. Germany is generally considered, and rightly so, far ahead of England and Ireland in the completeness of its system—a result which is due to the imperialistic character of the government, which enabled methods far too arbitrary to suit the free institutions of the British Isles to be readily introduced. Perhaps the point which future reformers will pay most attention to in national primary education is the industrial training of the masses. It seems reasonable that during the later years of school life, attention should be especially devoted to preparing the pupil for his future life, and there is no reason why intellectual and manual education should not to a great extent be united. Experience has shown that when, in accordance with the Factory Acts, children attend schools as “half-timers,” they learn much quicker than those who have been undergoing instruction all day. This, however, is a question which cannot be adequately considered in a paper such as the present, which has already grown to inordinate proportions.

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### III.—*The Nationalization of the Land.* By James J. Shaw, Esq., Barrister-at-Law.

[Read Tuesday, 29th January, 1884.]

THE questions raised in Mr. George's book, *Progress and Poverty*, are so many and so large that to discuss them adequately would require a book at least as large as his own. I propose to deal this evening only with the main thesis of his book—viz., that the private ownership of land is the cause of the poverty that accompanies progress, or at least is the cause that progress does not put an end to poverty; and that the remedy for poverty is to abolish the private ownership of land without compensation to the owner. And I propose to deal with this question entirely on economic grounds. I put aside for the present all consideration either of the morality or of the political expediency of the remedy proposed. I simply desire to examine in the light of economic fact and principle the truth of Mr. George's theory as to the cause of poverty, and the efficiency of the remedy by which he proposes to abolish it. The task I thus set myself is rendered much easier by the fact that Mr. George admits the validity of the economic methods of reasoning and investigation, and professes to found his theory on certain well-established economic principles. In fact he presents his system as a logical deduction from the theory of rent propounded by Ricardo, and since his time generally accepted by writers on political economy.

I must, in the first place, endeavour to present to you as fairly as I can, even at the risk of unduly lengthening my paper, the course

of reasoning by which Mr. George reaches his conclusions. The problem is this—to explain why it is that industrial progress, the enormous increase in the productive power of human labour which is the result of advancing natural knowledge, new inventions, and better organization—has done so little to improve the condition of the working classes, and has left almost untouched the vast mass of pauperism which is at once the opprobrium and the despair of modern civilization. This problem is seen at once to be the old problem of the relation of wages to production, and its solution is evidently to be sought in the laws which determine the share which the labourer obtains of the products of industry.

Mr. George devotes his first book to the examination of the theory that the wages of labour depend upon the amount of capital devoted to the employment of labour, as compared with the number of labourers who offer themselves for employment. This theory assumes that wages are drawn from capital, a proposition which Mr. George entirely disputes. Wages, he says, are paid not out of capital, which is the produce of past labour, but out of the produce of the labour on which the wage-earner is actually at present employed. There is no such thing as the advance of wages by the capitalist. Wages are never paid till the work has been done, and the wages of the labourer are his share of the produce of the work.

“Production is always the mother of wages. Without production wages would not and could not be. It is from the produce of labour, not from the advances of capital, that wages come.” (Book i. chap. 3.)

When the labourer is his own employer, it is clear that his wages come from the produce of his own labour, and not from any previously existing capital. When labourers are paid in kind by a share in the produce, as Jacob was paid by Laban, or as the sailors in a whale-ship are paid, it is equally clear that wages are not drawn from capital. And the same law holds when wages are paid in money, though the element of money may obscure the transaction to those who do not look below the surface.

“It may take a year, or even years, to build a ship; but the creation of value of which the finished ship will be the sum, goes on day by day, and hour by hour, from the time the keel is laid, or even the ground is cleared. Nor by the payment of wages before the ship is completed does the master-builder lessen either his capital or the capital of the community, for the value of the partially completed ship stands in place of the value paid out in wages.” (Book i. chap. 3.)

It is not true even that the subsistence of the labourer, the food which he consumes from day to day while his work progresses, is drawn from a previously existing stock. The labourer, no matter what be his employment, day by day produces his own food. For owing to the great principle of the interchangeability of wealth, on which Mr. George lays great stress, the man who is at work upon the production of a steam-engine is in effect producing by his labour the bread and meat for which that steam-engine may be exchanged. (See Book i., chap. 4.) It is a great mistake, therefore, to suppose that industry is limited by capital, or is at all dependent upon capital. Wherever you have a pair of hands, skilled or unskilled,

they can create their own wages. They are not dependent upon the existence of a capital which may set them to work. All they want is room to work, and the use of the materials and forces which nature freely provides. That wages in any way depend upon the quantity of capital set aside for the employment of labour, or that the number of labourers who can be profitably employed is in any way limited by the quantity of capital embarked in productive industry is, according to Mr. George, one of those fundamental mistakes which make it impossible for those who are deceived by them to find the true source of poverty, or the true remedy for it. There are two important practical conclusions from this view of the relation between wages and capital :

1. "If wages are drawn not from capital but from the produce of labour, the current theories as to the relation of capital and labour are invalid, and all remedies, whether proposed by professors of political economy or working men, which look to the alleviation of poverty either by the increase of capital, or the restriction of the number of labourers, or the efficiency of their work, must be condemned.

2. "If each labourer in producing the labour really creates the fund from which his wages are drawn, then wages cannot be diminished by the increase of labourers, but, on the contrary, as the efficiency of labour manifestly increases with the number of labourers, the more labourers, other things being equal, the higher should wages be." (Book i. chap 5.)

Mr. George's second book is devoted to the relation between population and subsistence. To the question, "Do the productive powers of nature tend to diminish with the increasing drafts made upon them by increasing population?" he returns an emphatic "No."

"There is no warrant, either in experience or analogy, for the assumption that there is any tendency in population to increase faster than subsistence." (Book ii. chap. 2.)

An increasing population means an increasing division of labour, easier communication, greater activity of exchange, and hence

"the production of wealth to a given amount of labour increases as population increases." (Book ii. chap. 4.)

And it is futile to draw distinctions between various forms of wealth and to say that the power of producing food does not advance in the same proportion as the power of producing articles of manufacture ("a confusion of thought that is observable even in writers of great reputation"), "for the power of producing wealth in any form is the power of producing subsistence." This arises from the great law of the interchangeability of wealth. The power of *exchanging* one form of wealth for another means, according to Mr. George, that the power of *producing* one form of wealth is the power of producing any other; and hence, if the law of one form of industry is a law of increasing productiveness, the law of all forms of industry must be the same. Hence, as population increases, subsistence becomes easier instead of more difficult to procure, and the power of producing food advances more rapidly than the numbers of those who are to eat it.

If, then, every labourer produces his own wages; if the increase of the number of labourers increases the efficiency of labour, if the productive powers of nature yield increasing returns as increasing drafts

are made upon them by an increasing population ; if therefore an increasing population means an increasing production of wealth in every form (including the subsistence of the labourer) in proportion to the numbers of the people ; it follows that the explanation of low wages and poverty is not to be sought in any fact or law relating to the *production* of wealth ; it must be sought in the laws which govern the *distribution* of wealth. If there is any class which is not getting its due share of the increasing products of industry, it must be because some other class is getting more than its share. To the question of the distribution of wealth, therefore, Mr. George applies himself in his third book.

The produce of labour is divided into three portions, one of which goes to pay the owner of each of the three great factors in production.

“ Land, labour, and capital are the factors of production. The term land includes all natural opportunities or forces, the term labour all human exertion, and the term capital all wealth used to produce more wealth. In returns to these three factors is the whole produce distributed. That part which goes to landowners as payment for the use of natural opportunities is called rent, that part which constitutes the reward of human exertion is called wages, and that part which constitutes the return for the use of capital is called interest. These terms mutually exclude each other. The income of any individual may be made up from any one, two, or all three of these sources ; but, in the effort to discover the laws of distribution, we must keep them separate.” (Book iii. chap. 1.)

Now it is evident that if the whole produce is distributed between rent, interest, and wages, once we can discover the law which determines the proportion of the produce which goes to any one of these, we have got also the law which determines the proportion which goes to the other two together, and if we can discover the law which determines the proportion which goes to two of these elements, we have discovered the law which determines the proportion which goes to the third. It becomes, in fact, a simple question of subtraction. If, for example, we can determine the law of rent—that is, if we can show the principle which regulates the proportion of the produce of labour that goes to rent, we necessarily also determine at the same time the proportion of the produce that is left for distribution as interest and wages. For—

“ As Produce = Rent + Wages + Interest,  
Therefore, Produce — Rent = Wages + Interest.” (Book iii. chap. 2.)

“ Thus wages and interest do not depend upon the gross produce of labour and capital, but upon what is left of that produce after rent has been taken out of it.”

Now, Mr. George holds that the political economists have rightly determined the law of rent.

“ The rent of land is determined by the excess of its produce over that which the same application of labour and capital can secure from the least productive land in use.” (Book iii. chap. 2.)

When labour and capital are driven to a less productive soil or a less favourable situation, the reward of labour and capital of course is less. But just in the same proportion the reward for labour and capital used on the more productive or more favourably situated soils becomes less, because, by the force of competition, labour and capital

cannot command a higher reward in one situation than in another : wages and interest are equalized : and the whole excess of production on the better class of soils goes to the landlord as rent. This is briefly the Ricardo theory of rent, which Mr. George takes as the foundation of his system. But Mr. George applies this law of rent, not merely to agricultural industry, but to every form of industry and trade.

"There is no occupation", he says, "in which labour and capital engage which does not require the use of land." "Manufactures are sometimes spoken of as yielding no rent, when, in truth, manufactures and exchange yield the highest rents, as is evinced by the greater value of land in manufacturing and commercial cities." (Book iii. chap. 2.)

Hence, rent absorbs all round the whole excess of what is produced by labour and capital over and above what could be produced by the same labour and capital if applied to the least productive land, or at the worst situation, which is actually in use.

"Stated reversely, the law of rent is necessarily the law of wages and interest taken together, for it is the assertion that, no matter what be the production which results from the application of labour and capital, these two factors will only receive in wages and interest such part of the produce as they could have produced on land free to them without the payment of rent—that is, the least productive land or point in use. . . . Hence, no matter what be the increase in productive power, if the increase in rent keeps pace with it, neither wages nor interest can increase." And hence, "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." (Book iii. chap. 2.)

Mr. George then proceeds to elucidate the laws which determine the manner in which the residue of the produce, after the deduction of rent, is divided between wages and interest. On this part of his theory it is only necessary to remark that he treats the current rate of interest, at any given place and time, as representing the reward of capital, and all the profits of business over and above the current rate of interest he classes under the head of wages—the wages of superintendence. These wages of superintendence which go to the capitalist employer, he regards as determined in amount by the same law which determines the rate of wages of the employed. As to both these he lays down the general principle that "wages" (meaning by wages not only the earnings of the employed, but what is commonly called the profits of the employer)

"depend upon the margin of production, or upon the produce which labour can obtain at the highest point of natural productiveness open to it without the payment of rent." (Book iii. chap. 6.)

The law of interest is the same. The reward of capital, which is only labour in another form, "stored-up labour," is determined by the same law as determines the reward of labour, so that interest and wages rise and fall together. Both depend upon the return made to labour and capital at the lowest point of productiveness—that is, where they are free to apply themselves without any payment of rent. For, at each higher stage of productiveness, rent must be paid for the use of the natural powers or opportunities from which the increased productiveness springs, and the rent paid will be such as to

absorb all the increase. At each stage rent increases *pari passu* with the increase of productive power, so that at every stage the net product to be divided in wages and interest is the same.

Rent, therefore, absorbs all the increase in the productive power of labour and capital as society advances in knowledge and skill ; so that both the wages of labour and the profits of capital tend to the very lowest point at which production can continue, whilst in the progress of society rent is ever growing higher and higher. Wages and interest, in fact, are determined by the produce of labour and capital, under the very worst circumstances in which labour and capital are employed, whilst all the surplus produce which results from their application under more advantageous circumstances goes to rent.

“Three things unite to production—labour, capital, and land.

“Three parties divide the produce—the labourer, the capitalist, and the landowner.

“If, with an increase of production, the labourer gets no more, and the capitalist no more, it is a necessary inference that the landowner reaps the whole gain. And the facts agree with the inference. Though neither wages nor interest anywhere increase as material progress goes on, yet the invariable accompaniment and mark of material progress is the increase of rent—the rise of land values. The increase of rent explains why wages and interest do not increase. The cause which gives to the landholder is the cause which denies to the labourer and capitalist.

“In short, the value of land depending wholly upon the power which its ownership gives of appropriating wealth created by labour, the increase of land value is always at the expense of the value of labour. “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.” (Book iii. chap. 8.)

Mr. George having thus determined the laws which regulate the distribution of wealth at any given stage of social progress, goes on (in book iv.) to analyse the various elements which constitute a progressive state of society, in order to determine what are the laws which regulate the changes in the distribution of wealth that take place as society advances. Increase of population and increase of productive power are, according to Mr. George, the two main elements which mark a state of social progress, and both these, whether taken separately or together, tend to increase the proportion of wealth which goes to rent, and to diminish the proportion that goes either to wages or profits. It is a doctrine of political economy that increase of population, if not accompanied by any improvements in agriculture, or any easier means of obtaining food, must increase rent, because it necessitates recourse to inferior soils, or a more expensive style of cultivation, in order to produce the increased supplies of food which the increase of population renders necessary ; but Mr. George, who, as we have seen, denies the principle that at any given stage of agricultural progress an increased supply of food can only be obtained by a greater proportionate expenditure of labour and capital, insists that increasing population increases rent without reducing the margin of cultivation ; but the only proof he offers of this proposition is that the increasing population of a town raises town rents.

“The increasing difference in the productiveness of the land in use, which causes an increasing rise in rent, results not so much from the necessities of increased population compelling the resort to inferior land,

as from the increased productiveness which increased population gives to the land already in use. The most valuable lands in the globe, the lands which yield the highest rent, are not lands of surpassing natural fertility, but lands to which a surpassing utility has been given by the increase of population." (Book iv. chap. 1.)

That is to say, the increased productiveness of labour and capital in a factory or warehouse is an increased productiveness of the land on which the factory or warehouse is built, and all the increased produce goes in payment of the rent.

In the same way Mr. George argues that every improvement in the art of production—every new invention for the saving of labour—every new extension of trade and commerce—every new source of supply which is opened up—tends in itself, and altogether independent of any increase of population, to an increase of rent.

"As invention and improvements go on, constantly adding to the efficiency of labour, the margin of production will be pushed lower and lower, and rent constantly increase, though population should remain stationary." (Book iv. chap. 3.)

If, then, increase of population and increase of productive power, taken separately, tend each of them to the increase of rent, and to the absorption by rent of all the advantages of progress, what will be the result when these factors act continuously together, as is the case in every progressive society?

Here then we have Mr. George's solution of the great problem of the persistence of poverty and barbarism in the midst of advancing wealth and civilization—of the helpless, hopeless misery of great masses of our population, whilst all around them industry is becoming more energetic and productive, new inventions for the comfort of mankind are constantly being brought to light, new sources of supply for the needs of man are constantly being opened up, and large fortunes are being built up on every hand. All this arises from the private ownership of land, which enables the owner of land to absorb in rent all the increasing productiveness of labour and capital, leaving to the labourer and capitalist just enough for wages and interest to keep the labourer alive, and to prevent the capitalist from consuming his capital unproductively.

"In all our long investigation," he says, "we have been advancing to this simple truth—that as land is necessary to the exertion of labour in the production of wealth, to command the land which is necessary to labour is to command all the fruits of labour, save enough to enable labour to exist. . . . It is not in the relations of capital and labour; it is not in the pressure of population against subsistence, that an explanation of the unequal development of our civilization is to be found. 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 moral and intellectual condition of a people." (Book v. chap. 2.)

Such being the source of the evil, it is not far to seek the remedy.

"We must make land common property" (Book vi. chap. 2.) "I do not propose," says Mr. George, "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

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 only necessary to confiscate rent.* Nor to take rent for public uses is it necessary that the state should bother with the letting of lands. . . . 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, abolish poverty, give remunerative employment to whoever wishes it, afford free scope to human powers, lessen crime, elevate morals and taste and intelligence, purify government and carry civilization to yet nobler heights, is, to appropriate rent by taxation."

And the first step in this process is—

"To abolish all taxation except that upon land value."—(Book viii. chap. 2.)

Such is Mr. George's theory, and such is Mr. George's plan. I have thought it my duty, even at the risk of wearying you, to give as full and fair an exposition of his system as was possible within the limits of a paper like the present. There can hardly be any useful discussion of this question till we thoroughly understand, and in some measure sympathize with, the point of view of those who have raised it. For my own part, though I do not agree with Mr. George in his main principles, I have found his book not only very interesting and stimulating, but very useful in clearing up my own ideas on many of the points he touches. It is not a book to go into hysterics over, but a book to be fairly criticised by reference to economic fact and principle.

1. The first criticism which will naturally be made on Mr. George's argument by a student of economic science is that whilst he professes to accept in its entirety the economic law of rent (as expounded by David Ricardo), he denies the physical fact which is the necessary basis of that law of rent. In the book upon "Population and Subsistence" (Book ii.) Mr. George sets himself to disprove what economists call the law of agricultural industry—that the produce of a given area cannot be indefinitely increased, and that over a certain amount it cannot be increased at all, except at an increased proportionate cost. This law is the basis of the Malthusian theory as to the relation between population and subsistence which Mr. George attacks; but it is also the necessary basis of the Ricardo law of rent which he accepts. Every exposition of that law points out that it is the *diminishing* productiveness of the soil with every new application of labour and capital to it, which renders it necessary to extend cultivation to a lower class of soils. If produce could be indefinitely increased at the same cost on the better class of soils, why should anyone ever produce at a greater cost on an inferior soil? But the fact that the produce of the better soils cannot be indefinitely increased, necessitates recourse to inferior soils as more food is wanted; and it is only this necessity of resorting to an inferior soil for the additional food required which gives the owner of the better soil the power of demanding a rent for it. Rent, therefore, is the result of the diminishing return to agricultural industry as more labour and capital are applied to that form of industry, and but for



this law of a diminishing return rent could not exist. Now, Mr. George not only denies this law of agricultural industry and its relation to rent, but he asserts that the law is exactly the reverse.

“The law of agricultural industry,” he says, “is like the law of every other form of industry, a law of increasing productiveness, and the increase of rent, as society advances, is the result of that increasing productiveness. And industrial progress, that is, increased productive power, whether arising from further division of labour, greater skill in its application, new inventions, or the opening up of new sources of supply, tends of itself, without any increase of population, to increase the rent of land without adding to wages.”

Here, I think, we have one of Mr. George's fundamental errors. Industrial progress of itself, and taken apart from the increase of population which usually accompanies it, tends in my opinion to raise wages and to lower rents. What is the effect on rent of any step in industrial progress which makes the produce of the earth more easy to obtain? Suppose a new mode of agriculture introduced by which twice the produce can be taken out of the land with the same expenditure of labour, or suppose such a change in the conditions of supply as was effected by the repeal of the Corn Laws—can any one believe that such a change would, of itself, without any increase of population, raise rent and leave wages untouched? If there be no increase of population we may practically assume that the same quantity of food will be required after the change as before it. And, if so, will not the inferior soils to which men were driven for the supply of their wants by the hard necessity either of nature or of inhuman laws, go out of use when that hard necessity has been removed? Will men plough up the sheep-walks, as they did in England during the French war, when they can get cheap corn elsewhere? And if the effect of industrial progress is to remove the necessity of resorting to inferior sources of supply, is it not clear, on Mr. George's own principles, that the advantage which the superior sources of supply enjoyed will be proportionately cut down, and that rents will fall? As a matter of fact we all know that agricultural rents have fallen in England since the enormous development of corn-growing in America. And it was only the unparalleled upgrowth of manufacturing and commercial industry in England after the repeal of the Corn Laws, and the consequent increase of population and demand for food, that prevented a great fall in rents. Yet Mr. George says—

“Free Trade has enormously increased the wealth of Great Britain without lessening pauperism. It has simply increased rent.”—(Book iv. chap. 3.)

2. Mr. George is not able wholly to ignore the fact that there are differences in the conditions of agricultural and manufacturing industry; but he attempts to show that these differences in no way affect the basis of his system, as they are rendered practically inoperative by the great law of the “interchangeability of wealth” on which, as we have seen, he lays great stress. Agricultural production must follow exactly the same law of increasing product as other forms of production, because—

"The possession or production of any form of wealth is virtually the possession or production of any other form of wealth for which it will exchange. . . . That the labour of any individual is applied exclusively to the production of one form of wealth is solely the result of the division of labour. The object of labour on the part of any individual is not the obtainment of wealth in one particular form, but the obtainment of wealth in all the forms that consort with his desires. And hence an improvement which effects a saving in the labour required to produce one of the things desired, is in effect an increase in the power of producing all the other things." (Book iv. chap. 3.)

It is hardly necessary to point out the confusion between the ideas of *exchange* and *production* which is involved in this argument. Because the possession of one form of wealth enables you to *exchange* it for some other form of wealth, therefore an increased power of *producing* one form of wealth is, in effect, an increased power of producing all forms of wealth. That is to say, because a cotton manufacturer can sell his cottons and buy diamonds, therefore the invention of the power-loom was the same thing as the discovery of a new diamond field. That is just as reasonable as to say that the invention of the power-loom was, in effect, an increased power of producing food. No doubt the more cotton you have, the more of the existing food and diamonds you will be able to buy; but your possession of cotton will not make new food or diamonds easier to produce, either for you or anyone else.

3 The same error which prevents Mr. George from seeing that the economic law of rent is founded on the *diminishing* productiveness of the soil as new drafts are made upon its resources to meet the wants of an increasing population, prevents him from seeing that the economic law of rent applies only to *agricultural* industry, and not at all to manufacturing or commercial industry. This is the main source of his speculative errors. His doctrine is that in the progress of society rent absorbs all the increasing returns to industry of every kind, leaving no part of the increased produce to either labour or capital. But this evidently assumes that the law of rent applies as fully to manufacturing and commercial industry as it does to agricultural, and that the owners of land have as full power of absorbing all the increased wealth of a manufacturing and commercial community as they have of demanding an increased rent for agricultural lands when cultivation is forced down to lower qualities of soil.

Mr. George asserts this principle over and over again; and, in spite of notorious facts, asks us to believe that the progress of modern society, whilst it has given enormous fortunes to landholders, has given no advantage either to the capitalist or the labourer, and that all the wealth which free trade has poured into Great Britain has gone to swell rents, and that nobody but the landlords has profited by it.

Now, if Mr. George had not ignored the basis on which the economic law of rent rests, he would have seen that it cannot possibly apply to manufacturing and commercial industry.

Agricultural rent rests upon the fact that soils are of unequal fertility; that as population increases, the less fertile soils must be

brought into cultivation, that the cost of producing food on the least fertile soil in use must determine the price of the food produced: that the better class of soils will therefore produce more than sufficient to give the ordinary reward to the labour and capital employed upon them: and that this surplus produce will go as rent to the owner of the soil. The law of rent, in fact, assumes that the normal law of agricultural industry is one of *diminishing* productiveness, in proportion as more labour and capital are applied to the soil. But the opposite of all this is the law of manufacturing industry. The price of a manufactured product is regulated by its lowest cost of production, not its highest; for the manufacturer who produces on the easiest terms is not limited as to the quantity he can produce, as the owners of the fertile soils are; the more he is asked to produce the cheaper he can produce, and every additional application of capital and labour to his manufacture, instead of yielding a proportionately less, yields a proportionately greater return. But how can his landlord, if he has a landlord, compel him to pay a rent proportioned to his advantage as a producer? The landlord has not got hold of the springs of his industrial advantage, as he has in the case of the farmer. It is not the productiveness of the soil on which his factory is situate, or any other quality of the soil, that makes him able to produce cheaply. It is some new invention of his own—some new method of employing labour—some better class of machine he has devised—some instinctive business faculty, perhaps, that nobody can explain—it is this and not the soil that makes his industry productive. If the situation of his factory be convenient, no doubt he will be willing to pay a larger rent rather than move; but what economic law is there that will compel him to give all his increasing gain to the landlord? How is he dependent on his landlord for the source of his wealth? He can move his machinery, his inventiveness, his business faculty to some other place, and they will be as productive there as they were before. The idea that the owner of the ground on which a factory or place of business is built can, because he is the owner of the soil, demand all the increasing profits of the business, as if it were some quality of the soil that made the business productive, is one of the most curious perversions and misapplications of an economic doctrine that I have ever come across. It would be almost impossible to understand how a man of Mr. George's intelligence and clearness of thought had fallen into such a mistake, were it not that it is closely connected and intertwined with his whole system of thought, and forms a necessary and integral part of it. Mr. George's theory of the relations between progress and poverty compels him absolutely to deny the proposition that as population increases and the demand for food enlarges, the production of food becomes increasingly costly and difficult, because the new supplies required must be obtained from either less fertile or more distant soils. But this is the basis on which the economic doctrine of rent rests, and without which it cannot be explained or made intelligible. The increase of rent springs not from the increasing productiveness of the soil, but from its *diminishing* productiveness—not from industrial progress, but from the fact that industrial progress

fails to make food easier to procure. Now, denying the basis on which the economic law of rent rests, Mr. George fails to see the limits of its application, and to see that when a law of *diminishing* productiveness gives place to a law of *increasing* productiveness, the economic law of rent can have no application whatever.

A farmer will pay rent for his land if it yields a larger produce on easier terms than other land in cultivation which yet yields a profit, and he may, by force of competition, be compelled to pay his landlord all the difference in value between the two kinds of soil. [Though that can seldom be the case, for we all know that a farmer on a good farm, paying a large rent, is generally a more prosperous man than a farmer on a poor farm though paying ever so little rent.] But why should a manufacturer or man of business pay rent in proportion to his extra profits, when the profits spring, not out of any qualities in the ground he occupies, but out of his own brain, or his capital, or his possession of a patent, or something else which has no relation to the soil, but would be equally productive in some other situation?

We have got this length, then, that we see that Mr. George's great doctrine, that rent absorbs all the fruits and benefits of industrial progress, leaving no advantage of all the toil, pains, and inventiveness of man to either the labourer or the capitalist, is founded on a total misapprehension and misapplication of the economic law of rent, and we have seen that if there is any evil magic at work which converts all man's gains into loss, and deprives the labourer of the fruit of his toil, and the capitalist of the fruit of his savings, it must be something, if not more baleful, at least more potent, than the private ownership of land. In fact, Mr. George can only hide the inadequacy of his remedy for the ills of modern society under a gross exaggeration of the relative gains of the owners of the soil. It is not they who have got the lion's share of the profits of modern industry, and if we are to reduce the inequalities of fortune by legislative remedies, we must not confine our attention to the landlords. If the legislature were next session to confiscate the whole rental of the United Kingdom, the great gulf between the rich and the poor would yawn as wide as ever. The Rothschilds, and the Overstones, and the Brasseys, and the Holloways would hardly be touched; and why should they escape? Mr. George has an elaborate vindication of the justice of his remedy; but it will be hard to convince men that if it is just to confiscate to the public use the hard-earned savings of some small farmer who has invested them all in the purchase of his farm, it is also just that the great capitalist should draw the dividends of his stocks and shares untaxed, and live at ease under the protection of a state to whose support he contributes nothing. You may be sure that if the state begins with confiscating rent, confiscation will not end there. When men get into the confiscating mood they will be more logical than Mr. George. They will fail to see the great difference between a man who has invested money in land, and a man who has put it in bank shares or government stock. They will draw no nice moral distinction between the landholder who neither toils nor spins, and the stockholder who rivals Solomon in all his glory. Mr. George holds that the landowner is the great social robber who has levied

black-mail on all our industry, and that the poor capitalist has suffered as much from his depredations as the poor labourer. But I venture to think the poor labourer will take a different view, and that when he begins to redress social wrongs on the principle of a fair divide, he will consider he has at least as much to get back from the capitalist as he has from the owner of the soil.

It is said that Karl Marx has denounced *Progress and Poverty* as the last ditch in which the institution of private property is driven to defend itself. Certainly no man can assert more strenuously than Mr. George the rights of property in everything but land. But the rights of property will be in a bad way when they are driven to this last defence. For a very little consideration will show that this agrarian form of communism is most illogical, and cannot hold its ground against communism pure and simple. No communist would have any difficulty in showing that Mr. George has totally misapprehended and mis-estimated the relative strength of the various forces that work towards the unequal distribution of wealth.

The law of industry in our times and in civilized countries has undoubtedly been a law of increasing productiveness. That has been the law for the last thirty or forty years even of agricultural industry, for free trade, agricultural improvement, and the opening up of the American continent have more than counteracted the law of the diminishing productiveness of the soil, and subsistence for one while of the world's history has certainly outrun population. I do not agree with Mr. George that the labourer, much less that the capitalist, has not got any share of this increased product. On the contrary, the wages of the labouring classes, both nominal and real, have risen, and their condition has improved very much, as any one can easily see who will study the social history of the first half of this century, and will compare it with what he knows of our own times. But I freely admit that the working classes have not reaped their fair share of the increasing reward of industry, and that the landlord and the capitalist, and some classes of highly-paid workers, have got more than their share. I do not think that this is entirely the fault of any political or social institution. I believe that it is in some measure the fault of the working-classes themselves; but, whatever be the cause, the huge and growing inequalities in the distribution of wealth are a great moral evil, and a grave political danger; and the better distribution and application of the wealth which our industry creates is one of the most urgent social problems of our times.

I think Mr. George's book will do much good if it helps to turn men's minds to the serious consideration of this problem. I think it will do much harm if it propagates the delusion that the problem is a simple one, and can be easily solved at the expense of a single class by a readjustment of taxation.

The root of inequality lies in *monopoly*, and the growth of inequality is the growth of monopoly, and if Mr. George had taken a wider view of his subject he would have seen that the monopoly of land is one of the least of the monopolies that have made the huge gulf between rich and poor in modern society. There is a monopoly

of *capital* as real as, and far more potent than, the monopoly of land; and it is the huge monopolists of capital who, in highly-developed industrial societies like Great Britain and the United States, have really absorbed the gigantic gains of modern industry. Take a huge factory, or warehouse, or brewery, and you will find that the real power of absorbing the gains of the industry carried on there does not lie in the owner of the soil, but in the owner of the capital which is necessary to carry on the business. The capital is essential; the soil is accidental; for the same capital can carry on the business in almost any situation, whilst the soil without the capital would be worthless. And it is the tendency of modern industry to production and exchange on a large scale that gives the large capitalist a growing advantage and a closer monopoly, and that tends at the same time to concentrate capital more and more in large masses. Hence the tendency of wealth to concentration and not to diffusion; and hence the growing absorption of the small producer and the small dealer into the hired service of the great shops and factories.

Now, Mr. George's views as to the relations between wages and capital, as developed in his first book, and as briefly indicated in the early part of this paper, make it impossible for him to grasp the significance of this growing monopoly of capital; for he regards labour as practically independent of capital. The labourer has his two hands and can produce his own wages, and there is no advance of wages by the capitalist. Mr. George ignores the fact that, as industry is now organized in advanced communities, it is practically impossible, in most cases, for a labourer to do a day's work until a large factory has been built for him and fitted up with expensive machinery; and this further fact that his wages have to be advanced week by week by some person who is able to lie out of the money till the produce of his work has been completed in all its stages, and sent for sale, perhaps, to some distant market. It is as impossible for the labourer, under such circumstances, to earn his own wages without the advances of capital, as for one man to build the pyramids. The large producer has the command of the market, and can produce at a cost which makes the competition of the small producer hopeless; and what alternative has the labourer under such circumstances but to seek work and wages from the large producer, or to starve? And if the number of those who are thus seeking work and wages is greater than the number required for the work to be done, can anyone doubt that the capitalist is able to make use of his monopoly to absorb a very large share of the products of the work, and to leave a very small share for the worker? Mr. George tells us, what we all know, that the Irish landlord, when he chose, was able to squeeze everything but a bare subsistence out of the Irish peasant, because he owned the land and there were numbers of starving competitors for its occupation. But does he imagine that there is nothing at all resembling this in the relation between a large capitalist, with a huge industrial machine in his possession, and a crowd of eager competitors for the opportunity of working at it for a livelihood? And if there be such a relation as this between capital

and labour, will the capitalist's share of the product be exactly proportioned to the quantity and quality of his labour in the work of production? Mr. George calls the reward of capital, interest; and the reward of labour, wages; and all that the capitalist gets over and above the current rate of interest on his capital is, in his view, wages—wages of superintendence. But when we remember Mr. George's law of wages, that they depend on the margin of cultivation, and tend to the lowest point that will keep the labourer alive [book iii. chap. 6], we cannot but feel that there is something wrong in the classification which brings the huge earnings of the capitalist under the same category as the weekly pittance of his labourer. We may give them the same name, but they do not follow the same law. Mr. George has failed to see that the overgrown incomes of which we speak are neither interest of capital nor wages of labour, but a tax levied by a monopolist.

"It is difficult," he says, "for workingmen to get over the idea that there is a real antagonism between capital and labour. It is difficult for small farmers and homestead owners to get over the idea that to put all taxes on the value of land would be to unduly tax them. It is difficult for both classes to get over the idea that to exempt capital from taxation would be to make the rich richer and the poor poorer." (Book viii. chap. 2.)

I am not surprised that he finds this difficult, and I can hardly think that as men ponder on these things he will find it less so. I believe that he will himself be driven, at no distant date, either forward into communism pure and simple, or back into the recognition of property in land. For he is in a dilemma. If it is just to attack the monopoly of land, how can he answer Karl Marx, who says that it is also just to attack the vaster and more baleful monopoly of capital? If it is unjust to attack the monopolist who absorbs the lion's share in some great industry, how can it be just to deprive the small farmer of his earnings because he has invested them in the purchase of his own farm?

The concentration of huge masses of wealth, whether in the form of land or capital, in the hands of a small class is a great evil, and it has undoubtedly been much encouraged by the laws and political institutions of these countries, but, independent of all laws and institutions, there is a natural and increasing tendency to such concentration, arising out of the conditions of modern industry. Production on a large scale and large transactions in exchange are now, and will continue to be, the characteristics of business where it is most highly developed; and these, though favourable to the great production, are clearly unfavourable to the general diffusion of wealth. They give such enormous advantages to the large capitalists that the absorption of the small capitals into a few great establishments seems only a question of time. And this tendency to the monopoly of capital works in connection with other monopolies which no law could prevent—monopolies of opportunity, of inventive skill, of business faculty, of restless energy and enterprise. It is futile to suppose that the appropriation of rent will reduce the inequalities of fortune so long as you leave all other forms of wealth

the subject of private ownership, and encourage the freest accumulation of every other form of wealth as Mr. George would do. And it is futile to suppose that the appropriation of rent will abolish poverty or redeem the masses of the people from the virtual slavery in which they live, so long as you leave a vast proportion of the people ignorant, improvident, idle, or vicious. Even if we went further than Mr. George would go, and appropriated not only land but every other form of wealth for the common benefit, there would in a very few years be fortunes almost as huge as any that now exist, and a mass of pauperism denser and more hopeless than ever.

Is there, then, no remedy? Is Progress never to get the better of Poverty? Can nothing be done by legislation to re-adjust the forces that tend to deprive the bulk of the community of any adequate share in the growing wealth of our times? I am not by any means a believer in the moral redemption of a people by act of Parliament. I do not think that the state can do much more for the moral and material improvement of its people than remove the obstacles which it has itself placed in the way of that improvement.

But at the same time I am bound to admit that the old economic doctrine of *laissez faire* has to a considerable extent broken down under the pressure of the new needs and forces of our time. The moral sense of the community has revolted against the power which freedom of contract put into the hands of the monopolists, and that moral sense has been quickened and stimulated by the growing political activity of the masses of the people. The state has abolished freedom of contract as between landlord and tenant in Ireland; it has by its factory legislation controlled freedom of contract as between employer and employed; and he would be a bold man who should fix any definite limit to the interference of the state in these matters for the future. Free education, free libraries, free places of recreation, all these are distinctly socialistic in principle—that is, the state takes something from the earnings of its higher-paid members to provide what it thinks necessary for the welfare of the under-paid. He again would be a bold man who should set a definite limit to state interference in this direction. Again, much has yet to be done in the readjustment of taxation. We have still some hurtful and wasteful forms of taxation to get rid of—some that weigh heavily upon industry and clog the wheels of contract and exchange—and I think the state is entitled to demand a much larger contribution from all forms of realized property, not excluding land, but certainly not confining itself to land. We must get rid of all the absurd laws that have been made for the express purpose of keeping large quantities of land in the ownership (sometimes only nominal) of one individual. Much can be done to encourage the growth of peasant proprietorship; and I think much might be done by a judicious reform of some parts of our political constitution to remove one of the strongest motives to the keeping of land in huge estates and to the accumulation of large fortunes—the vulgar ambition of founding a family.

But after all that can be said of the possibilities of legislation, the future of the working classes must rest mainly in their own hands.



Their own prudence and industry and frugality must work out their economic salvation. They can contract with capital on equal terms, and demand and obtain their fair share of the result of their work, only when by their own prudence, and foresight, and powers of combination, they have made themselves as independent of the capitalist as the capitalist is of them. And I, who have faith in human progress, look forward hopefully to a time when capital and labour shall no longer be treated as distinct and antagonistic forces, but when the capitalist shall be a labourer, and the labourer a capitalist, and when even the hugest engines of production and exchange shall thus become compatible with the freedom and dignity of labour. Meantime, "He that believeth shall not make haste;" and let not us who believe in the future of labour, fret at the slow working of the forces that make for human progress, and resort to the ignoble expedient of snatching from others the good that can only come as the slow result of time, and toil, and patient self-conquest.

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IV.—*Some considerations on the Working of the Artizans' Dwellings Acts, as illustrated in the case of the Coombe Area, Dublin.*  
By Spencer Harty, C.E., Assistant Engineer, Corporation of Dublin, and Surveyor to the Artizans' Dwellings Committee.

[Read Tuesday, 4th March, 1884.]

THE Coombe area being the first with which the Corporation of Dublin proceeded to deal under the Artizans' and Labourers' Dwellings Improvement Acts, 38 & 39 Vic. cap. 36 (1875), and 40 & 41 Vic. cap. 122, Local (1877); it has occurred to me that it would be interesting to give a sketch of the entire proceeding from the beginning, summarising its cost, observing on its details, noting its effect from a sanitary point of view, and submitting for consideration whether or not the public should regard it as a satisfactory speculation. I shall commence with Dr. Mapother's report of the 10th June, 1876, respecting the unhealthiness of this district. He says:—

"By your directions, and in accordance with sections 3 & 4 of the Artizans' and Labourers' Dwellings Act, 1875, I have to report certain places in the city as unhealthy areas. In some cases many, and in the others all, of the following conditions render the houses unfit for human habitation, and incapable of repair without an improvement scheme dilapidation, closeness of the passages preventing ventilation and lighting, want of decent sanitary accommodation, and the difficulty of affording it owing to absence of yards and soakage of the earth with animal refuse from ashpits, slaughter-houses, etc.

"It has been apparent for many years that such conditions have induced among the inmates of such areas, a high death rate, especially among infants; frequent admissions to the hospitals for zymotic diseases, an undue proportion of lung diseases and rheumatism; a low tone of general health, filthy habits, intemperance, and debased morals.

"No. 3.—Elbow Lane Area. The houses and yards in Great and Little Elbow Lane, and the houses 58A Coombe, and 36 Meath Street, which obstruct the entrances of these lanes."