

HENRY GEORGE

BACKGROUND

Few American reformers have ever gained as devoted a following as Henry George (1839-1897). George began a reform movement that won the admiration of such well-known men as Sun Yat Sen, Leo Tolstoy, George Bernard Shaw, and Woodrow Wilson. Some people were so committed to George's message that fifty years after his death his daughter witnessed old men crying when her father's name was mentioned.

Throughout his life George worked a variety of jobs. He left home at age thirteen and spent time as a gold prospector, sailor, and typesetter. In his early twenties he endured several years of wretched poverty. Having to beg for money to stay alive gave him a profound understanding of the dark side of the Industrial Revolution.

After gaining employment as a journalist George began writing about people who suffered under the American capitalist system. He brought attention to the abusive power of monopolies, the discrimination against immigrants, and the desperate poverty for many Americans. He was outraged that a nation of great wealth would allow such injustice. A deeply religious man, he shaped his criticisms in moral terms. Writing with great passion, he never came across as an impersonal economist viewing the world in technical terms.

After publishing his masterpiece *Progress and Poverty* he saw his ideas championed by people around the world. The book was a huge bestseller and made his name a household word in both the United States and England. He was even asked to run for mayor of New York in 1886. Although he did not win the three-way mayoral race, he did beat Teddy Roosevelt. He was asked to run again for mayor in 1897, but died before the election. Over 100,000 people attended his funeral.

In spite of the fact his proposals met almost universal rejection by academic economists, he was a powerful symbol of a desire for justice. During the industrial takeoff of the late 1800s he reminded Americans that traditional ideas of equality and republicanism should not be discarded. His importance to the growing desire for the reforms finally instituted in the early 1900s cannot be underestimated.

HENRY GEORGE – IN HIS OWN WORDS

Progress and Poverty, 1879

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.

...

Out of these bounteous material conditions [we] would have seen arising ... moral conditions realizing the golden age of which mankind have always dreamed. Youth no longer stunted and starved; age no longer harried by avarice; the child at play with the tiger; the man with the muck-rake drinking in the glory of the stars! Foul things fled, fierce things tame; discord turned to harmony! For how could there be greed where all had enough? How could the vice, the crime, the ignorance, the brutality, that spring from poverty and the fear of poverty, exist where poverty had vanished? Who should crouch where all were freemen; who oppress where all were peers?

...

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....

And, unpleasant as it may be to admit it, it is at last becoming evident that the enormous increase in productive power which has marked the present century and is still going on with accelerating ratio, has no tendency to extirpate poverty or to lighten the burdens of those compelled to toil.... The march of invention has clothed mankind with powers of which a century ago the boldest imagination could not have dreamed. But in factories where labor-saving machinery has reached its most wonderful development, little children are at work; wherever the new forces are anything like fully utilized, large classes are maintained by charity or live on the verge of recourse to it; amid the greatest accumulations of wealth, men die of starvation, and puny infants suckle dry breasts; while everywhere the greed of gain, the worship of wealth, shows the force of the fear of want. The promised land flies before us like the mirage. The fruits of the tree of knowledge turn as we grasp them to apples of Sodom that crumble at the touch.

It is true that wealth has been greatly increased, and that the average of comfort, leisure, and refinement has been raised; but these gains are not general. In them the lowest class do not share.

...

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. So long as all the increased wealth which modern progress brings goes but to build up great fortunes, to increase luxury and make sharper the contrast between the House of Have and the House of Want, progress is not real and cannot be permanent. The reaction must come. The tower leans from its foundations, and every new story but hastens the final catastrophe. To educate men who must be condemned to poverty, is but to make them restive; to base on a state of most glaring social inequality political institutions under which men are theoretically equal, is to stand a pyramid on its apex....

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 these 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 in contact with or use nature. The term land embraces, in short all natural materials, forces, and opportunities, and, therefore, nothing that is freely supplied by nature can be properly classed as capital.... The term labor, in like manner, includes all human exertion, and hence human powers whether natural or acquired can never properly be classed as capital....

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....

... 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.... This simple truth, in its application to social and political problems, is hid from the great masses of men partly by its very simplicity, and in greater part by widespread fallacies and erroneous habits of thought which lead them to look in every direction but the right one for an explanation of the evils which oppress and threaten the civilized world....

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 ownership 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. ...

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.

The equal right of all men to the use of land is as clear as their equal right to breathe the air — it is a right proclaimed by the fact of their existence. For we cannot suppose that some men have a right to be in this world and others no right....

Our boasted freedom necessarily involves slavery, so long as we recognize 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 progress goes on, must grow and deepen! ...

Now, insomuch 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.

As we have seen, the value of land is at the beginning of society nothing, but as society develops by the increase of population and the advance of the arts, it becomes greater and greater. In every civilized country, even the newest, the value of the land taken as a whole is sufficient to bear the entire expenses of government....

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....

To abolish [all] taxes [except on land value] 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. Instead of saying to the producer, as it does now, "The more you add to the general wealth the more shall you be taxed!" the state would say to the producer, "Be as industrious, as thrifty, as enterprising as you choose, you shall have your full reward! You shall not be fined for making two blades of grass grow where one grew before; you shall not be taxed for adding to the aggregate wealth." ...

The evils arising from the unjust and unequal distribution of wealth, which are becoming more and more apparent as modern civilization goes on, are not incidents of progress, but tendencies which must bring progress to a halt; that they will not cure themselves, but, on the contrary, must, unless their cause is removed, grow greater and greater, until they sweep us back into barbarism by the road every previous civilization has trod. But it also shows that these evils are not imposed by natural laws; that they spring solely from social maladjustments which ignore natural laws, and that in removing their cause we shall be giving an enormous impetus to progress.

The poverty which in the midst of abundance pinches and embrates men, and all the manifold evils which flow from it, spring from a denial of justice. In permitting the monopolization of the opportunities which nature freely offers to all, we have ignored the fundamental law of justice — for, so far as we can see, when we view things upon a large scale, justice seems to be the supreme law of the universe. But by sweeping away this injustice and asserting the rights of all men to natural opportunities, we shall conform ourselves to the law — we shall remove the great cause of unnatural inequality in the distribution of wealth and power;

we shall abolish poverty; tame the ruthless passions of greed; dry up the springs of vice and misery; light in dark places the lamp of knowledge; give new vigor to invention and a fresh impulse to discovery; substitute political strength for political weakness; and make tyranny and anarchy impossible.

The reform I have proposed accords with all that is politically, socially, or morally desirable. . . . What is it but the carrying out in 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 of 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. And so there come beggars in our streets and tramps on our roads; and poverty enslaves men whom we boast are political sovereigns; and want breeds ignorance that our schools cannot enlighten; and citizens vote as their masters dictate; and the demagogue usurps the part of the statesman; and gold weighs in the scales of justice; and in high places sit those who do not pay to civic virtue even the compliment of hypocrisy; and the pillars of the republic that we thought so strong already bend under an increasing strain.

Social Problems, 1883

The terms rich and poor are of course frequently used in a relative sense. . . . Now, we cannot, of course, all be rich in the sense of having more than others; but when people say, as they so often do, that we cannot all be rich, or when they say that we must always have the poor with us, they do not use the words in this comparative sense. They mean by the rich those who have enough, or more than enough wealth to gratify all reasonable wants, and by the poor, those who have not.

Now, using the words in this sense, I join issue with those who say that we cannot all be rich; with those who declare that in human society the poor must always exist. . . . What I mean is, that we all might have leisure, comfort, and abundance, not merely of the necessities but even of what are now esteemed the elegancies and luxuries of life. . . . I do mean to say that we might all have enough wealth to satisfy reasonable desires; that we might all have so much of the material things we now struggle for that no one would want to rob or swindle his neighbor; that no one would worry all day or lie awake at nights fearing he might be brought to poverty or thinking how he might acquire wealth.

Does this seem a utopian dream? What would people of fifty years ago have thought of one who would have told them that it was possible to sow by steam power; to cross the Atlantic in six days or the continent in three; to have a message sent from London at noon delivered in Boston three hours before noon; to hear in New York the voice of a man talking in Chicago. . . .

Who can look about him without seeing that to whatever cause poverty may be due, it is not due to the niggardliness of nature; without seeing that it is blindness or blasphemy to assume that the Creator has condemned the masses of men to hard toil for a bare living? . . .

“The poor ye have always with you.” If ever a scripture has been wrested to the devil’s service, this is the scripture. How often have these words been distorted from their obvious meaning to soothe conscience into acquiescence in human misery and degradation — to bolster that blasphemy, the very negation and denial of Christ’s teaching, that the All-Wise and Most Merciful, the Infinite Father, has decreed that so many of His creatures but be poor in order that others of His creatures to whom He wills the good things of life should enjoy the pleasure and virtue of doling out alms!...

It is not necessary that anyone should be condemned to monotonous toil; it is not necessary that anyone should lack the wealth and the leisure which permit the development of the faculties that raise man above the animal.... In turning men into machines we are wasting the highest powers.

HENRY GEORGE – A SIMULATED INTERVIEW

1. How did the Industrial Revolution affect American society?

- A. The Industrial Revolution brought about great progress in productive capabilities. The productive power of labor was tremendously multiplied.
- B. The economic progress of the Industrial Revolution was not accompanied by progress for the lower classes. Too many people are stuck in a life of desperate poverty.

2. Why must society try to solve the problem of poverty?

- A. In a time of enormous economic progress poverty is more visible and less acceptable.
- B. All human beings have a right to the necessities and comforts of life.
- C. All people have an equal right to apply their labor to the earth’s natural resources.
- D. The Industrial Revolution allowed people to become wealthy without working; this is morally wrong. Wealth goes primarily to those who own land. Land should belong to all people, and wealth should not come from the mere ownership of land.
- E. If the problem of poverty is not solved, civilization faces a return to barbarism. An unequal distribution of wealth is dangerous to society. The problems of an unequal distribution of wealth threaten the progress of society.

3. Is there a solution to the problem of poverty?

- A. Nature provides enough resources that no person should have to live a life of poverty.
- B. The root cause of poverty is the private ownership of land. Land should be made common property.

4. What are the three factors of production?

- A. *Land*: Land includes all material not made by human beings.
- B. *Labor*: Labor includes all human work.
- C. *Capital*: Capital includes everything that is not classified as land or labor.

5. Does the ownership of land involve a financial risk?

- A. The value of land increases as society increases in population. Landlords do not have to develop their land or invest capital to increase the value of their land. Owning land involves no financial risk.
- B. Landlords merely own land. They gain great wealth at no risk and they provide no service to society. This situation is morally wrong and should be corrected.

6. How does the monopolization of land affect the capitalist system?

- A. Land is necessary to both workers and capitalists for the production of wealth. Those who own land control the production of wealth.
- B. Landlords gain great wealth at the expense of the capitalists and the workers. Private ownership of land leads to slavery for those who do not own land.
- C. Rent charged by landlords for the use of land robs capitalists and workers of honest profit. Capitalists risk their wealth. Workers give their time and their labor. Landlords offer no services and gain wealth through mere ownership.
- D. An increase in population creates a higher demand for land. In turn, a higher demand for land creates higher rents demanded by landlords. An increase in rent causes wages and profits to fall.
- E. Landlords monopolize resources that are granted equally to all human beings by nature. All people should have an equal right to land.

7. How can the monopolization of land be abolished?

- A. Land should be made common property. All human beings have an equal and natural right to use land.
- B. Landlords should be taxed for the value of their land.
- C. A single massive tax on the value of land would absorb all rents and end the monopolization of land. The market value of land (known as rent) should be confiscated through taxation.

8. How will a single tax on the value of land affect society?

- A. A tax on the value of land will be the only tax necessary to fund government. All other taxes can be abolished.
- B. When all taxes are abolished except the land tax, an enormous weight will be lifted from productive industry. People will be free to buy or sell in a market uninhibited by taxes.
- C. A single tax on the value of land will lead to the abolition of all rent. The abolition of rent will raise wages and profits, abolish poverty, and create full employment.
- D. The land tax or “single tax” will stimulate economic production and progress.
- E. Revenue from the land tax can be used to improve society.

STUDENT ACTIVITIES

Vocabulary

Define the following terms before reading the lesson on George.

1. acquiescence
2. aggregate
3. apex
4. avarice
5. barbarism
6. blasphemy
7. bounteous
8. contradistinction
9. degradation
10. enigma
11. enunciated
12. erroneous
13. extirpate
14. facilitation
15. fallacy
16. maladjustment
17. niggardly
18. pecuniary
19. philanthropy
20. prodigious

Review

1. What well-known men admired George's reform movement?
2. What is George's most important book?
3. What did George think was the positive aspect of the industrial revolution?
4. What did George think was the negative aspect of the industrial revolution?
5. What did George think would happen to society if the problem of poverty was not solved?
6. What did George think was morally wrong with the changes brought about by the industrial revolution?
7. What did George think was the root cause of poverty?
8. What are the three factors of production according to George?
9. According to George, what is land?
10. Why did George think ownership of land involved no financial risk?
11. What did George think was the status of people who did not own land?
12. According to George, what situation creates a higher demand for land?
13. What did George think was the solution to the landlords' monopolization of land?
14. What did George think would happen if all taxes were abolished except the land tax?
15. Decide whether the following statements are **True** or **False** according to Henry George.
 - A. Landlords gain great wealth without providing a service to society.
 - B. People who control capital control the production of wealth.
 - C. Society needs a single massive tax on the value of land.
 - D. All taxes should be abolished except the land tax and an income tax.
 - E. A single tax on the value of land would slow down economic production.

F. All people should have an equal right to land.

What do you think?

On a scale of one through five, rate your opinion of the following quotations by George. Write a short statement explaining your rating.

1 – You **strongly agree** with the statement *or* you feel the statement is **admirable** considering the historical circumstances surrounding it.

5 – You **strongly disagree** with the statement *or* you feel the statement is **contemptible** considering the historical circumstances surrounding it.

- A. *It is becoming evident that the enormous increase in productive power which has marked the present century and is still going on with accelerating ratio, has no tendency to extirpate poverty or to lighten the burdens of those compelled to toil.*
- B. *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.*
- C. *So long as all the increased wealth which modern progress brings goes but to build up great fortunes, to increase luxury and make sharper the contrast between the House of Have and the House of Want, progress is not real and cannot be permanent.*
- D. *We must make land common property.*
- E. *The equal right of all men to the use of land is as clear as their equal right to breathe the air — it is a right proclaimed by the fact of their existence.*
- F. *The evils arising from the unjust and unequal distribution of wealth, which are becoming more and more apparent as modern civilization goes on, are not incidents of progress, but tendencies which must bring progress to a halt.*
- G. *I join issue with those who say that we cannot all be rich; with those who declare that in human society the poor must always exist. ... We might all have enough wealth to satisfy reasonable desires.*
- H. *It is not necessary that anyone should be condemned to monotonous toil; it is not necessary that anyone should lack the wealth and the leisure which permit the development of the faculties that raise man above the animal.*
- I. *There is danger in reckless change; but greater danger in blind conservatism.*
- J. *There are three ways by which an individual can get wealthy — by work, by gift, and by theft. And, clearly, the reason why the workers get so little is that the beggars and thieves get so much.*
- K. *How can a man be said to have a country when he has not right to a square inch of it?*
- L. *Property in land is as indefensible as property in man.*