

CHAPTER 8 THE STATICS OF THE PROBLEM THUS EXPLAINED

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

Before working out this theory, I have deemed it necessary to show conclusively the insufficiency of current theories; for, in thought, as in action, the majority of men do but follow their leaders, and a theory of wages which has not merely the support of the highest names, but is firmly rooted in common opinions and prejudices, will, until it has been proved untenable, prevent any other theory from being even considered, just as the theory that the earth was the center of the universe prevented any consideration of the theory that it revolves on its own axis and circles round the sun, until it was clearly shown that the apparent movements of the heavenly bodies could not be explained in accordance with the theory of the fixity of the earth.

There is in truth a marked resemblance between the science of political economy, as at present taught, and the science of astronomy, as taught previous to the recognition of the Copernican theory. The devices by which the current political economy endeavors to explain the social phenomena that are now forcing themselves upon the attention of the civilized world may well be compared to the elaborate system of cycles and epicycles constructed by the learned to explain

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the celestial phenomena in a manner according with the dogmas of authority and the rude impressions and prejudices of the unlearned. And, just as the observations which showed that this theory of cycles and epicycles could not explain all the phenomena of the heavens cleared the way for the consideration of the simpler theory that supplanted it, so will a recognition of the inadequacy of the current theories to account for social phenomena clear the way for the consideration of a theory that will give to political economy all the simplicity and harmony which the Copernican theory gave to the science of astronomy.

But, unlike the Copernican theory, the truth I wish to make clear is naturally perceived. To recognize it we have but to come back to first principles and heed simple perceptions.

But at this point the parallel ceases. That “the fixed and steadfast earth” should be really whirling through space with inconceivable velocity is repugnant to the first apprehensions of men in every state and situation; but the truth I wish to make clear is naturally perceived, and has been recognized in the infancy of every people, being obscured only by the complexities of the civilized state, the warpings of selfish interests, and the false direction which the speculations of the learned have taken. To recognize it, we have but to come back to first principles and heed simple perceptions. Nothing can be clearer than the proposition that the failure of wages to increase with increasing productive power is due to the increase of rent.

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

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Three parties divide the produce—the laborer, the capitalist, and the landowner.

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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 laborer and capitalist. That wages and interest are higher in new than in old countries is not, as the standard economists say, because nature makes a greater return to the application of labor and capital, but because land is cheaper, and, therefore, as a smaller proportion of the return is taken by rent, labor and capital can keep for their share a larger proportion of what nature does return. It is not the total produce, but the net produce, after rent has been taken from it, that determines what can be divided as wages and interest. Hence, the rate of wages and interest is everywhere fixed, not so much by the productiveness of labor as by the value of land. Wherever the value of land is relatively low, wages and interest are relatively high; wherever land is relatively high, wages and interest are relatively low.

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

But the complexities of production in the civilized state, in which so great a part is borne by exchange, and so much labor is bestowed upon materials after they have been separated from the land, though they may to the unthinking disguise, do not alter the fact that all production is still the union of the two factors, land and labor, and that rent (the share of the landholder) cannot be increased except at the expense of wages (the share of the laborer) and interest (the share of capital). Just as the portion of the crop, which in the simpler forms of industrial organization the owner of agricul-

tural land receives at the end of the harvest as his rent, lessens the amount left to the cultivator as wages and interest, so does the rental of land on which a manufacturing or commercial city is built lessen the amount which can be divided as wages and interest between the laborer and capital there engaged in the production and exchange of wealth.

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

To see humans in the worst conditions, you must go, not to the frontier, where land is yet worth nothing, but to the great cities, where land is valuable.

It is unnecessary to refer to facts. They will suggest themselves to the reader. It is the general fact, observable everywhere, that as the value of land increases, so does the contrast between wealth and want appear. It is the universal fact, that where the value of land is highest, civilization exhibits the greatest luxury side by side with the most piteous destitution. To see human beings in the most abject, the most helpless and hopeless condition, you must go, not to the unfenced prairies and the log cabins of new clearings in the backwoods, where man singlehanded is commencing the struggle with nature, and land is yet worth nothing, but to the great cities, where the ownership of a little patch of ground is a fortune.