

**"PROGRESS AND
POVERTY." A REVIEW
OF THE DOCTRINES
OF HENRY GEORGE**

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"Progress and Poverty." A Review of the Doctrines of Henry George by George Basil Dixwell

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GEORGE BASIL DIXWELL

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BY

GEORGE BASIL DIXWELL.

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“PROGRESS AND POVERTY.”

I.

IN “Progress and Poverty” Mr. Henry George has given to the world a brilliant work, admirably written, full of eloquence, radiant with the noble aspiration of diminishing human suffering, and absolutely devoid of that too common cowardice which stops at each sentence to consider whether the words about to be written will be in harmony with opinions avowed upon the other side of the Atlantic.

But the ability and earnestness of the author and the tremendous importance of his subject make it all the more necessary to examine with care every doubtful premise and every questionable deduction, and to collect what evidence we can as to the exactness or carelessness of his methods of reasoning. Of these we have some specimens in an article published by Mr. George in the *Popular Science Monthly* for March, 1880, entitled “The Study of Political Economy.” In this he says:—

“The effect of a tariff is to increase the cost of bringing goods from abroad. Now if this benefits a country, then all difficulties, dangers, and impediments which increase the cost of bringing goods from abroad are likewise beneficial. If this theory be correct, then the city which is the hardest to get at has the most advantageous situation; pirates and shipwrecks contribute to national prosperity by raising the price of freight and insurance; and improvements in navigation, in railroads and steamships, are injurious. Manifestly, this is absurd.”

It is certainly absurd, but the absurdity must be looked for in Mr. George's reasoning. The true statement should be this: *One* of the effects of a tariff is to increase the cost of bringing *certain kinds* of goods from abroad. Nevertheless a tariff is said

to be beneficial. If so, then everything which increases the cost of bringing from abroad not only those certain goods, but all goods, must likewise be beneficial. The obstacles he mentions not only raise the price of a particular kind or kinds of goods, but of all goods, and that of passage also, and they diminish the value of all exports. The railroad and the steamship facilitate every sort of exchange, but this does not prove that every sort of exchange is beneficial. Rum, opium, small-pox, and leprosy do not become desirable because distributed by rail and steamer! A tariff does not stop all exchanges, but only some. That would be a droll syllogism which ran: "If to stop some exchanges be beneficial, then to stop all exchanges would be beneficial." Mr. George continues thus:—

"And then I looked farther. The speaker had dwelt on the folly of a great country like the United States exporting raw material and importing manufactured goods which might as well be made at home, and I asked myself, What is the motive which causes a people to export raw materials and import manufactured goods? I found that it could be attributed to nothing else than the fact that they could in this way get the goods cheaper, — that is, with less labor. I looked to transactions between individuals for parallels to this trade between nations, and found them in plenty: the farmer selling his wheat and buying flour; the grazier sending his wool to a market and bringing back cloth and blankets; the tanner buying back leather in shoes, instead of making them himself. I saw, when I came to analyze them, that these exchanges between nations were precisely the same thing as exchanges between individuals; that they were in fact nothing but exchanges between individuals of different nations; that they were all prompted by the desire and led to the result of getting the greatest return for the least expenditure of labor; that the social condition in which such exchanges did not take place was the naked barbarism of the Terra del Fuegians; that just in proportion to the division of labor and the increase of trade were the increase of wealth and the progress of civilization. And so, following up, turning, analyzing, and testing all the protectionist arguments, I came to conclusions which I have ever since retained."

The reader who is familiar with the Free-Trade and Protectionist controversy will need no one to point out the weakness of the above paragraph.

To get goods cheaper is not the equivalent of getting them for less labor.

To get the greatest return for the least expenditure of a small portion of its labor is not the proper aim of a nation, but to get the greatest Gross Annual Product obtainable by the whole of its available labor. This is a very different matter.

That exchanges and division of employments find place in all but savage societies, does not prove that there must be division of employments between nations. It is not necessary that England should make up all our raw materials while we confine ourselves to agricultural pursuits. We are numerous enough to derive from the division of employments every possible advantage among ourselves. No man can be certain that the increase of wealth and the progress of civilization are "just in proportion" to the division of labor and the increase of trade, because these two last are not the only nor even the chief elements in civilization; but even if they were, we are not promoting the division of labor nor the increase of trade in the *United States* by confining ourselves to raising raw material.

THE OBJECT OF INTERNATIONAL TRADE.

The object *aimed* at in trading with a foreign nation is to get what is wanted cheaper in the sense of for less labor, certainly; but this object is attained only when the reciprocal desires balance. When they do not balance, the party whose needs are the greatest in amount must give up more and more of any advantages arising from the exchange, and may have to give up the whole, — yes, and a good deal more than the whole; for if he does not possess the skill and the fixed capital he cannot begin to manufacture (which is his only defence) until the other party has extorted from him twenty or thirty or more per cent over the rate at which he might manufacture for himself if he had the skill and fixed capital. And this is not the worst: B needs more of A's goods than A will take of his. He must pay in treasure while this lasts. He may produce, if you please, a hundred millions of treasure a year; but if he pay out two hundred, he will soon find the basis of his machinery of exchange gone, only to be recovered after years of loss and misery, and

he will find that he must go *without* a large part of what he might have enjoyed through his own industry. He can permanently obtain from abroad only so many goods as will pay for that quantity of his commodities which is needed in the outer world at the lowest price at which he can afford them. These are the conditions which the *World* offers to fifty millions of people, soon to be a hundred millions. If it were bargaining with five millions of people it might have to offer better terms. This is not merely protectionist doctrine, but is a necessary deduction from the propositions regarding international trade laid down by Mr. John Stuart Mill. But Mr. George reasons as if the matter of proportional demands or requirements had no place in political economy.

The reader may at first think that all this has nothing to do with "Progress and Poverty;" but it has much to do with Mr. George's habits of thought, and these have shaped his book. If we find him making about free-trade deductions which involve a syllogism with four terms, — or a universal conclusion drawn from a particular premise, or the like, — we shall be prepared and on the watch for similar inaccuracies in the book we are about to examine; and before going to the main subject it is well to quote from page 270 of "Progress and Poverty" the following:—

"To these must be added, in the United States, the robbery involved in the protective tariff, which for every twenty-five cents it puts in the treasury takes a dollar and it may be four or five out of the pocket of the consumer."

Now the duties collected have some years been over two hundred millions; there must then, according to Mr. George, have been at least eight hundred millions, and perhaps four thousand millions, taken by the tariff from the pockets of the consumers. These Munchausen figures would have set any honest man like Mr. George upon a re-examination of the statements which the allies of the Cobden Clubs have the audacity to repeat year after year in the face of repeated refutations; but he did not stop to see where his allegations would carry him, — and this is a lamentable fact, as it throws his evident uprightness and earnestness

into the scales which are heavily weighted with falsehood and frivolity. The fact is noted in no hostile spirit. The internal evidence which "Progress and Poverty" contains of the pure, single-hearted, and noble motives of its author are overwhelming; and his object, "the alleviation of human misery," is one with which every true man must sympathize; but the higher the object the more important it becomes not to fall into error as to the cause of the evil or as to the remedies which may be advantageously applied to it.

THE AMERICAN PROBLEM.

Mr. George describes eloquently this century's increase in wealth-producing power, and thinks that if a Franklin or a Priestley had seen it in a vision he would have expected the very poorest to be lifted above the possibility of want,—he would have expected to see

"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 tamed; discord turned to harmony! For how could there be greed when all had enough? How could the vice, the crime, the ignorance, the brutality, that spring from poverty and the fear of poverty, exist when poverty had vanished? Who should crouch where all were freemen; who oppress where all were peers?"

But Franklin and Priestley were far from rhapsodists; they were cool and wary thinkers and observers. They saw about them much vice, crime, ignorance, and brutality that were the cause of poverty, instead of being caused by poverty, as Mr. George assumes. They saw much poverty which need not then exist, had the sufferers been as free from vice, crime, ignorance, and brutality as they might have been under the then conditions of society; they saw, indeed, much vice, crime, ignorance, and brutality which even then had not the apology of poverty: moreover, they would have foreseen a vast increase in cities, where temptations are more numerous and restraints less powerful; where there is much wealth to be preyed upon, and comparatively great opportunity of escaping detection; where Charity

rushes about eager to relieve the deserving, and often carelessly giving to the undeserving the funds which should have been better bestowed; where men may live for months or years without knowing who lives in the next house; where there are a thousandfold more opportunities for self-indulgence than in the village in which every one knows every one, and each man and woman is a wholesome restraint upon the rest. Franklin and Priestley, then, would hardly have expected as much as our author believes they would have expected: possibly they would not have expected even as much as has been accomplished. If they could have foreseen the condition of society to-day, and compared it, class for class, with what existed in their times, they probably would have gone down to their graves with bright hopes of the future. They would have seen great cities become as healthy as the village was in their days, and they would have seen a great and a general advance in the real wages of all classes of those who are able and willing to work. The change in this respect is most striking, and is within the scope of the personal observation of all who can look back thirty or forty years with a clear and distinct memory. To such no statistical proof is needed; but such proof is at hand, for we have careful estimates of the gross annual product of the United States each ten years, and by these we find that there was earned enough to give each individual \$61 in 1840, \$69 in 1850, \$83 in 1860, at least \$110 in 1870, and at least \$140 in 1880. Let us add 15 per cent to 1840 on account of possibly shorter enumerations then than now. Still we have only \$70 in 1840 against \$140 now. But for 1880 we have not only estimates of the gross annual product: we have also those of the total value of the nation's accumulations, and made by the same hand (Mulhall). These make the property of the United States to have been forty thousand millions; and this valuation was made at a time when Government could borrow at 4 per cent, and when few investments could be made to safely yield 5 per cent, and when farmers in the far west could borrow at 6 per cent. If, then, we take into consideration the fact that much property in real estate gave no return, but was merely held for a market, it will be seen that to assume the whole forty thousand millions of property to