You have been introduced to John Stuart Mill earlier. Here we have chosen a brief selection which Mill wrote in response to socialist writers who were arguing that private property was the root of the problems of capitalist society. Mill, who was sympathetic to the values and goals of the socialists, felt that a market economy based on private property offered the best hope for society, especially if there were population control and universal education.


Private Property Has Not Had Fair Trial

The principle of private property has never yet had a fair trial in any country; and less so, perhaps, in this country [England] than in some others. The social arrangements of modern Europe commenced from a distribution of property which was the result, not of just partition, or acquisition by industry, but of conquest and violence; and notwithstanding what industry has been doing for many centuries to modify the work of force, the system still retains many and large traces of its origin. The laws of property have never yet conformed to the principles on which the justification of private property rests. They have made property of things which never ought to be property, and absolute property where only a qualified property ought to exist. They have not held the balance fairly between human beings, but have heaped impediments upon some, to give advantage to others; they have purposely fostered inequalities, and prevented all from starting fair in the race. That all should indeed start on perfectly equal terms, is inconsistent with any law of private property; but if as much pains as has been taken to aggravate the inequality of chances arising from the natural working of the principle had been taken to temper that inequality by every means not subversive of the principle itself; if the tendency of legislation had been to favor the diffusion, instead of the concentration of wealth—to encourage the subdivision of the large masses, instead of striving to keep them together—the principle of individual property would have been found to have no necessary connection with the physical and social evils which almost all Socialist writers assume to be inseparable from it.

Private property, in every defense made of it, is supposed to mean the guarantee to individuals of the fruits of their own labor and abstinence. The guarantee to them of the fruits of the labor and abstinence of others, transmitted to them without any merit or exertion of their own, is not of the essence of the institution, but a mere incidental consequence, which, when it reaches a certain height, does not promote, but conflicts with the ends which render private property legitimate. To judge of the final destination of the institution of property, we must suppose everything rectified which causes the institution to work in a manner opposed to that equitable principle of proportion between remuneration and exertion, on which in every vindication of it that will bear the light, it is assumed to be grounded. We must also suppose two conditions realized, without which neither Communism nor any other laws or institutions could make the condition of the mass of mankind other than degraded and miserable. One of these conditions is universal education; the other, a due limitation of the numbers of the community. With these, there could be no poverty even under the present social institutions...
Every era has its lay economist, journalist, or businessperson who writes about economics and whose writing achieves a certain notoriety. Henry George was such a person (a newspaperman) in the last quarter of the 19th century. He developed the idea that ownership of land was the chief cause of poverty among people who did not own land, and he strongly advocated the taxation of land rental values as a way for government to obtain income.

It will likely be difficult reading for many of you, not so much because the ideas it discusses are difficult, but rather, because of its literary style, which is somewhat dense, and because of some of the jumps in logic that he makes. We include it because (1) it is from an important popular book in the 1890s, and (2) because it ties together many of the ideas about factor payments and justice that the textbook touches on.


Progress and Poverty: Preface

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

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