

More Education Will Not Reduce Poverty?

By Mike Curtis

Henry George places 100 shipwrecked men on an island from which there is no escape. He draws attention to the fact that whether one of them has the weapons to make the other 99 his chattel slaves, or one of them has title to the island and the means to enforce it: it makes no difference to the one or the 99, they are his slaves. That is to say, because of the one's ownership of the island, the other 99 would have to work for a bare subsistence, just enough to keep them healthy enough to work at maximum efficiency, which is the wage of a slave.

Now, let us suppose that the one does not believe in chattel slavery, but he does believe in private property in land. He was the first one ashore, and with his gun, he claimed the island before anyone else arrived.

Next, let us suppose that one of the 99 has exceptional talents and can build far superior dwellings. Another can grow significantly more and better crops. A third can make far better clothing in less time than any of the rest. Would not the one who owns the island, likely increase the rewards given to these three out of the 99. If he didn't, what would be their incentive to produce any more than the rest of the workers? Their wages would be so much higher than the others that they would hardly seem like slaves at all—especially wage slaves, since the owner of the island does not believe in chattel slavery, and considers all men to be free.

Now, as an impartial observer, it would be hard to resist the conclusion that skill and knowledge are the keys to freedom and prosperity. Those who have the superior skill and knowledge have prospered because of it. They are by no means working for the subsistence of slavery. They enjoy a level of comfort, leisure, and satisfaction that suggests no connection with the oppression and exploitation of slavery. With every increase in their skill, knowledge, and the resulting productivity, comes higher and higher wages.

It seems irresistible to conclude that wage slavery is the result of ignorance, the lack of knowledge and skill. Those with knowledge and skill live healthy and prosperous lives. Therefore, it is easy to think if everyone had a certain level of skill and knowledge, everyone would live a prosperous life with leisure and abundance. Increasing the general level of education must be the solution to Wage Slavery.

Let us imagine that over the next generation the population of the island doubles, and at the same time, inventions and innovations enable each worker to utilize 10 percent more of the island from which there is no escape. Now there is only room for 90 people out of the 100 to work the land at maximum efficiency. The 90 most skilled and educated will be working the land. The 10 least productive workers will be unemployed and living from the charity of the island's owner and maybe, to some degree, the most skilled and knowledgeable workers.

With the general increase in skill and knowledge, invention and innovation, each worker might be producing twenty percent more goods or services than workers did a generation before. However, what is it that determines the wages of the least productive people who are actually working? Ten percent of the population is unemployed: so, in an effort to stay employed, the least productive people who are actually working, are perfectly willing to accept the same wage as before: food, clothing, and shelter.

It is only as an individual's potential exceeds that of the least productive people who are actually working, that any incentive is necessary to motivate a greater productivity. The superior workers are paid just enough of the larger amount they produce to ensure that the supply of workers with each kind and level of skill will meet the demands of their employer and yield the maximum possible efficiency.

Whether our economic analysis is confined to a hypothetical island, or we consider the United States as a whole, the principles hold true. As long as there is no free alternative upon which people can live and work, wages of the least productive (skilled and educated) people who are working, tend in the free market to a bare subsistence. Therefore, no increase in the general level of education can raise wages, no matter how much it increases production. At one time, those who could read and write got higher pay. Now, it is a requirement for employment in the lowest paid jobs.

Interventions like the Minimum Wage, raise wages, but they do not create jobs. On the hypothetical island, there was a shortage of land. In the U.S., no shortage of land has ever existed. Our arable land area per person is 1/5 that of Great Britain. In our cities and suburbs, the infrastructure has been built at enormous expense; it enables great concentrations of people to live and work with phenomenal efficiency. Yet, there are many undeveloped parcels and many times that number that are underdeveloped. There are also empty and partly empty buildings in a state of decline. The primary objective of landowners is the increase in the selling value of the land. Any income they may get helps to pay the taxes and add to the overall profit that comes from the increase in the selling value of the land. These unused and underused parcels could provide more than enough land to employ and house the entire unemployed and homeless populations of the United States right now.

In the simplest terms, what is needed is to put all valuable land to its potential for employment or housing. The most jobs and units of housing would be created in the cities and suburbs where the infrastructure and public service supports it. As all the most potentially productive land is put to its full use, large areas of the least potentially productive land will have no demand and no value at all.