

on an equal footing will be established. It would profit no one to hold land out of use, or withhold it from its best use, and continue to pay taxes on its value. It would not be possible to hold land as means of obtaining tribute from others, since its rent could be appropriated by no individual. The barriers to employment would be broken down. Countless opportunities would be made available, the exploiting power of the capitalist based on "the man at the gate" would disappear, wages would rise naturally and each citizen would secure and enjoy the full product of his labor.

This is no new or strange doctrine. The Colonies have already made a beginning with this use of taxation for the overthrow of land monopoly and land speculation. In the measure of its application in Australia, New Zealand, the Transvaal and Canada, the Taxation of Land Values has proved both practical in operation and beneficial in effect. The Taxation of Land Values has been brought to the doors of the British Parliament time and again. Parliament must listen now.

The fundamental mistake has been in treating land as private property. On this false basis modern civilization rests, and hence, as material progress goes on, is everywhere developing such monstrous inequalities as threaten its very existence. As without land man cannot exist; as his very physical substance, and all he can acquire and make, must be drawn from the land, the ownership of the land of a country is necessarily the ownership of the people of that country—involving their industrial, social and political subjection.

In these days such a condition is fraught with the gravest danger to society. The programmes of "reconstruction" set before the country by the political parties, ignoring as they do the main requirement for justice and freedom, must fail of their purpose. The numerous schemes now being advocated for speeding up production, providing State assistance for industry and improving social conditions by way of public doles must, as long as land monopoly exists, have one certain and ultimate result, viz., to increase the rent of land. They will not benefit those who live by labor. They will benefit only those who live on the labor of others."

THE *New York World*, commenting upon Secretary Lane's proposal to provide land for the returned soldiers, and his statement that there are nearly 200,000,000 acres of waste land in the United States, says:

"Land is the most plentiful resource in a country endowed so richly. Irrigation would progress more, swamp lands would be drained faster, if there were not so much land that needs neither irrigation nor drainage."

If there is so much land why waste money in irrigation and drainage? Is the people's money earned so easily, and is the supreme sacrifice offered by the soldiers of our country, of so little value that the interest of privileged land owners outweighs them?

Economics and Ethics Scripturally Commanded

VIOLATIONS PRODUCE BASIC WAR-CAUSES

THE PROBLEM

IT was due much more to intelligent design than to mere chance that after the paramount injunction providing for perpetuation of life, the scriptural account of the first duty-command ascribed to the Creator involving performance of sociological obligation, had to do purely with the economics of production: "Replenish the earth and subdue it" (Gen. 1:28). And, while third in consecutive order of the first three primary commands looking to the permanent and increasing well-being of the human race, it is also significant that the second of the duty-commands had to do purely with the ethics of distribution: "In the sweat of thy face shalt thou eat bread" (Gen. 3:19).

In the light of modern political economy, transposed into twentieth-century phraseology affirmatively expressed, these commands clearly mean, "Use the land; consume your own products." A true negation of these economic commands, carried to their present day dangerous but logical conclusion, would be the special-privilege power peculiarly inherent exclusively in public-produced land values, which by title originally based upon conquest or force have thus legalized their private retention, "Withhold the land from use; appropriate the product of the expended energies of others."

These earliest and infinitely important, scientific as well as scriptural, laws relating to the primary right of production and the equitable distribution of wealth, constitute essential prerequisites to the fundamentally just and righteous relations which must prevail generally between men and between nations, before domestic and international prosperity, happiness and peace can become permanently possible. These deductions accurately accord with the highest type of the most practically altruistic thought of a rapidly increasing proportion of the world's most far-seeing teachers, economists, and statesmen.

PRODUCTIVE POWER AND RETURNS TO LABOR

In all civilized countries there is glaring and increasing disproportion between the known immense increase in productive power, and of net returns to labor and productively employed capital. During the past fifty years especially, due to the enormously increased productive power of labor consequent on its much greater subdivision, and marvelous improvements in agricultural, mechanical, electrical and chemical operations and processes, productive power in general has increased ten, and in many instances to one thousand fold. And notwithstanding the enormous gross gains, there has been little, if any, appreciable increase in net returns to the active agencies engaged in the various processes of production and distribution.

If the great increase in productive power, incident to labor-saving inventions, to conservation of products, and to the immense economies due to the greater subdivision of labor made possible by increasingly denser populations, has increased per unit of human effort, which is manifestly true, then, obviously, there has been enormous gross gain. Accordingly, there should therefore be, under natural economic conditions, corresponding general decrease in living costs, and increase in net returns to labor and productively invested capital.

If, on the contrary, with increasing density of population the reverse is true, then there necessarily is an economic leak through which, in proportion as population becomes denser and land values higher, there appears to be subtly drained all, and frequently more than all, of the economic gains to which the productive agencies of the world are clearly entitled. Economically considered such insidious absorption of unearned wealth is impossible except through private appropriation of "economic rent"—ground rent exclusive of improvements.

The economic disproportion of net returns to the only active factors of production, varies always and everywhere in direct proportion to the relative density of population per square mile. It decreases with sparseness of population and unrestricted or extensive use of land, and invariably increases with density of population and naturally restricted or intensive use of land.

THE REAL EXPLANATION

Herein, therefore, seems to lie the basic cause of the unjustifiably low net purchasing power of the masses, the ever increasing high cost of living and of conducting business, the periodic "hard times" or business depression, and the consequent unnecessarily low net returns to productively invested capital. That non-participants in production and distribution absorb in the United States alone with absolutely no return therefore, over ten billion dollars annually, is but a mere incidental effect of the economic maladjustment that seriously and increasingly affects every useful occupation and business in every country.

It is quite generally known that the invariable economic effect of increasing the density of population per square mile is to correspondingly increase land values, or "economic rent," the only population-produced product. But, except to those whose dominant interests are much greater as land owners than as land users, it is not yet seriously nor generally realized that in the end land values, or "unearned increment," in direct proportion to increase in density of population, absorb all economic gains.

Increasingly greater proportions of wealth absorbed by land values are also the result of all increase in productive powers. This applies to labor saving inventions, to increase in working hours and greater efficiency of labor, to more intensified use of land, to cheaper fuel and lights, to lower freight rates, to co-operative societies or stores,

to general decrease in living costs due to the practice of economies, to improvement in sanitation and health, to higher mental and moral levels, and, to any lower costs of conducting business and manufactures temporarily gained by increased output and wider markets.

For complete confirmation of these positive effects of the operation of economic laws, see Adam Smith's "Wealth of Nations," ("Five foot book case edition," pages 216 to 218). But, had the "Wealth of Nations" never been written, careful observation and unbiased reflection would be forced to recognize the facts.

PRIVATE APPROPRIATION OF ECONOMIC RENT THE REAL EVIL

Abnormally high and privately appropriated land values are, therefore, the primary and wholly efficient common cause of many inequitable and pernicious economic and sociological effects. Some of the principal effects consist in the continuous tendency of wages and interest to a minimum, resulting in industrial unrest and decreased purchasing power of the masses. This reduces the volume of domestic consumption and trade, and, with the steadily increasing overhead cost of conducting business consequent on advancing ground rent, all agricultural, commercial and manufacturing interests unnecessarily suffer.

In their blind and unavailing efforts to overcome, or outrun, the increasing costs of production and distribution, the leading captains of industry and the large business interests in all countries, have resorted to several expedients. And every expedient has not only signally failed to accomplish hoped-for results, but has intensified the unnatural economic struggle.

Following what is superficially considered the path of least resistance, the first expedient usually is to force general reductions of wages, the accomplishment of which adversely reacts on both the net margins and the gross volume of business. The second is to effect greater labor-saving methods, to compel an increased efficiency, and, by "scientific" management, require the speeding up of men and machines. The third is to install higher speed tools and improved machinery with a view of reducing production costs. The fourth has been the seeking of wider domestic, and then of foreign markets, while at the same time the actual home needs could not be met, due to lack of purchasing power on the part of the actual producers of the products exported to other countries. Any temporary gains thus obtained have always been absorbed by the ever-increasing overhead costs consequent on advancing ground rents. The fifth has been, by diplomacy and intrigue, and then by cannon, the forming of colonies in countries where population was less dense and land values lower.

WAR THE LAST EXPEDIENT

The sixth expedient, when the others failed and the natural basic rights of men and nations was held in still

more flagrant disregard and contempt, has been wars of territorial conquest. Here the transformation from individual to collective self begins; the military taking outrightly of that which previously only a little at a time had been commercially taken. Such wars, impelled wholly by economic stress, have been instigated under various guises by the ruling classes, for the actual dual purpose of preventing industrial revolutions at home, and for anticipated special advantages in permanent control of wider and more remunerative markets abroad.

These wars, with their "Hymns of Hate", have always originated in nations where population was dense, land used intensively, and land values abnormally high, and they have been directed against countries where the reversed conditions obtained. That the effects of such inexcusable maladjustments as have been described eventually result in blunting, debasing, and even temporarily dehumanizing the human mind, is seen in the audacious purpose and in the brutal methods practiced by Prussianism, which the civilized world, at awful cost, is today in self-defense obliged to crush into impotency.

But, Prussianism is mentally, morally, and economically only the fully ripened fruit of the unnatural withholding from use, in whole or in part, of the land, the waters, the air and the sunlight, which the Creator provided solely for the highest use of all mankind.

THE ECONOMIC CAUSES OF WAR MUST BE STUDIED

If the present cataclysm of force and destruction is the inevitable final consequence of the disregard of both economic and scriptural laws, as appears certain, then, unless society shall, through its teachers, preachers, and statesmen, become generally and ungrudgingly willing to submit to the orderliness and equity of the natural laws of righteousness, war-causes must again grow, and again produce their hated fruit. Serious individual consideration of economic laws is therefore becoming increasingly important.

In the eternal struggle for higher degrees of existence, the biologic laws of heredity, natural selection, etc., have been the inevitably operating natural laws through which have been wrought out continuous evolution of the most desirable types of life. The fitter of the superior types, altruistically actuated, have in a helpful and just manner impressed their superior economic and social constitution upon the less fit of the human family. Inferior types, by brutal force alone, seek to impose both their possible excellences and their selfishly conceived economic, social and military supremacy upon the less powerful, or to destroy their potentiality for further growth.

The one is the peaceable though relentlessly operating natural law of the survival of the fittest while assisting the less fit to higher levels of life. The other is the properly despised pitiless view of life known as "Kultur".

THE ECONOMIC ORIGIN OF "KULTUR"

"Kultur," in its essence, must necessarily be gradually superinduced by maladjusted fundamental economic causes that can hardly be considered wholly peculiar solely to German soil or to the natural instincts and free choice of the great mass of German people. Generic "Kultur" would therefore appear to be an essential effect of conditions which have long been more true of Germany than of less densely populated nations. For it is significant that "Kultur," of the Prussian type, has never appeared, and, for economic reasons, cannot possibly appear, in sparsely populated countries where land values, and therefore living costs, are comparatively low.

It must not be forgotten that, fundamentally considered, "Kultur" is but the natural climax of a gradual but unnatural economic-impelled growth. Though needlessly so, incipient stages of "Kultur," the culminating effect of private absorption of "unearned increment," are present in degrees, varying with density and with servility of population, in all civilized nations.

To forcibly overcome the ever-dwindling net returns to all productive effort, and to escape anticipated internal industrial revolutions which unjust economic conditions invite, the final and the superlative expedient vainly resorted to, is "Kultur." Reverting to the first paragraph, this cannot be in accord with the Creative will, nor with the real essence of all invocations: "Thy will be done on earth, as it is in heaven."

WAGES

Primarily, wages is the gross product of labor resulting from the expenditure of individual strength and skill applied to land or to the products of land. The saved-up wages of labor is wealth. That portion of wealth devoted to increasing labor-efficiency in wealth-production, is capital. Interest, as return for capital loaned, and profits, as return for capital used, are therefore purely forms of primary wages.

Secondary forms of wages consist of the net returns from the sale of sea, soil, and manufactured products, the transportation of persons and articles from one locality to another, the teaching and transmitting of intelligence, and the superintendence and management of banks, factories, farms, mines, and other productive or distributive business. These, together with fees for professional service rendered, are all primarily dependent upon the average net returns to labor, and, secondarily, upon the extent to which all labor products and capital-returns may be unabsorbed by non-producers.

Diminishing, through absorption by non-producers, the natural gross wages of labor in any of its forms (due allowance being made for the use of the capital), and particularly in its essentially primary form, necessarily is to proportionately reduce, at their very source, the natural flow of net returns to all productively used capital. This would diminish general purchasing power, and thus

unnaturally restrict production, consumption, and distribution, and, with the consequent increase in both production costs and living costs, would therefore be the fundamental cause of "poverty," of "hard times," and of "business depression."

THE REMEDY

The economic maladjustment, whose most unnatural and inhuman sociological effects, with increasing density of population necessarily tends toward, or culminates in, "Kultur," happily may be easily corrected. Were this not true, then would the Creative fiat, "Increase and multiply," be the world's perpetual and ever-increasing curse. Except for man's stupid cupidity, such as has brought on the World War, this command would have long since proved to be, as under natural conditions it yet will be, the crowning economic blessing of all nations.

The only genuinely constructive basic remedy yet conceived by political economists, appears to lie solely in each subdivision of government collecting and using its own public-produced earnings, thereby preventing dangerous concentrations of "unearned" increment, and, concurrently, obtaining its necessary revenue for public purposes. The essential need lies in simply changing the incidence of such taxation as tends to multiply cost, to that which the greater it may be taxed the more it justly subtracts from all productive costs. This is true of nothing save land values.

This change may best be accomplished by taxation levied directly against the privilege of land ownership, the amount to be apportioned according to the purely socially-produced annual rental value of land exclusive of improvements. The essential change may be gradually completed in a five year period, by increasing the present tax on land values 17 per cent. per annum; corresponding annual reductions (except of graduated inheritance taxes) to be made in taxes now imposed either directly or indirectly on other objects of taxation.

Thus, leaving land titles undisturbed, the land owners' remuneration for the specially qualified service they would render in collecting and turning over to the public its socially-produced earnings, would finally be reduced to 15 per cent. of the total annual rental value of land. Revenue so obtained constitutes society's natural general fund for supplying governmental needs. This simple, but all-important, fiscal change in the incidence of taxation, may thus be constitutionally made, by any nation or subdivision of government, with no resulting disturbance of legitimate business or industry. On the contrary, all business and industry would immediately be tremendously stimulated.

By no other just method can natural economic and desirable sociological conditions become possible. Nor can the true basic right of both public and private property be otherwise obtained and made permanently safe, in any country or under any form of government.

K. P. ALEXANDER.

The Only Road to True Democracy

IT may be set down as an axiom regarding any newly-discovered idea or principle, that in proportion as it is of vital importance to the well-being of humanity, it will not at first yield up its full significance. When Luther nailed his thesis to the church door at Erfurt, he probably thought only of an immediate protest against the spiritual tyranny of the Church of Rome, and little realized the remoter implications of the principle for which he contended, "the right of private judgement."

When men first conceived the idea of democracy or self-rule, did they visualize or foresee all that is involved in the conception? Have we even yet completely unfolded to our understandings the full meaning of the words Liberty, Equality, Fraternity? What in the last analysis is the fundamental definition of the word "democracy?" It will perhaps never be possible to define it completely, for in its fulness it includes something of which its verbal formula gives no hint,—a civic consciousness, a patriotism of a hitherto unknown kind, a form of dynamic power which favoring static conditions may release but cannot generate;—a something which "rather consists in opening out a way whence the imprisoned splendour may escape, than in effecting entry for a light supposed to be without."

It is indeed more easy to say what is *not* the last word in the definition of democracy, than to give an exhaustive, full, and rounded-out account of its content. Government of the people by the people for the people? Yes, if we can be sure that there are no political conscripts among the "people," else what becomes of your "liberty?" Rule by majority? Perhaps, though the word "rule" jars upon the thought of freedom, and does not square with equality, nor yet with fraternity; even if majorities were always in the right, which is notoriously untrue.

Where then shall we find a test-point by which to determine when a democracy, with whatever of imperfections or unfinished ends it may present itself, is a true democracy and not simply a poor relation of the picturesque autocracies or force-governments of history? Surely if anywhere, this test-point must lie in the condition that membership is purely voluntary. A democracy that creates its membership by compulsion or conscription is a contradiction in terms, like a square circle or a rectangular triangle. The idea of a true democracy will only hold together in the solvent of pure reason, when conceived of as a voluntary association of free individuals who willingly agree in advance to abide by the decisions of their majority.

But the freedom and the willingness with which individuals may enter the democratic federation necessarily implies that it is permissible and possible for them to stand outside of it if they so prefer. When a Henry D. Thoreau appears on the scene and declares his unwilling-