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SOCIETY'S CLAIM TO RENT

Suppose there is a kind of income which constantly tends to increase, •without any exertion or sacrifice on the part of the owners; those owners constituting a class in the community, whom the natural course of things progressively enriches, consistently with complete passiveness on their own part. In such a case it would be no violation of the principles on which private property is grounded, if the state should appropriate this increase of wealth, or part of it, as it arises. That would not properly be taking anything from anybody; it would merely be applying an accession of wealth, created by circumstances, to the benefit of society, instead of allowing it to become an unearned appendage to the riches of a particular class. —John Stuart Mill

AT THE PRESENT TIME a great to do is being made about reducing taxes, or shifting the burden of taxes from the shoulders of some who now pay them, to some other shoulders—anybody's shoulders. But from the chapters that have gone before, we cannot help but conclude that taxes should be done away with altogether. For it is not only unjust for governments to tax away the rightful wealth of their citizens, but it is an unqualified violation of man's natural right—his right to own every bit of what his labor and capital produce. We have

seen that taxation hinders production, increases the cost of living, reduces the purchasing power of wages, speeds up the development of depressions begun by land speculation, and provides a weapon for the tyrant and a whip for the slave master.

In short, taxation is a scoundrel for whom no one, except some politicians, has ever said a kind word. And the best the politician can say for taxation is that government needs money with which to support itself, and the only way it can raise such money is through taxation and borrowing. Like most opinions expressed by the professional politician, the opinion that government can be supported only by taxing away the purchasing power of its citizens is untrue and illogical. For it has long been known that to collect land rents instead of taxes would provide a larger income with which even the most prodigal government might be supported luxuriously.

As we know, population which has gathered itself into a society produces land rents inadvertently by forcing less productive land into use. And as society continues to increase in population, more rent comes into being to support the extra load. Just as naturally as mammals are endowed with a milk supply with which to feed their young as soon as the little ones are born, society, merely by its presence, creates additional rent for the support of its additional members. Since society, and society alone, produces land rents, there can be no question of society's right to collect them for its own use.

And the growth of society is just as wonderfully natural. No laws have been written to command people to get together to form themselves into societies. No police force was necessary to compel people to trade their surplus wealth and services for the goods and services of the other members of the community. Nobody sends out the militia to force farmers to pour their products into the cities in exactly the amounts the citizens can afford to buy—seldom too much or too little—and in the varieties they prefer. Men build just enough theaters and retail shops to satisfy the needs of the community without orders from Washington. It is this *natural* desire of men to exchange goods and services

with each other *for their own benefit* that causes societies to grow. Left alone to grow *naturally,* and not "helped" by clumsy, meddling politicians, communities grow more and more prosperous. But when socialistic governments impose man-made laws to interfere with the free producing, buying and selling of goods, production falls, the general standard of living—reduced already by land monopoly—grows steadily worse until in desperation the people find themselves compelled to break laws, bribe public officials, and finally to end up as a lawless mob in which only the politicians, the muscular, and the murderous prosper. Examples: the Soviet Union, England, China, and—without exception—any other countries run by bureaucratic governments forcing a planned economy on its people.

It is no less wonderful that society, besides forming itself as naturally as a weed, produces rent with which to pay its expenses. For, as we have seen, while the laborer and capitalist are producing their own wages and interest, an unearned increment—rent—automatically comes into being with no help from man. And this rent, produced not by the laborer or capitalist—but by the community as a whole—is always sufficient to pay for the roads, water supply, schools, churches, armies, navies, atom bombs, old-age pensions, and whatever else society may think it needs to remain strong and unworried about the future.

Quite as remarkable is the fact that no nation on earth today uses this huge share of its wealth to pay its expenses. Instead, the land rents are always channeled into the private pockets of a few individuals, institutions, and government favorites—none of which, as we have seen, has a moral right to it. But most remarkable of all, the members of society don't seem to care whether or not this huge fund that belongs to them is being stolen by the special-privilege boys. If this misappropriation of society's funds did the people no harm, there'd be no reason to expect them to care too much. But it does do them harm. With the rent which is rightfully theirs taken from them, they are left with no funds with which to pay for public improvements except their wages and interest. And, as we demonstrated earlier,

every time a school, library, park, subway, or highway is built and paid for by the taxpayers, rents in the vicinity increase, which means that thereafter, as a member of society, the little fellow must pay even greater tribute to the landowner for the "privilege" of occupying land, the value of which he, the taxpayer, has created!

Still, that isn't the worst of it. While the theft of rent by a privileged few is unforgivable, and forcing free citizens to surrender their wages and interest to support any government is a violation of man's natural rights, such things might be overlooked if the sinfulness stopped there. But it doesn't. Our government has been unable since 1814 to support itself on the taxes it collects. Consequently, since that date, it has been borrowing money from private moneylenders with which to make up the difference between what it needs and the most it can collect in taxes. The indisputable evidence is the fact that our national debt has continued to increase without interruption* and has never been reduced. The government, as we know, borrows money by issuing bonds—I.O.U.'s,—which are handed over to moneylenders in exchange for credit. Since the bonds yield high interest, considering there is no risk whatever involved, they are easily sold to the very few who have extra money to lend out—the banks, insurance companies, colleges, trust funds, churches, and other large landowners. (Some bonds—war bonds, for example—are bought by little people; but they amount to little and are held for such a short time, we might dismiss them as negligible.)

Now, if we stand back a moment and gather these thoughts into logical order, we find that the landowners, first, collected rents that rightfully belonged to the community; then they loaned part of their loot back to the communities at interest. Amazing! Taxpayers paying interest on money that is rightfully their own! The situation is so completely mad, one might suspect that the people are stupid. But they're not. They're merely senseless to injustice and punishment—like the boxer who has been

* The national debt held even for two years under Coolidge's administration.

pummeled senseless yet still stands wavering helplessly in the center of the ring, a silly smile on his face, his. arms hanging limp at his sides, while he absorbs all the punches his opponent can throw at him. Like the boxer, the taxpayer feels no pain. He doesn't become angry. Constant punishment seems to have knocked him senseless.

How much more intelligent it would be to allow society to use the rent it produced to support itself and, by abolishing all other taxation, to allow the laborer and capitalist to keep *all* of their wages and interest to support themselves, thus doing away with the need for government doles and other charities. How much more in line with true justice that would be!

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SPECIAL PRIVILAGES AREN'T SURRENDERED WILLINGLY

. . . all the learned of his [Jesus'] country, entrenched in its power and riches were opposed to him, lest his labors should undermine their advantages.—Thomas Jefferson

IT is, of course, a simple matter to suggest that the community collect land rents instead of taxes with which to pay its expenses. But actually to collect those rents isn't quite so easy. For to do so would be to interfere with special privileges held by the world's most powerful interests—landowners. And, as we might expect, nobody enjoying the benefits of a special privilege would willingly give them up. Moreover, the special privileges they've held so long have made the landowners powerful enough to see to it that no meddlesome

taxpayers or politicians cut in on a racket to which, since it pays off so well, they've grown quite attached.

For example, way back in 1653 the famous Barebone Parliament was making the laws of England. The Parliament, appointed by Cromwell, consisted of 140 men, including Praisegod Barebone, the fellow after whom the group was named. They proposed that less of the public's money be spent to improve the value of the aristocracy's property; that tithes (taxes collected by the church from all who lived within its influence) be abolished; that taxes be equalized so that aristocrats and commoners might share in supporting the government. (In those days, only the common people paid taxes.) A few moments after these disrespectful proposals were made, the clergy and other large landowners present screamed in chorus, "Robber!" "Confiscation!" They screamed so loudly that Cromwell commanded Barebone and his parliament to resign, and in spite of his reputation as a powerful and fearless man, Cromwell never again dared suggest interfering with the land monopoly held by the English aristocracy and church.

Another significant example is found in our own histories of the period preceding our Spanish-American War. Americans began to see their country, which had been the land of freedom, becoming more and more like the Europe from which they or their ancestors had escaped. They saw an aristocracy of powerful landowners developing here; they saw the government increasing taxes; privileged groups robbing the small businessman and his employees; rents increasing; the supply of free land disappearing; paupers increasing in number, and depressions occurring here, as in Europe, with ever-increasing intensity. Many reform parties sprang up. The people were growing restless. The privileged groups became frightened, and then suddenly and for no reason whatsoever (as even our history books admit today) except, perhaps, to take the minds of the people off reform, we went to war with Spain. Beard, in his *Basic History of the United States,* said of that period:

No less important in imperialistic calculations was the realization among the shrewder politicians that a foreign war and a "strong" foreign policy would in themselves *divert the attention of the people from their domestic tribulations and programs of reform.* . . . To the politicians of imperialism [special-privilege grabbing] this outlook was charming; with no disturbance whatever to vested interests at home, a panacea for their troubles could be offered to dissatisfied farmers and industrial workers and public attention distracted from politics on the home front.

The technique was an old one. For Plato, thousands of years before, explaining how tyrants remain in the saddle strapped to the citizen's back, wrote:

SOCRATES: But when he [the tyrant] has disposed of foreign enemies by conquest or treaty, and there is nothing to fear from them, then he is always stirring up some war or other, in order that the people may require a leader.
ADEIMANTUS: To be sure.
SOCRATES: Has he not also another object, which is that they may be impoverished by payment of taxes, and thus compelled to devote themselves to their daily wants and therefore less likely to conspire against him?
ADEIMANTUS: Clearly.
SOCRATES: And if any of them are suspected by him of having notions of freedom, and of resistance to his authority, he will have a good pretext for destroying them by placing them at the mercy of the enemy; and for all these reasons the tyrant must be always getting up a war.

More recently, we find the special-privilege boys still protecting themselves against having their rackets interfered with. Just before World War I, it will be recalled, England, Germany, and France engaged in an "armaments race." It is easy to see that the greater the number of guns, battleships, and bullets a nation buys, the higher will be the income of those who own the land from which the raw materials—iron, coal, and chemicals—must be dug. And it is equally easy to imagine how much more heavily

taxed the citizens of those countries would have to be in order to pay for all those guns, battleships, and bullets. In the midst of this "armaments race," David Lloyd George of England proposed that the costs of preparing for war be paid out of *a tax on land values,* which would have meant that the aristocracy would be paying the costs of the war that could benefit only them! The idea was so reasonable and so obviously just, it won great popularity with the British people. It looked as if, for the first time, the people would win a skirmish against the landowners. But no. Those same members of Parliament, who only

a few months before had patriotically favored building the world's biggest navy, regardless of how much it might cost the taxpayer, loosed terrific screams of anguish.

When the bill authorizing the collection from them of all costs of preparing for war finally reached the House of Lords (incidentally, all representatives of special privilege) it was promptly killed, and for a little while there was no further talk of war. By the time the actual shooting of World War I did break out, the little people of the world, forgetting all about Lloyd George's proposal, generously paid the entire cost of a war that could

benefit none but the landowners. It is worth mentioning here that Winston Churchill and Woodrow Wilson, as young men, also favored taxing land values; but, it would seem, they soon learned how dangerous it is for anyone with political ambitions to suggest ideas of that sort. They behaved, changed their ways, and eventually became revered leaders of their countries.

The United Nations, like the now-defunct League of Nations, is made up of statesmen representing every civilized nation on earth. These men and women are supposedly gathered to better mankind's condition and to prevent another war. But if we read the speeches they make (as too few of us do), and if we examine the proposals that the members come up with every now and then, nothing is clearer than the extreme care being taken to avoid endangering any of the special privileges enjoyed by their masters back home. Rarely will one of them dare mention the words *land rent* or *free trade,* even though many of them must know that until they do talk seriously of those things, and then do something about abolishing protective tariffs and taxes and collecting land rents instead, more wars and poverty, in spite of their best efforts, are inevitable.

Nor is it difficult to understand why landowners, tariff-protected industrialists, and patent-holding corporations, rather than give up any of their privileges, would see their country's citizens starved, ragged, poorly sheltered, falsely educated; shot, burned and bombed by war, and even taken over eventually by communism. For the special-privileged ones *are* humans, and it is contrary to human nature willingly to give up a privilege that allows one to live in wonderful luxury without having to produce goods or to perform services in return. Who among us, pauper, or plutocrat, would willingly do otherwise?

But how they, a tiny minority, manage to hold on to their privileges is more difficult to see. They are certainly few in numbers. A billionaire and a bum can cast only one vote each. The man who shines shoes for a living can scream and howl his disapproval just as loudly as the tariff-protected shoe manufacturer. The power of the special-privileged ones must lie not

in their numerical strength, their right to vote, or their lung power, but elsewhere. It should be fun to discover wherein lies their amazing strength.

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THE POLITICIAN IS A LOYAL SERVENT

Looking at small advantages prevents
great affairs from being accomplished.
—Confucius, *Government*

JUST BECAUSE a politician is caught stealing public funds once in a while, most of us unjustly look upon him as being everything that is detestable. True, most politicians may be inclined to accept a bribe now and then. Most of them may even be guilty of not keeping their election promises. Not all, but many, politicians may with justification be classified as thieves, liars, and cheats. But no politician should ever be considered disloyal. For of all men who do any sort of work whatever to earn their living, there is none who is more loyal to those who employ him than the terribly maligned scoundrels we so often elect to public office.

The dogcatcher, the mayor, the governor, the president, and other "servants of the people" serve those who *really* put them into office very well indeed. If it were the voters who were responsible for the politician's election to office, the wise politician would undoubtedly serve them. But these little people, who must be shamed into going to the voting booth once in a while to pull down a lever or to mark an "x" on a ballot, are hardly responsible for the election of "Honest" John So-and-so. They merely choose one of two or three carefully selected politicians, cast their vote, and then rush home to read their comics, sports pages, or movie magazine.

The little people who vote, rarely give even a dime to help pay their candidate's campaign expenses. Yet, even they should realize that newspaper publicity is expensive, that radio and television time is very costly, that boxes of good cigars, tables full of fine foods and rare liquors, and jewelry for movie stars run into real money. Somebody must pay for these good-will builders—which are more necessary to a politician who seeks office than either ability or a clean record. It is the tariff-protected manufacturers, the large landowners, officials of big banks and insurance com panies, the labor unions, and others who are enjoying, or are out to get, special privileges that willingly and generously contribute to the politician's campaign fund. Without the aid of those who pay his election costs, the most capable, most highly respected, and most honest man in America couldn't possibly be elected to public office except by accident. Obviously, then, the politician owes his first loyalty to those who chose him in preference to the many other politicians who wanted the same job. Quite humanly, he believes he owes nothing to the voters who selected him out of two or three other politicians as the one most likely to steal least. The politician is neither flattered nor grateful for confidence of that sort, nor should we expect him to be. But even if the politician really wanted to serve the little people—and there have been many such—he knows, after being in politics a very short time, that it's as dangerous to disobey the privileged few today as it was when Sir Thomas More, the author of *Utopia,* was Lord Chancellor to Henry VIII. Sir Thomas, it will be recalled, dared to criticize the conditions he saw: the greedy landowners tossing peasants off the soil so that they might make greater profits through sheepherding; corrupt churchmen keeping the little people in line for the landowners; the luxury of the court as compared to the poverty of the wealth-producing citizens of that time. King Henry didn't mind Sir Thomas's criticisms, since he also disapproved of the landowners and clergy of that period, mainly because they disapproved of him. But when Sir Thomas found fault with Henry's mania for collecting wives, the King, the landowners, and the clergy joined together to put

on the squeeze. They had Sir Thomas tried for treason and then had his head chopped off.

Even if the rich and influential had no objections to the politician's serving the voters, the little people wouldn't let him. No matter what he did, regardless of how beneficial or honorable his work for the little voters might be, he would be swamped with complaining telegrams and letters, most of them insulting and threatening, from the very people he tried to help. And since so many of the letters he would receive would have been written in almost identical words, he would know that the writers wrote to him only because some convincing radio commentator, union leader, or crackpot urged them to do so. He would soon realize that the little people who vote don't know what they want until they're told by someone wanting them to pull his chestnuts from the fire for him. These complaining little people know nothing about the bill they command the politician to vote for or against. They aren't the least bit interested in government, finance, or political economy, and yet they do not hesitate to send the politician a telegram commanding him to vote this way or that on a particular bill, because some overpublicized screwball tells them to. They'll demand that he frame laws to put an end to inflation, deflation, intolerance, unemployment, high taxes, war, isolation, free enterprise, or government control, in spite of the fact that *such things cannot be stopped with laws.* If laws *could* provide jobs, high wages, low taxes, peace, housing, and general prosperity, they'd have been written and passed long ago, since everybody is in favor of such things. And yet the voters continue to demand such impossibilities from the politician they voted into office; and he, to hold his job, now and then humors them by going through the motions of voting as they ask. While the passing of such laws does no good, it doesn't do much harm either.

But the privileged groups, on the other hand, know exactly what they want and what their political servants should do to give them what they want. When a manufacturer finds competition getting too tough for him, he calls his politicians—a

senator, secretary of state, or president—and orders them to put through a higher tariff or to give him a subsidy. Unless a bigger and more influential manufacturer objects, the boosted tariff rate goes through as ordered. If a land speculator wants more population on his land to boost its value, he calls one of the local politicians he financed, and before long planeloads of destitute people from foreign countries, as from Puerto Rico in 1951, are brought in as bonded servants (temporary slaves) to work, to populate, and thus to add value to his wilderness. If a landowner who owns land way out on the edge of town needs a subway or bus line or highway run out to his property to boost its value, a telephone call and a small reward will bring him the public improvements he wants, and the voter will stupidly pay for those improvements in taxes. If a bank or insurance company wants to erect a housing project, grateful politicians jump at the chance to serve their masters. Not only do they condemn the property their real boss needs but they arrange a tax reduction to make profits more certain for the man to whom he owes his job. The politician may be called on by the moneylending institutions to vote for a bond issue ostensibly to raise funds to pay the cost of government. Even though he knows it would be wiser to economize, and many times cheaper for the taxpayer to use land rents to pay the cost of government, the grateful politician gives the moneylenders what they ask. Yes, those who enjoy special privileges, unlike the voters, know what they want, they know how to ask for it, and they know how to reward the politician who serves them well.

The voter merely complains, but the special-interest boys reward. The voter doesn't know what he wants, but the big boys do. Since the politician is no different from any other human being, he tries to satisfy his desires in the easiest way he knows. And since it is certainly much easier to serve an appreciative man who knows what he wants than it is to try to serve complaining voters who don't, the politician will serve the privileged groups. Nobody likes to work for a fickle and scatterbrained boss, and the politician is no exception.

It becomes quite apparent, then, that the power of the special-privileged lies to a great extent in the willingness of grateful politicians—from dogcatcher up to president—to do as they're told. It is just as apparent that the masses of the people who don't know what they want until they are told by others have no say at all. They simply obey the laws. And so long as a select few are granted special privileges with which they may grow rich at the expense of the rest of society, those few will continue to have laws written for their own benefit. Consequently, with or without the right to vote, no ordinary citizen can call himself free. Political freedom, without economic freedom, is impossible where, as Oliver Goldsmith wrote, "laws grind the poor, and rich men rule the law."

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SCHOOLTEACHERS DON'T STEP ON IMPORTANT TOES

The world's greatest thinkers have often been amateurs; for high thinking is the outcome of fine and independent living, and for that a professional chair offers no special opportunities.

—Havelock Ellis

THE MAN who hires out his brain or brawn for money is no more responsible for the use to which they are put than is the man who rents out his car or house. He'd like them to be put to a worth-while use, but if they aren't he must be content. Accordingly, architects, trained to design fine buildings, must draw up plans for horror shacks to please a client; doctors must often prescribe meaningless pills to please patients who insist upon enjoying every illness that is, at the time, fash-

ionable; commercial artists must draw monstrosities according to the whims of the pants presser who hires them, and economists must translate economic trends into an answer most likely to please those who keep him in food, clothing, and shelter.

The economist can make his living in only two ways: he may teach economics in a school, or he may become an economics adviser to a large organization. If he chooses the first, he must teach according to the interests of the school board, which is generally made up of landowners or moneylenders of little learning but great influence. If he wishes to become an economics adviser, he must find an organization that doesn't spend its own money—government, a bank, insurance company, or a charity organization—because his work or advice (as an economist) has little real value to a businessman. His duties will consist of demonstrating, with the aid of dull, voluminous reports, containing long rows of statistics and valueless charts and graphs, that whatever his employers prefer to believe is sound and true. For example, on the evening of January 6, 1950, one of President Truman's top economic "advisers" admitted during a radio interview that the findings of his economic committee were expected to coincide with the policies of the Democratic administration. He added that if serious disagreement with the government should arise, the "adviser" is free to resign. In short, it is not the job of government economists to seek economic solutions that are beneficial to the people, but to rationalize the blunderings of the president and his advisers. Economists, like all men, must eat.

Originally, when their art was very young, economists were hired by mercantilist trading companies to explain mathematically to the stockholders that what on the surface appeared to be a rather involved swindle was in reality, as proved by their statistics, an honorable business venture. Once in a while a hired economist (they called them political economists in those days) would forget he had a master and would rashly write the facts as he saw them. But he would soon learn to mend his ways. Adam Smith is typical, for even he, in his famous *Wealth of Nations,*

seems to have deliberately pulled his punches rather than follow his premises to their logical conclusion and thus offend the Customs House officials in whose employ he was. Scholars have long speculated as to the reasons behind the burning of Smith's trunkful of notes just before he died.

The result of economists' hiring out their brains and integrity to those willing to pay for whatever services they might render is that almost every major contribution to the science of political economy has been made by men who were neither hired teachers nor hired economic advisers, but who were retired businessmen, physicians, stockbrokers, publishers, and free-lance philosophers. A more significant result, however, is that the textbooks written for use in the world's universities today no longer treat with the dangerous-to-privilege science of political economy but teach instead the harmless art of economics, an entirely different subject. And to offset suspicion, perhaps, both words, *economics* and *political economy,* are today used interchangeably in our schools. Little wonder the students believe that both subjects are one and the same. Even our current dictionaries define *economics* and *political economy* as synonyms.

One need not be unusually suspicious or too imaginative to guess what might happen if a foolhardy professor or a careless economic adviser should forget that he has a master and then teach economic truths as he sees them. If we should suppose an economics professor teaching his students that the more of a man's income that is taken from him in rents and taxes, the less he can have left with which to buy food, clothing, and shelter, that professor would be tossed out so fast he'd hardly have time to gather up his charts and graphs. If an economics adviser should truthfully tell his tariff-protected employer that every tariff his corporation enjoys lowers the standard of living and purchasing power of every consumer in the country, that it intensifies poverty and openly invites war, he'd be out of work almost instantly.

Professors who have dared to say or write things that didn't please the trustees who support the colleges usually have been fired. That sort of thing has been going on for centuries. One

year before the first shot of the Revolutionary War was fired, one Thomas Spence dared read his paper entitled "Rights of Man" before the Newcastle Philosophical Society and was immediately expelled. William Ogilvie, a professor of King's College, Aberdeen, and a recipient of an honorary degree in the United States from Columbia University in 1793, didn't dare sign his name to his "An Essay on the Right of Property in Land." His book of course was suppressed. Thomas More's *Utopia,* a book that dared imagine a way of life happier than the one that prevailed in England, couldn't be bought in "free" Great Britain until more than twenty years after More's head had been chopped off. More recently, a professor who had been teaching in one of our milk-producing states waited until he was retired before he dared suggest that milk isn't so healthy as it is said to be. A professor in Duke University, which is endowed by the Duke tobacco fortune, certainly knows better than to write a paper demonstrating certain harmful results which might result from smoking too much. Our most famous case was that of John Thomas Scopes, who in 1925 was caught teaching Darwin's theory of evolution in a Tennessee public school. He was arrested,, tried, found guilty, fired, and fined. His teaching career was over. That same year, textbooks teaching evolution were also forbidden by law in the schools of the "free" State of Texas.

We need only consult the files of any large newspaper to find professor after professor discharged for being foolhardy enough to teach doctrines that might possibly interfere with special privileges being enjoyed by those who finance the school in which they taught. Nor is that entirely unfair. For the man who sells his time, talent, and intellect to another for bread sells his rights to them, and therefore no longer owns them. And his master, having paid for the teacher's time, talent, and intellect, has the exclusive right to say how the time and brain power he bought shall be used. How much better for all it would be if, as in Jefferson's day, the student were free to select the teachers he wished to study with, instead of his being compelled to

study under only those men who have agreed to teach truth as they're commanded to see it.

It isn't only hired teachers who are forbidden to teach things that might embarrass the special-privilege boys. Lincoln Steffens, in his *Autobiography,* tells how, after having spent many years exposing the dishonesty of our country's most powerful politicians, he was gently and effectively slapped down when he tried to expose the thievery, being practiced by some of the oil landowners of America. These twentieth-century pirates, after

World War I, had grabbed oil lands in various parts of the world, and as the British pirates of Elizabeth's day had been backed up by her navy, the American oil-land grabbers were being backed up by the power of our government's armed forces. Since Steffens had had so little trouble exposing political graft, he naively thought he'd get away with exposing the oil-land grabbers. But he underestimated their power. According to his *Autobiography,* he wrote an article in which he "punished (a little) Sinclair and his associate, a cabinet member who yielded to the temptation to take over navy oil fields and operate them

for us." The article was accepted by Glenn Frank, who was then editor of the *Century* magazine. It was set up in type, ready for printing. It was widely advertised. And then—suddenly—*the article "was rejected!* Regarding this incident, Steffens wrote: "My feeling . . . showed me that I could no longer be a muckraker, *not of business graft."* (Italics ours.)

Education has become just another tool of the special-privileged ones. There can be no doubt that learning is a good thing, since it enables the student to seek the truths where and when he pleases. But to educate is something else again. To stuff a fixed amount of carefully selected answers into a student's mind within a certain number of years can't help him think clearly but, on the contrary, can only confuse him, train him to stop thinking for himself, and induce him to give himself up willingly into the invisible shackles of those enjoying special privileges. An interesting paragraph from Arnold Toynbee's A *Study of History* touches on that thought this way:

The possibility of turning education to account as a means of amusement for the masses—and of profit for the enterprising persons by whom the amusement is purveyed—has only arisen since the introduction of universal elementary education. . . . The elaborate and ingenious machinery for the mass-enslavement of the semi-educated minds, invented for private profit under British and American regimes of *laissez faire* has been simply taken over by the rulers of states who have employed these mental appliances, reinforced by the cinema and the radio,* for their own sinister purposes.

And so we see that it is by holding control of the daily bread of the politician who makes the laws, and of the professors who teach our youth, that the special-privilege boys—though very few in number—are able to hold on to their lucrative rackets. That is not to say that the politician is evil or that the professor lacks integrity. As we have shown, they are as decent and honorable as any employee can afford to be. Excepting the tyrant, who is his own master, the politician must protect the interests of those

* And, we might add, television.

who give him an opportunity to earn his bread. A self-employed Aristotle may be able to teach truth even if the truth displeases Alexander the Great, his pupil; but the teacher who hires himself out to a school must serve the interests of those who endow the school, or he must stop teaching. Both the politician and the teacher are paid to obey. If either should accept payment from his employer and then disobey, he'd be as lacking in honesty and integrity as the manufacturer who accepts payment for goods and then refuses to deliver.

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BLOODY AND BLOODLESS METHODS OF ABOLISHING LANDOWNERSHIP

To *speak of a division of lands . . . is absurd. Such a division "would be as useless as it is improbable. But it is more than useless*
—it is unjust; and unjust, not to the present so-called proprietors, but to the human beings who are continually being born into the "world and -who have exactly the same natural right to a portion that their predecessors have.
—Edward Patrick Dove, *The Theory of Human Progression*

WE HAVE SEEN that landowner-ship leads directly to violation of human rights; that it is a monopoly gained by force and fraud; that it forces wages down to a bare living; that it lowers interest to a point at which it can hardly replace the capital employed; that it causes unemployment and thus becomes the underlying cause of depressions,

poverty, and all of the social ills which are known to stem from poverty; that it naturally leads to the enslavement of all who do not own land; that by denying economic freedom to the individual it also denies him political freedom, and that it enables those enjoying special privileges to control the government. We have also seen that the right to own land gives the landowner the right to collect the rents which are not rightfully his but the community's.

If landownership does inflict so much injury upon our economic system and personal liberties, we might reasonably expect that some methods for doing away with private ownership of land should have been developed. Actually, various plans have been suggested, and some have been put into actual practice. Unfortunately, those methods that have been tried were not, in the strict sense, methods, but were political actions that turned out to be as unjust and cruel as the institution of landownership itself. Without exception, none of the attempts to eliminate private ownership of land really aimed at doing so, for always the reforms were directed toward shifting the ownership of land from one group of people to another. Since people are people, regardless of whether they are of the nobility or the peasantry, landownership remains landownership no matter who the owners might be. Let's examine more closely some of the methods so far attempted, and we shall see quite clearly why they failed to better the condition of mankind.

For example, most revolutions were fought with the idea of taking the land away from the landowners by force, and then dividing it up among the people. The bloody French Revolution toward the end of the eighteenth century was typical. Driven mad by starvation and other hardships, savage mobs ran through France—mostly in Paris—hanging aristocratic landowners from lampposts. After they ran out of lampposts the hungry mob stabbed, shot, or beheaded landowners almost as fast as they could catch them. For a few years afterward there were no aristocratic landowners to be found in France. Nevertheless, there were still landowners—peasant landowners. The evil of land-

ownership hadn't been removed but merely transferred. The special privilege of one group had been simply handed over to another. Before long, those peasants who had received the poorest land—marginal land—naturally fell into debt to those who had received better land. Eventually they had to sell out to their luckier neighbors who, like the Hebrews of old, immediately "laid field to field," "removed their neighbors' landmarks," and today the land of France that had been divided *by force* has developed itself, *naturally,* into large estates little different from those the peasants tried to break up by bloody revolution. Today, France is again filled with landless, poverty-stricken paupers.

The Russian Revolution, fought with the same aim, "abolition of property in land," * followed the French pattern. Mobs ran through Russia slaughtering aristocrats. They murdered .the Czar and his family first, and then methodically worked their way down to the smallest landowners until all were killed or driven by fear out of the country. But instead of parceling out the land among the peasants, as the French had done, the government took over all of the land for itself—in effect, made one huge estate out of the entire country. Here again the people couldn't benefit, because landownership was simply transferred from the old landed nobility to the present rulers of the Soviet Union—the political nobility. Consequently, the Russian people aren't any better off than they had been under the tyranny of the Czars. Even after more than a generation, the standard of living among the Russians is lower than that of most Europeans.

More important, they aren't so free as they had been as chattels of the czars. Before the revolution, at least a few socialists, anarchists, or nihilists, all enemies of the state, were permitted to sit in the Duma, the Russian parliament, and to have some voice in the making of the laws. But today, no opponents to communism are permitted to take part in making the laws of the Soviet Union. In fact, fewer than three percent of the Russian subjects are even allowed to be members of the Com-

munist Party, which means that fewer than three percent of the people in Russia have any political or human rights whatever. That, of course, is the *natural* result of permitting all land to fall under the control of a privileged few—in this instance the political bosses of the Soviet Union. Instead of "abolishing property in land," they've simply concentrated the ownership.

John Stuart Mill and Herbert Spencer, both champions of the idea that it is unnatural and unjust for anyone to own land, suggested that governments buy back the land from the landlords. Recently, in Great Britain, the Socialist government tried

just that on a small scale. Almost immediately after they came into power they began to buy land—mostly mineral-bearing land—from the landlords. That method wasn't as bloody as those of the French and the Russians, but it was just as fruitless and unjust. For, in the first place, additional taxes had to be levied on the English people so that the government might have funds with which to buy the land. Secondly, the government had to issue bonds in order to borrow enough to make up the difference between what they could collect in taxes and the amount needed for the purchase. As a result, future generations of Englishmen will have to pay for the stupidity of this one; for they'll have to

pay back all the money borrowed by the present generation, plus interest to those who hold the bonds—the same privileged few! Thirdly, and most fantastic of all, in paying the landowners for land that wasn't morally *their* property to start with, *the landowners actually received the equivalent of thirty or forty years' rent in advance!* That's no different from paying a robber as much as he might steal during the next thirty years, on condition that he stop robbing us. Consequently, British subjects didn't benefit as a result of the British method of doing away with landownership. On the contrary, they became more poorly fed, clothed, and sheltered, and were almost completely dependent on government charity in one form or another—charity for which future generations will have to pay. British laborers and businessmen were taxed more heavily than ever before. According to the records, in 1948 the British paid more than forty percent of their production in taxes to their new political masters. We in the United States paid only twenty-four percent, which, incidentally, is twenty-four percent more than any really free citizen should be expected to pay. (These figures do not include all of the hidden taxes, which undoubtedly amounted to as much again.) Perhaps the most logical method for eliminating private ownership of land is the one Henry George, an American, proposed in his internationally famous classic *Progress and Poverty,* which was published toward the end of the last century. He suggested that society should neither confiscate nor purchase the land from the landowner but let him keep it. Then, George said, let society collect all land rents from the landowners whether their land is being used or not. The natural result, it is generally conceded, would be that the land speculator could not afford to hold on to idle land that brought him no income. With the taking of rent—the annual land value—from the landowner, all the benefits of landownership would go to the community without their having to murder the landlord, take his land from him, or buy it from him. Just as owning the labor of a man is to own man himself, taking the rent of land from the landlord is the same as taking the land itself. George proposed that the

landowner be permitted to continue to hold title to his land but that the community collect from him *almost all* of the rent his land yielded. Three important results would certainly follow. First: every member of society would share equally *in the benefits* of the rent which society as a whole produced. Second: by allowing the landowner to continue to hold title to the land, and leaving him only enough of the rent to make it worth his while to continue to collect rents, the land-renting business could not fall into the hands of our easily corrupted politicians. Third: since the rent produced by land would be sufficient to pay the expenses of society, there'd be no need to levy taxes of any sort on the production of the nation's laborers and capitalists. But that isn't all that would be accomplished, as we shall see in later chapters.

98

CAPITAL DOESN'T COMPETE WITH LABOR

I have never advocated the taking of land by the state or the holding of land by the state. From my first word on the subject I have advocated the raising of public revenues by taxation on the value of land irrespective of the improvements on it—taxation •which, as fast as possible and as far as practicable, should be made to absorb economic rent and take the place of other taxes. And the reason I have always urged for this has been the simplification of government.—Henry George

As WE HAVE OBSERVED, rent is the difference between two pieces of land. To review, let's consider two cigar stores in New York belonging to the same company, one on Fifth Avenue and 42nd Street and the other located a few blocks away on less heavily traveled Madison Avenue. The stores are identical in design; the merchandise, fixtures, and window displays are exactly alike. Having received the same sales training, the clerks on an average are equally capable. In other words, the two stores employ an equal amount and quality of labor and capital. But one of the stores does considerably more business than the other, only because it occupies land that is better located, more populous, more heavily traveled. The additional earnings of the busier store, then, are rent, and it is this rent that the Poleco-ist means to collect for the community's use.

Clearly, this rent is unearned by anyone, by either the clerks,

the stores' owners, or the landowner. It results only from society's walking to and fro around the land the stores occupy. Therefore, to take this rent from the landowner or moneylender who now collects it for his private use is to take nothing that rightfully belongs to him. Collecting this rent would be "taxing" land values, *not land,* the only "tax" which, in the opinion of tax experts, can't be passed on to the long-suffering consumer for final payment.* This tax is also the only one no politician—not even the president of the United States—would dare suggest collecting or even mentioning.**

And yet land rents are much easier and surer to collect than taxes. Since earliest recorded days, man has chiseled on his taxes and has cheated the government out of as much as he could with safety. The taxpayer still chisels. The man who files an honest tax return is rare indeed. In fact, it has been said that most businessmen judge the worth of their accountants by their ability legally to evade paying some of the many taxes under which the

* Although usually referred to as a *tax,* the collection of land values lacks the nature of a true tax, defined by Webster as: "a charge, especially a pecuniary burden imposed by authority; specif., a charge, usually pecuniary, laid upon persons or property for public purposes; a forced contribution of wealth to meet the public needs of government." The collection of land values is not a "burden," since land value is unearned; it is drawn from neither the earnings of labor nor that of capital; it isn't "laid upon persons or property" but upon rent, which is entirely independent of persons or their property.

** In the *Saturday Evening Post,* September i, 1951, former Under-Secretary of the United States Treasury, Roswell Magill, wrote a lengthy article bemoaning the almost innumerable taxes that fall on the consumers of America. Evidently upset by the injustice of such heavy taxation, Mr. Magill nevertheless ends his article without offering any hope or solution whatever. He simply closes his 3,000-word lament with such thoughts as: "There is no good way or satisfactory way or tolerable way to raise $70,000,000,000 for the Federal Government to spend. It can't be obtained from the well-to-do. They don't have it left to pay. It can't be obtained from corporations, without killing their activity and their growth or without shifting the ultimate burden to the consumer through higher prices. Seventy billion dollars can be obtained only by taxing you and me much more heavily than we've ever been willing to stand for." Is it possible that a man who has served as Under-Secretary of the United States Treasury never heard of raising revenue through the collection of economic rent, thus raising the revenue without taxing the "well-to-do" (whoever they are!) or taxing "corporations" or "you and me"; but simply taking from those now collecting economic rent and surrendering to the communities that same unearned increment that those communities, with no help from either labor or capital, unintentionally cause to come into being?

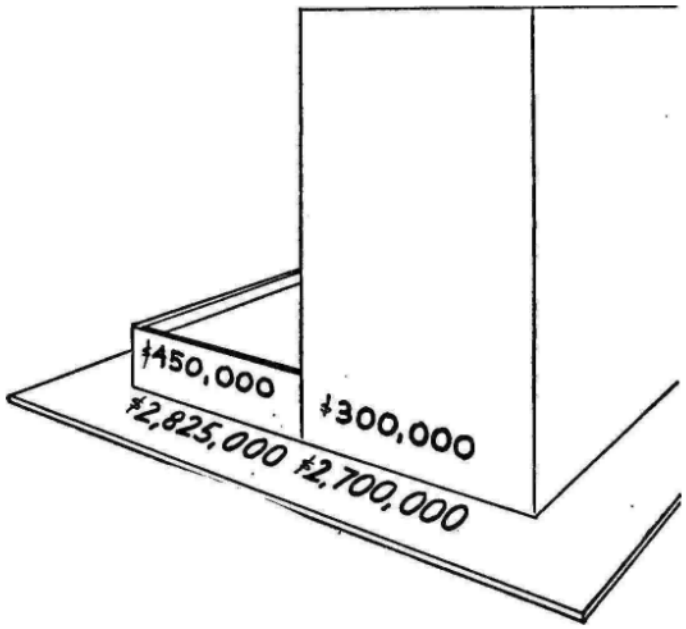
businessman staggers today. But collecting economic rent (land values) is different. Land, unlike income, can't be hidden away or disguised. Unlike profits, land is a definite sort of thing; we can't lie about its size, its location and economic value. For land is right out in the open for all to see. If, by chance, one landowner should through bribery or error be undercharged, we may be sure that his neighbors, desiring the same privileges, will rush to the assessor to complain until the mistake is rectified. Moreover, the payer of land value won't file a return, but will be billed just as the real-estate owner is today. And as the real-estate taxpayer does today, the payer of land values will pay what his bill calls for with no chiseling, in full, and on time.

Because we've gotten into the habit of lumping together the land and the buildings that rest on it, and then calling both *real estate,* it is almost impossible for the average citizen to guess how much of the assessed valuation is levied against the building and how much against the land under it. The sad truth is that most city dwellers rarely suspect that land even exists. They can't see it because, in the city, most land is covered with a building of some kind. When reminded that there is indeed land under every building, they can't see that it—as land—has considerable value. Yet, as we know, city land is usually far more valuable than the buildings erected on it, and a few feet of it very often will cost many times more than an acre of the most productive land out in the country. These facts are more easily appreciated in those cities where land values are assessed separately from the improvement values. To separate the two is as delicate an operation as separating the egg yolk from the white; but it can be done, and it is actually being done in many of our states.

In New York City, every single foot of land in all five boroughs is assessed just as though no improvement rested on it. Property owners of that city are assessed so much for their land, plus an additional amount for the buildings and landscaping on it, and then they're taxed $2.89 per $100 of assessed valuation on both. Surely, if the values of land and improvements can be separated

in a city as large and complex as New York, it can be done with comparatively little expense and trouble anywhere.

Once the value of land is separated from the value of the improvements on it, collecting economic rent instead of taxes becomes unbelievably easy. It might be difficult to get the special-privileged ones to allow us to collect rent, but the actual method of collection is extremely simple. Just how simple it is might be demonstrated if we should choose any single block anywhere on earth. And since Times Square in New York City is known to more of the world's people than any other street, let's examine a block in that area—the block running along Broadway from 42nd Street to 43rd. It is a convenient block to work with, because there are only two buildings on it: an old 14-story office building that was modern during World War I, and an ultra-modern "taxpayer" that is only two stories high. Forgetting the spectacular electric sign that rests on the top of the smaller building, the block looks something like this:



The smaller, new building occupies 8,424 square feet more land than the old timer; but the corner it occupies isn't quite so busy as the other and therefore produces less rent. Consequently, the land on the 43rd Street end of the block is assessed at only $140 per square foot, as compared with $240 on the busier 42nd Street end. But because the two-story building resting on the land is so much newer, it is assessed at $150,000 more than the 14-story office building next door.

When the tax collector sends his bill to the owners of these buildings, he first adds the land value of the site to the present value of the buildings, and then taxes both at the New York City tax rate which is, at this time, $2.89 per $100 of assessed valuation. In our example, it works out like this:

Total taxes collected from the owners of these two properties, then, equal $181,347.50, which is a lot of money, but not nearly so much as the city might receive if its communities should collect land rent alone, instead of taxes on both land and improvements as we now do.

It will be recalled that the selling price of land is found by *dividing* the rent it yields by the current rate of interest (see page 175). Assuming that the assessed valuations, taken from the tax department's own figures for 1948-1949, are correct, all we have to do in order to find the approximate rent yielded by these pieces of land is to reverse the process: *multiply* the assessed value by the current rate of interest, like this:

Total land value (economic rent) collected from both pieces of land *only* (underassessed as they are) equals $276,250, *which is more than one and a half times as much as the city today collects by taxing both the buildings and the land.* And that's all there is to collecting land rents.

99

DIRTY WORK ON THE SIDE STREETS

Some circumstantial evidence is very strong, as when you find a trout in the milk.

—Henry David Thoreau

THE ASSESSED VALUE of land is far from being its full value or its actual selling price. Why this should be so isn't hard to guess if we know who benefits from an undervaluation. One need not be a gifted fortuneteller or a trained logician to see that the lower the assessed value of land is, the smaller will be the tax paid by the speculating landowner. If the taxes he is required to pay are kept low enough, he can afford to hold "his" land out of use indefinitely and with little or no cost to him.

In practice, the land speculator rarely pays even the smallest tax out of his own pocket. By allowing more-than-willing manufacturers and merchants to pay him for permission to build a

* The current rate of interest, as estimated by one of our largest insurance companies, is less than 4%. But since interest falls as taxes rise, the average earnings of capital, if we should abolish all taxation, would certainly be much higher than the 5% we assume in our example.

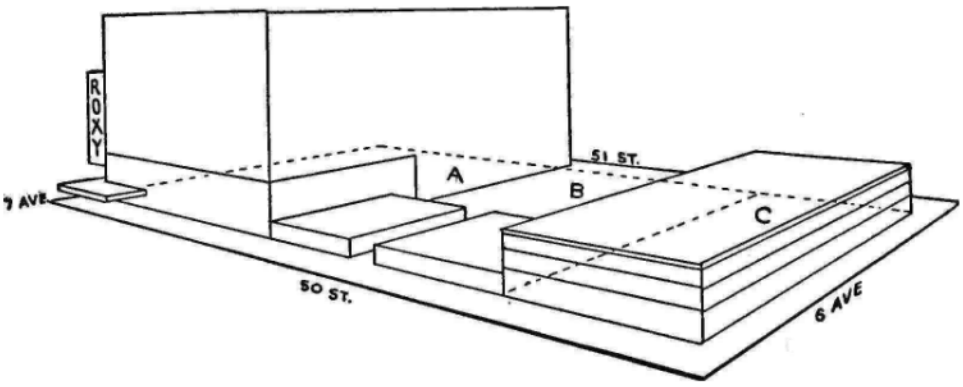
small factory or store on "his" land, the speculator (and land monopolist) can collect enough in rents to meet his small tax bill and still have a few dollars left over with which to indulge himself. And if we remember that land monopolists, like others enjoying special privileges, are the really important members of every nation, and that they *do* have the power to control the politicians in charge of assessing the land, we may be reasonably suspicious that they have a great deal to do with having the assessed value of "their" land kept comfortably low.

If we dig into the tax records of any town or city, we can't avoid evidence that land is not assessed at anything even near its market value—its true value. If we compare the 1949 assessed valuation of almost any parcel of land and compare it with the assessed valuation of twenty years ago, we shall find that in spite of inflation, increase of population, and additional public improvements—all causes of increased land values—and in spite of the much higher rents now being paid for the use of land, the *assessed* valuation has increased very little—in fact, in many instances it has fallen.

To demonstrate an amazing but by no means unusual example of this, let's examine another block in midtown Manhattan, this one a few blocks north of Times Square. Like the other block we examined earlier, this one is familiar to all native New Yorkers and to most visitors. It is 5oth Street, along which people pass in a steady parade on their way to and from Radio City.

In 1930, over twenty years ago, this area was quite different. First of all, the erection of Radio City wasn't even begun. The dirty, noisy Sixth Avenue elevated trains still rattled and rumbled over the pedestrians' heads. Driving automobiles in and out between the iron posts that held up the elevated tracks was difficult and hazardous. The sidewalks, always in the shadow of the elevated structure above, were dirty, dark, and sinister and were traveled for the most part by drunks, vagrants, and beggars. Cheap little shops lining both sides of the avenue, the greasy, dimly lit lunchrooms, flophouses, gin mills, bookshops that featured pornographic literature, and other businesses common

to broken-down neighborhoods were hardly the sort to encourage anyone with spending money to stroll toward or on Sixth Avenue. As a result, 5oth Street was among the least-used thoroughfares in that part of town and, as we might expect, land values were



comparatively low. The assessed valuations indicated under our drawing are those that prevailed on 5oth Street under the conditions we have described.

Radio City has since arisen and has attracted people from all over the world. Across the street from the corner marked C in our drawing, the world's largest and most luxurious theater has risen, and from the day it opened it has been surrounded by

milling mobs of money-spending people. Certainly those crowds must have increased land values in the neighborhood. To improve the neighborhood further, the old elevated structure was pulled down, the streets were beautified, a new subway line was dug, and a subway station was built right on the corner of the block we have illustrated—all at the taxpayers' expense. This too should have boosted land values somewhat in the neighborhood. Because of the tremendous increase of population on Sixth Avenue, tenants there and for blocks around, if they wished to continue to live and do business in the area, were compelled to pay much higher rents. Consequently, the owners of the cheap businesses and flophouses could no longer afford to stay on Sixth Avenue. They and the tramps, drunks, and prostitutes, no longer able to afford to inhabit the neighborhood, moved away to less expensive parts of the city. As they left, better stores were built (at the tenants' expense, of course) and people with spending money in their pockets began to frequent that part of town. A world war was fought in the meantime, which indirectly brought many millions of additional dollars in extra business to this particular block. And the more prosperous the neighborhood became, the higher climbed the rents that the merchants and residents of the neighborhood had to surrender to the owners of the land who, let us remember, hadn't spent a nickel of their own money to improve the area. In other words, all of the improvements, paid for by the taxpayers of New York City, poured additional dollars into the pockets of those who merely held title to the land and then boosted the rents of the taxpayers who paid for the improvements! As a result of this apparent increase in land values on this block, we might expect to find that the city had assessed the land at a higher figure so that it might get back some of the money it spent—get back some of the costs of improving the neighborhood from those who, for the most part, benefited most. But nothing of the sort happened. If we compare the assessment figures of 1930 and 1949, we shall see some queer things. We shall find that Land A, in spite of the obvious increase in land values during the past twenty years, has fallen in

assessed value by actually $630,000! Land B, entirely unimproved in 1930, and now only partially so, is assessed at $10,000 *less* than it had been assessed at twenty years before. Only the parcel of land on the corner of Sixth Avenue has been assessed at a higher figure—an insignificant $155,000 higher. And that means that the city, taxing at the usual rate, collects less than $5,000 a year additional with which to pay for tearing down the elevated structure, beautifying the street, and servicing that corner with a brand-new subway and station. If it is true that increased population and public improvements invariably increase land values—and nobody has ever argued against that too-obvious fact—and since the spending population has multiplied many times over in that area, how the assessors can possibly justify the *reduction* of any of the land assessments on that block is far beyond human understanding.

The south side of the street, as city records show, tells a somewhat different story. Because fewer people walk on that side of the street, we should expect to find land values there have fallen just as far as those across the way. But, for some mysterious reason, they haven't. Land values on the south side have gone up by almost the same amount as those on the other side have gone down. Land values on the north side are $485,000 less than they were twenty years ago, while land across the way is now valued at $490,000 more than in 1930. Lumping both sides of the street together, we find that in twenty years of the most favorable conditions, total land values on 5oth Street (according to the city assessors) have increased by a laughable $5,000—less than a year's pay for one of the chefs working in the neighborhood's cheapest restaurant. To put it another way, the city now collects $144.50 more in land taxes than it did twenty years ago when 5oth Street was a dirty, neglected, seldom-traveled side street.