

AMERICA AT THE CROSSROADS

By

GASTON HAXO

A critical examination of our system of land
tenure and how it affects our democracy
and its chances of survival

GASTON HAXO
250 58th St. N. Box 908
St. Petersburg, Fla. 33710

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FOREWORD

This world of ours is governed by infallible, immutable and equitable laws. These laws are known to science as the natural laws. The result is a natural order in which nothing can go wrong unless the law is violated. Because nature does not violate her own laws, our solar system, after many billions of years, is still in perfect working order.

Natural laws also apply to man in his relations to other men. However, civilized man has frequently been ignorant or negligent of these laws. Civilization meant government and government meant lawmakers who passed inequitable laws to benefit the few and exploit the many. And so, the few got rich but the many remained poor.

Our constitution should, in all respects, be in accordance with the natural laws, and clearly define our moral rights and our moral duties. All our human laws should be made to conform to such a constitution.

Thus, when a law was found to be in violation of the constitution, the law should be immediately amended; or when a law violation was judged to be morally justified, the constitution should be immediately amended. If this procedure had been earnestly followed, our constitution and our laws would be as perfect as is humanly possible and all would be well in our society.

But, unfortunately, all is not well, far from it. Judging by the pitiful conditions our society is in today, it is evident that our constitution and our laws need to be revised and improved; and the time is running short.

"America at the Crossroads" does not offer a solution for all our social and economic problems, but it shows how to effect a land reform which would make it much easier to solve our other problems. There is much in our money system; in our banking system; in our political system; and others, which is either unsound, unethical, or even corrupt; and they will have to undergo radical changes to make them fit into an ethical democracy. Even our educational systems leave

much to be desired, especially in what they fail to teach.

A sound land reform would give our society a firm foundation upon which to build an ethical democracy of which our Founding Fathers would be proud.

It is my fervent hope that "America at the Crossroads" may help to bring this about.

* * *

A SHORT AUTOBIOGRAPHY

I am a native of France; born on Dec. 2nd 1887 in Dieppe, a seaport on the English Channel.

I was brought up in Saint-Mandé, a suburb of Paris. This is where I was educated, except for two years when I lived with my uncle in Joinville (Haute-Marne) where I ended my school days in 1901. Back in Paris I obtained employment with an "agent de change" (stock broker) until the end of 1908 when I left to immigrate to America, landing at New York early in January 1909.

In 1912 I got acquainted with the teachings of the American economist Henry George and became an active advocate of his land reform. Most of my working years were spent in New York in the employ of Wall St. stock brokers, except for five years (1937-1942) on the staff of the Henry George School of Social Science, and seventeen months in East Africa during World War II. I retired in 1958 to live in Florida. I have been an American citizen since 1916.

Gaston Haxo
St. Petersburg, Fla. Aug. 1973

IS OUR FREEDOM A DELUSION?

1- OUR REVOLUTION A LIMITED SUCCESS

The American Republic was conceived, created and grew to greatness as a land of freedom. By a Declaration of Independence, thirteen British colonies solemnly held it self-evident, that all men are created equal and endowed with inalienable rights to life, liberty and the pursuit of happiness. By force of arms they proposed to win these rights, and to secure them for all time through the world's first government by consent of the governed.

A dozen years later, their battle won, they finally hammered out a constitutional framework designed "to establish justice, insure domestic tranquillity, promote the general welfare and secure the blessings of liberty to ourselves and our posterity."

In establishing political liberty and eventually extending it almost to its maximum scope, America has been successful; but not so in the far more vital economic fields. Our continuing struggles to establish justice, insure domestic tranquillity, promote the general welfare and secure the blessings of liberty, fill half the national news columns of every newspaper every day, year after year. After nearly two centuries, the American people are still waiting for the fulfilment of the American Dream. Why?

2- POLITICAL FREEDOM NOT ENOUGH

In countries with elected governments, people are told, and generally believe, that the substance of freedom lies in their right to choose their leaders and lawmakers and criticize their actions. This is political freedom; it embraces rights well worth preserving, but unless political freedom is used to gain social and economic freedom, all the sacrifices made to achieve it, will have been in vain.

What is social and economic freedom? Social freedom is a condition in which the individual is free to do what he wills, limited by the equal freedom of all others. It has been called the political expression of the golden rule. Economic freedom is a condition in which every individual is secured in his individual right of free access to the earth, and to its use on equal terms with his fellow-men, in order to have a home; to produce the wealth he requires to live; and to keep and enjoy that wealth, unmolested by individuals or government.

This natural right, in a complex modern world, is the right to participate in the enterprises needed to supply the nation's goods and services, without having to pay unearned tolls to other men for the opportunity. Such a condition is indispensable as a basis for a truly free economy, and it can be summed up in this motto: **FREE LAND - FREE TRADE - FREE WORLD.**

3- WHY FREE LAND?

Because land is the source of all wealth, the field of all labor, the opportunity of all employment. Because land is as necessary to human life as air and sunlight. Because it is the free gift of nature to all the generations of men. No matter how remote from the land any person's occupation may seem, in today's complex interrelated economy, such occupation is nevertheless indirectly helping to extract from the land, the wealth necessary for life and its enjoyment. Free access to land is, therefore, the birthright of every human being.

Only at its peril may any society withhold this most basic of all freedoms from its members. Since history's dawn, the decay inherent in such withholding has ruined one social order after another - the Egypt of the Pharaohs; ancient Greece and Rome; the France of the Bourbons; imperial Spain and others.

Land is still free to all living creatures except civilized man. It was free to all the primitive peoples, until the strong and the cunning made it private property, to exploit the weak and the ignorant, by appropriating the products of their toil for mere permission

to remain on earth.

4- WHAT SHOULD BE PRIVATE PROPERTY

What is the rightful basis of private property?
When can a human being rightfully say: This belongs to me?

Man comes into the world bringing nothing, therefore he owns nothing save his own body and mind. Excepting that which he may receive as a gift, by what means can he acquire property without robbing anyone? To this there is but one possible answer: He has a right only to what he produces (draws forth) from the resources which nature provides, or in modifying these products or bringing them to the consumer; or in providing services and satisfactions for which his fellow-men are willing to pay.

This right of ownership in the results of his labor, springs from the right of the individual to himself and to the use of his faculties. Thus what a man produces is his against the whole world; it is his to consume, exchange, give away or even destroy. No matter how much wealth the individual may accumulate, he does not thereby deprive others of what is justly theirs, so long as this wealth is the result of his labor.

But man's right of ownership in labor products cannot apply to land, the storehouse of nature, the field of all production, to the use of which all men have an equal right and without which they cannot live. To legally permit the few to own and monopolize land is to deny to the many the right to its use, unless they agree to pay tribute to the landowners in the form of rent or purchase price.

It is therefore evident that the private ownership of land is a violation of the true right of property. It is that which divides society into the rich and the poor; and it is that which is the cause of most of the economic and social ills of modern civilization.

Land was not created by man; hence, it has no cost of production and no more labor value than the air or the sunshine. The individual cannot give value to land, but society can and does. When enough individuals, prompted by their gregarious instinct, form a community, a socially created value arises, which attaches to land.

According to its natural capabilities or location within or near a community, a plot of land can command a premium value reflecting its desirability over that of the least desirable location in use. This annual premium value is "economic rent" or ground rent. It increases with population, government services, the advantages of community life and material progress generally.

Being a social product, this rent should be collected annually by the community in order to give an equal opportunity to all land users, and at the same time defray the cost of government; thus leaving to the individual producer the full product of his labor, free of taxation, and to society its legitimate revenue.

But under our present system, only a small percentage of the ground rent is collected in the property tax, making it necessary to tax labor and labor products. The uncollected ground rent thus becomes an unearned income for the landowners and this income, capitalized at the current interest rate, becomes the selling value of the land.

This ever-increasing selling value of land, regarded by the unthinking as a sign of prosperity, really represents the ever-mounting toll exacted by the owners of the earth from the producers, viz. labor and productive capital. This causes an unjust distribution of wealth; makes the rich richer; fosters land speculation and widens the gap between the haves and the have-nots.

6- SPECULATION MULTIPLIES LAND MONOPOLY EVILS

The private ownership of land not only impedes industry and labor, but multiplies the extent of the evil by fostering land speculation. It is this evil twin of land monopoly which inflates land prices and

rents, prevents production and causes unemployment by holding valuable land out of use in order to collect the unearned increase in its value. It is the main cause of inflation and business depressions.

Compelling enterprise to pay steadily-increasing land prices, rents and taxes, increases production costs. This, invariably increases retail prices and lowers the purchasing power of the consumers. The consequent reduction in the volume of sales, forces employers to lay off some of their workers. Under such business conditions, new business ventures are discouraged, and this, in a growing community, has the same effect as a stoppage of production by adding to the unemployment.

Thus begins the vicious circle which ultimately affects the whole network of industry and commerce and brings on a condition of business stagnation. As, one by one, the wheels of industry stop turning, business failures multiply; more and more wage-earners are thrown out of work and the situation becomes more desperate day after day. This is a business depression.

Ultimately, the evil hits the cause of it all, viz. the land racket. The land boom is over and land prices and rents begin to tumble. When they get down to the level at which business can again be profitable, the country gradually gets back to work. The depression is over. But as business picks up, land prices and rents will, again, begin their upward trend and the next depression will be on its way.

The preventive governmental devices begun by the New Deal and extended by both political parties since, have been costly but have not touched the fundamental causes of business stagnation and unemployment, the remedy for which is to free the land and productive enterprises from the pernicious grasp of land monopoly, land speculation and the resulting confiscatory taxation.

It is to be expected that an evil will bring another evil. As the evil of the private ownership of land is multiplied by land speculation, so does the unjust distribution of wealth tend to the concentration of the unearned wealth and power into fewer hands, giving us the "super-rich."

Under a just economic system, the wealth would be distributed equitably among the producers, and in a modern society, all could be rich by the sweat of their brows; but none could ever become super-rich. The super-rich can only be the product of a society in which some, enjoying special privileges, can reap without sowing and accumulate wealth by the sweat of other men's brows.

Many centuries ago, when goods were exchanged through "barter," goods being perishable, could only be accumulated for limited periods. Thus no one could ever become super-rich by goods accumulation. But with the invention of money (claims on goods), trade flourished and civilization made rapid progress. The use of money enabled producers to save these claims on goods for future use without the risk of spoilage.

Unfortunately, under an unjust economic system, such as ours, with an unjust distribution of wealth, the money system can be used by the recipients of large unearned incomes, to build financial empires capable of turning a democracy into a plutocracy of the worst kind. This is what could be happening to us today, in a world of debt and a world in debt.

According to the Commerce Department, Americans, their government and their businesses, were in debt at the end of 1970, by \$1.84 trillion (\$1,840,000,000,000). Business \$955 billions - Federal, State and local governments \$483 billions - Individuals \$402 billions (including residential mortgages \$ 127 billions).

To soften the blow we are reminded that we owe most of the money to each other. Yes, but in what proportions? There is hardly any doubt that this tremendous debt is owed to a comparatively few, the rich and the super-rich. And who pays the interest on this huge debt?

The consumer and the taxpayer; who else?

This should not be taken as an indictment of the money system, which is beneficial. The evil is the land system under which unearned wealth becomes unearned money. Money, like land, does not deteriorate, hence it can be loaned at interest, or invested and reinvested with a snowballing effect, to make the rich richer at the expense of the producers and the consumers who have to work to earn their incomes. Since all incomes must, ultimately, come from production, totally or partially unearned incomes (except gifts) are a menace to society.

8- PRESENT LAND SYSTEM IS UNDEMOCRATIC

The private ownership of land is not an American institution; it is the land system of the Old World, the foundation of every ancient autocracy. At the birth of this Republic, the inalienable rights of all men to life, liberty and the pursuit of happiness were proclaimed. This declaration became the soul of the Revolution and the corner stone of a new nation, but the vicious land system which prevents the effective application of its principles has yet to be corrected.

For this failure to carry out the principles enunciated in the Declaration of Independence, we cannot blame the Founding Fathers. Their task was completed when they had overthrown a tyrannical government and given us political freedom. What more could they be expected to do? They faced many problems but the land problem was not one of them, for at the time there appeared to be no land problem. The continent's vast area of free land had always provided unlimited opportunities for employment and profitable enterprises, and the natural right of free access to the earth was not denied.

But as time went on and population increased, the land problem slowly grew. The history of the United States is a history of land grabbing by individuals, syndicates and corporations. The best part of the public domain became private property and the rapid growth of population gave it value. The few became wealthy but the masses suffered from unemployment,

low wages and poverty.*

One hundred years after the Revolution we had already suffered three panics (1837-1857-1873), every one following a land boom. The land boom which attained its peak around 1925 brought the crash of 1929. Since then our economy has been saved from collapse by government spending, which is not solving the problem but only postponing the day of reckoning. Land prices are now at an all-time high and so are our public and private debts.

9- OLD-WORLD LAND SYSTEM CREATES OLD-WORLD PROBLEMS

For over a century, mass unemployment has been a chronic national disease, relieved only by war. In the third year of our last great depression, over twelve million men and women - a full quarter of our national work force - were vainly looking for their basic right to exist through their own efforts. Over the same period, free enterprise also lay half strangled by an unidentified cause. Rarely since then, except during World War II, has this unvoluntarily unemployed total dropped much below three millions. In the post-war period it has continuously ranged from that figure up to five and six millions.

Today, the inflation of land prices, rents and taxes, increases the cost of production and the cost of living, reducing purchasing power. As a result, wage-raising strikes ravage the nation, causing further inflation. Spreading slums and decaying business areas rot the core of every city. As opportunities for honest enterprise and employment shrink, fraud, graft, racketeering, crime and economic cynicism penetrate every part of society. Stumbling governmental efforts to poultice these cancers merely create more and costlier

* How many millions of acres of the Public Domain were either given away, or fraudulently appropriated, or sold to land speculators, for as low as 6 cents per acre, is told in "Land Title Origins - A Tale of Force and Fraud" by Alfred N. Chandler. New York: Robert Schalkenbach Foundation Inc. 1940. The book is now out of print.

bureaucracies, their personnel all imbued with natural hope of retaining their own relative job security. The menace of dictatorship creeps steadily closer as the doors to economic freedom become harder to find.

10- MANY GREAT MINDS HAVE POINTED TO SOLUTION

What has happened to our once dominantly free economy to produce all these apparently incurable evils?

Our national ability to produce wealth and accumulate capital has grown many times faster than our population. Our free enterprise system is operated by some of the most efficient managers and skillful workers. Our natural resources are more than sufficient for our present and future needs. Our present urban areas include enough unused and underused land to accomodate much greater populations.

The trouble with our economy is that it is unbalanced; it has grown lopsided. We have made tremendous progress in the art of producing wealth but we have not yet learned how to distribute it equitably. Our industrial system is ultramodern but our land system is centuries behind the times. Treating land as if it were property created by man, violates the natural law and such violations never go unpunished. Herewith are just a few rejections of such a policy, voiced by some of the world's great minds:

BARUCH SPINOZA (Seventeenth Century Dutch philosopher) "The whole soil should be public property,"

JOHN LOCKE (Seventeenth Century philosopher of liberty; inspiration of the Founding Fathers) "God gave the world in common to all mankind. Whenever in any country the proprietor ceases to be the improver, political economy has nothing to say in defense of landed property."

JEAN JACQUES ROUSSEAU (Eighteenth Century French philosopher, author and composer) "The fruits of the earth belong to all; the earth belongs to nobody."

WILLIAM BLACKSTONE (Eighteenth Century authority on the philosophy of law) "The earth, therefore, and all things therein, are the general property of all mankind from the immediate gift of the Creator."

THOMAS PAINE (Foe of monarchy and guiding spirit of the American Revolution) "Men did not make the earthit is the value of the improvement only, and not the earth itself, that is individual property.... every proprietor owes to the community a ground rent for the land which he holds."

THOMAS JEFFERSON "Whenever there are in any country, unused land and unemployed poor, it is clear that the laws of property have been so far extended as to violate natural rights. The earth is given as a common stock for man to labor and live on."

JOHN STUART MILL (Nineteenth Century economist and social philosopher of political liberty) "Landlords grow richer in their sleep, without working, risking or economizing. The increase in the value of land, arising as it does from the efforts of an entire community, should belong to the community and not to the individual who might hold title."

ABRAHAM LINCOLN "The land, the earth God gave to man for his home, sustenance and support, should never be the possession of any man, corporation, society or unfriendly government, any more than the air or water, if as much. An individual, or company, or enterprise requiring land, should hold no more than is required for their home and sustenance, and never more than they have in actual use in the prudent management of their legitimate business, and this much should not be permitted when it creates an exclusive monopoly."

HERBERT SPENCER (Nineteenth Century English philosopher) "Equity does not permit property in land.... The world is God's bequest to mankind. All men are joint heirs to it."

HENRY GEORGE (American economist and social philosopher) "The poverty which in the midst of abundance pinches and embrates men, and all the manifold evils

which flow from it, spring from a denial of justice. But by asserting the rights of all men to natural opportunities, we shall remove the great cause of unnatural inequality in the distribution of wealth and power; we shall abolish poverty."

LEO TOLSTOY (Nineteenth Century Russian novelist and philosopher) "Solving the land question means the solving of all social questions....Possession of land by people who do not use it is immoral - just like the possession of slaves."

WINSTON CHURCHILL (Famous British statesman) "We have an unreformed and vicious land system....Land, which is a necessity of human existence, which is the original source of all wealth, which is strictly limited in extent, which is fixed in geographical position - land, I say, differs from all other forms of propertyLand monopoly is not the only monopoly, but it is by far the greatest of monopolies - it is a perpetual monopoly, and it is the mother of all other forms of monopoly."

11- WHAT IS TO BE DONE

Now the question arises: How can the evils attending the private ownership of land be eliminated? There are three methods, only one of which is both just and practical.

The first, which might be called the revolutionary method, is to confiscate the land. This method is the one used in Russia following the Bolshevist Revolution.

The second method is to buy out the landowners. Though unfair to the people, this might have been done in the early days of the Republic, when land was cheap. Today, however, land monopoly and land speculation have boosted the market value of land to astronomical figures and purchase at present prices is out of the question.

If land monopoly is to be abolished without confiscating the land nor dispossessing the owners and

without causing any severe shock to the economy, it can only be done, gradually, by the "rent socialization" method.

Rent socialization is not Socialism. Under socialism, almost everything becomes socialized and there is little or no private enterprise. But in a democracy, with private enterprise, the rent of land must be collected by society in order to equalize economic opportunities between the wealth producers; to prevent land monopoly; and, incidentally, to provide the public revenue.

12- HOW RENT SOCIALIZATION WORKS

Rent socialization calls for the annual collection of the full economic rent by society. It should be effected gradually, within a stated period of time, by taking an increased percentage each year, so as to collect the entire rent within the specified time; after which 100% of the rental value, determined by frequent assessments, shall be collected each year.

Rent socialization shall be accompanied by the simultaneous abolition of taxes upon labor and the products of labor within the same period of time.

Any need for additional revenue should be met by direct taxes, to protect the consumer.

As more of the economic rent is collected, less remains to be appropriated by the landowners and the selling value of land is reduced accordingly. When the point is reached where the entire economic rent is collected, the land will have no selling value; it will be as free as it was on the day Christopher Columbus discovered America. The only value left will be the rental value (socially created economic rent) payable yearly to the community by all landholders.

13- EFFECTS OF RENT SOCIALIZATION

The private ownership of land and the private appropriation of economic rent, have had so many detrimental effects upon all phases of our economic life,

that their abolition is bound to have as many beneficial effects. Let us mention some of the most important:

Land speculation, our greatest economic evil, would be discouraged and ultimately killed, since any increase in the rental value of land would be absorbed by an increased payment to the community. Thus, the selling value of land would always remain at the zero point, making land speculation impossible.

All improved property could be bought for the value of the improvements. Unimproved land would be available without purchase price. This means that the demand for land, now held in check by speculative prices, would be satisfied at no cost and many new enterprises would come into being. This, in turn, would create enough demand for labor to cure unemployment and make labor scarce. Hence, high wages for labor and fair profits for the employers, since they would no longer have to share their earnings with the owners of the earth.

The elimination of taxes upon the products of labor would greatly reduce prices and the cost of living. With free land and no taxes on buildings and building materials, business buildings and private homes would be much cheaper; rentals would be much lower. There would be no housing problem. Old buildings and slums, being unprofitable, would be replaced by private enterprise, making urban renewal at public expense unnecessary. The homeowners could improve and beautify their properties without being fined by a tax assessor.

14- THE ROAD TO PEACE

When our forefathers wrote our Constitution, they very wisely prohibited the erecting of trade barriers between our States. This is the reason for our peaceful relations and our rapid material progress in spite of our economic blunders. Our labor organizations show their ignorance when they demand tariffs on imports to prevent unemployment. It is land monopoly and land speculation which cause unemployment, not trade.

When land is free, industry and labor need not worry about being out of work. Free trade with all the world will then be recognized as a blessing to all concerned. With free trade, all the nations would be, in effect, pooling their skills and natural resources and the world would become a true common market. Tariff barriers have caused wars; when they are removed, the world might at last enjoy permanent peace.

15- A JEFFERSONIAN GOVERNMENT

But, it will be asked, can the economic rent be sufficient to support government? Bearing in mind that the primary purpose of rent socialization is not to support government, but to prevent land monopoly and land speculation, the answer is yes, the right kind of government, one that governs best because it governs least. A non-bureaucratic government, whose functions would be to maintain law and order; to see that the rights of the individual are not infringed upon; and only do for the people what they cannot do for themselves.

However, should the people require more government services than the rent fund can provide, there is nothing to prevent them from receiving such services so long as they are willing to pay for them. But no taxes should be levied upon individuals or private property until the economic rent has been collected in full; and under no circumstances should public revenue be obtained through indirect taxes to be shifted to the consumers.

The establishment of a free economy would soon bring about an equitable distribution of wealth and eliminate poverty. With comparatively few exceptions, people should then be able to take care of themselves without government assistance. Government functions could be greatly reduced and more of the governing could probably be done at the local level.

16- NO HOPE FOR THE FUTURE UNLESS.....

Our world today is in a state of utter confusion, due to the fact that nations are plagued by social and economic problems which they either ignore or else

attempt to solve by wrong methods. There is only one solution, good for each and good for all, and that is EQUAL FREEDOM, political, social and economic. In other words: FREE LAND - FREE TRADE - FREE WORLD.

Only when all the nations have adopted a free economy as their way of life, can they be united in a manner conducive to peaceful cooperation for the progress and happiness of the human race.

This could have been achieved long ago, had we had the courage and the wisdom to follow the teachings of the great philosophers of the last few centuries, but greed and ignorance prevailed and they were ignored. Consequently, the evils of land monopoly continued to intensify the unjust distribution of wealth and widen the gap between the haves and the have-nots. To continue on our present course is to invite economic disaster and insure the collapse of our economy.

Unless we take steps to rededicate ourselves to the ideals of our Founding Fathers by establishing a true democracy, with equal rights for all and special privileges for none, we will be paving the way for the ultimate fall of our Republic and the total eclipse of our American Dream.

3-Par.1-How does a bookkeeper help extract wealth from the land?

Modern production consists of many steps: extracting raw material from the land; transporting to mills and factories, to be worked into finished products; stored in warehouses; shipped to retail stores for deliveries to the ultimate consumers. All these steps require the use of many kinds of land by many kinds of workers, including bookkeepers. But the important point is that the first step is the one on which all the other steps depend and all who take part in them are helping to produce wealth (from the land).

5-Par.1-Does not the building of a house increase the value of the land?

No. The value of the land is based entirely on its location; it is the same whether improved or not. The value of the house is its cost of production, no matter where it may be located.

5-Par.2-How and by whom is this premium value determined?

By a law of economics called the law of rent, a derivative of the law of supply and demand, The difference lies in the fact that the supply of land being fixed, the value is determined solely by the demand. This is the law, as stated by David Ricardo, British economist (1772-1828): "The rent of land is determined by the excess of its produce over that which the same application can secure from the least productive land in use." For application to urban situations, the words "produce" and "productive" could be changed to "desirability" and "desirable."

Note: Where there is land speculation, many desirable sites may be held idle, causing an artificial scarcity of land. This would tend to boost the price of land beyond its normal economic value.

5-Par.3-How does the collection of economic rent give an equal opportunity to all land users?

Rent measures the economic opportunity (advantage) of each location over that of the poorest location in use. Therefore, once rent is collected, all locations have the same net advantage. Thus:

	A	B	C	D	(D- poorest land)
Productivity	100	80	60	40	
Rent (advantage)	60	40	20	0	Total rent 120
Net opportunity	40	40	40	40	Productivity less rent
Rent distribution	-	-	120	-	-(in public services)

Each will now get what he produces. A is lazy; B is average; C is industrious; D is very industrious.

A produces	70	less rent	60	net return	10	*
B produces	80	less rent	40	net return	40	*
C produces	70	less rent	20	net return	50	*
D produces	60	less rent	0	net return	60	*

* (plus public services)

5-Par.4-How is this unearned rent capitalized into a selling value?

Divide the rent by the current interest rate. For example: rate 5%. $\$1000 \div 5/100 = \$20,000$. 5% is the same as 5/100 or 1/20, therefore the capital value is 20 times the rent, and the rent is 1/20 of the capital value.

5-Par.5-Is it not a fact that a large city with high land values is far more prosperous than it was when small with low land values?

It would be a fact if ground rent was publicly collected, but with private land ownership, most of it goes to the landowners, increasing their incomes and the value of their land. Unless prosperity is shared by all, it is not real.

6-Par.1-How does land speculation inflate land prices?

By holding land out of use, thus causing an artificial scarcity. Land is either "not for sale" or it is offered at such outrageous prices that would-be users are forced to go further away and use less desirable locations. This tends to boost land prices beyond their true economic value.

6-Par.2-By what are new business ventures discouraged?

By the high prices of land and rentals, which have a discouraging effect, even in normal times when business is good. In times of business inactivity the risk is too great and capitalists look for safer investments. Young people coming out of schools and colleges find it very difficult, if not impossible, to get suitable jobs.

7-Par.4-How do they turn a democracy into a plutocracy?

Their privileges enable them to accumulate tremendous amounts of unearned money, and money gives POWER. Money power buys economic power and political power. Money power owns or controls: Big business; industries; education; banks; the press; politics; etc. And that is plutocracy, i.e. government by the rich.

7-Par.5-How can we ever repay such a debt?

It will not be repaid under the present system and is more likely to get bigger and bigger until we are bankrupt. Then the Dictator will take over.

7-Par.7-Isn't interest on money as much an unearned increment as land rent?

If the money was unearned how could the interest be otherwise? When rent is socialized, there should be no unearned money and much less need for borrowing. On the other hand, there would be more earned savings, hence, loans could be obtained at low interest rates. The Federal government could very well make loans to State and local

governments without interest, by issuing the money and take it out of circulation as the loans are repaid from taxation.

12-Par.4-When goods are taxed it increases the price. How is it that a tax on land decreases the price?

Because on goods the tax adds to the cost of production and it becomes part of the selling price. Land (nature) has no cost of production. The only value land can have is a rental value called "economic rent." Therefore, a tax on land must fall on the rent, reducing the income and its selling value. When the tax takes the whole rent, the selling value is reduced to zero. Thus:

Gross rent	less tax	net rent	selling value
\$ 120	\$ 20	\$ 100	$\frac{5}{100} = \$ 2000$
\$ 120	\$ 40	\$ 80	$\frac{5}{100} = \$ 1600$
\$ 120	\$ 60	\$ 60	$\frac{5}{100} = \$ 1200$
\$ 120	\$ 120	\$ 0	$\frac{5}{100} = \$ 0$

12-Par.4-If the value of the land is reduced to zero and the owner is made to pay land rent, isn't that the same as confiscating his land without compensation?

No. The land is not confiscated; he still has the land. As for the land rent, that is payment for the benefits he receives from society, viz. the advantages of community life and its public services. The latter have always been included in the property tax on land and improvements. This was more than he will now pay on the land alone. Thus he is better off than before.

13-Par.3-If unimproved land is available without purchase price, how will the landowners be compensated?

Land speculation is no different from any other kind of speculation. Those who speculate in commodities; on the stock market or any other form

of gambling, are not compensated; why should land speculation be the exception? Owners of vacant land should put their land to productive use and profit from their work as others do.

13-Par.3-How would free land make labor scarce?

By doing away with unemployment. The cure for unemployment is EMPLOYMENT, which consists in wealth production. All that is needed for wealth production is land and labor. What is preventing labor from using the land, to produce wealth and capital, is the private ownership of land and land speculation. When rent is socialized, land will be free and will be used by labor and capital as needed. Within a short time labor will become scarce and from then on it will always be scarce, because while land is plentiful and capital can be produced quickly, it takes 20 years or more to produce a laborer.

13-Par.4-With free land and no taxes on buildings, would not slums be even more profitable than they are now?

No; because free land does not mean free rent. Slums, usually located on valuable land are profitable because the land is assessed at slum value. Under rent socialization, it would be assessed at its true economic value. The high land rent would make a slum unprofitable.

13-Par.4-Why isn't urban renewal undertaken by private enterprise today?

Because 1- Land is too expensive. 2- Buildings and improvements are taxed. 3- The high cost of building materials makes construction costs too high. With free land; normal ground rent; no taxes on improvements; cheaper (untaxed) building materials; private enterprise could, even on high ground rent, erect a good building with reasonable rentals, and make a good profit.

PRIVATE PROPERTY IN LAND HISTORICALLY CONSIDERED

1- PRIMITIVE LAND TENURE

We are so used to the treatment of land as individual property, that the vast majority of people look upon it as necessary to the use of land. The "sacredness of property" has been preached so constantly, that most people look upon the private ownership of land as the very foundation of civilization.

If it were true that land had always been treated as private property, that would not prove the justice or the necessity of continuing so to treat it, but this is not true. On the contrary, the common right to land has everywhere been primarily recognized, and private ownership has nowhere grown up save as the result of usurpation.

Wherever we can trace the early history of society, whether in Asia, in Europe, in Africa, in America, or in Polynesia, land has been considered as common property. All members of the community had equal rights to the land of the community.

The causes which have operated to supplant this original idea of the equal right to the use of land by the idea of exclusive and unequal rights, are everywhere the same which have led to the denial of equal personal rights and to the establishment of privileged classes. These causes may be summarized as the concentration of power in the hands of chieftains and the military class, consequent on a state of warfare, which enabled them to monopolize common lands, reducing the conquered to a state of predial slavery, and dividing their lands among the conquerors.

2- GREECE AND ROME

It was the struggle between the idea of equal rights to the soil and the tendency to monopolize it

* Excerpted from PROGRESS AND POVERTY (See footnote page 42)

in individual possession, that caused the internal conflicts of Greece and Rome; and it was the final triumph of this tendency that destroyed both. Great estates (latifundia) ruined Greece, as afterward "great estates ruined Italy."*

The idea of absolute individual property in land, which modern civilization derived from Rome, reached its full development there in historic times. When the future mistress of the world first looms up, each citizen had his little homestead plot, which was inalienable, and the general domain--"the corn-land which was of public right"--was subject to common use.

It was from this public domain, constantly extended by conquest, that the patrician families succeeded in carving their great estates. These great estates finally crushed out the small proprietors, adding their little patrimonies to the latifundia of the enormously rich, while they themselves were forced into the slave gangs, became rent-paying *colonii*, or else were driven to the metropolis, to swell the ranks of the proletariat who had nothing to sell but their votes.

Cæsarism, soon passing into an unbridled despotism of the Eastern type, was the inevitable political result, and the empire, even while it embraced the world, became in reality a shell, kept from collapse only by the healthier life of the frontiers, where the land had been divided among military settlers or where the primitive usages longer survived.

But the latifundia which had devoured the strength of Italy, crept steadily outward, carving the surface of Sicily, Africa, Spain, and Gaul into great estates cultivated by slaves or tenants. The hardy virtues born of personal independence died out, an exhaustive agriculture impoverished the soil and wild beasts supplanted men, until at length, with a strength nurtured in equality, the barbarians broke through; Rome perished; and of a civilization once so proud nothing was left but ruins.

* Latifundia perdidere Italiam -Pliny.

Thus came to pass that marvelous thing which at the time of Rome's grandeur would have seemed impossible. The fundamental cause is to be sought in the tenure of land. On the one hand, the denial of the common right to land had resulted in decay; on the other, equality gave strength. The ownership of an individual share of the common property, to which the head of every family in the clan was equally entitled, were in the German village essential rights. This system of absolute equality impressed a remarkable character on the individual, which explains how small bands of barbarians made themselves masters of the Roman Empire.

From the chaos following the fall of the Roman Empire, the structure of modern society was slowly evolved. The result of this infusion of rude but vigorous life into Romanized society was a disorganization of the German as well as the Roman structure - both a blending and an admixture of the idea of common rights in the soil with the idea of exclusive property. The feudal system was the result of such a blending.

4- FEUDALISM

The feudal system, which is not peculiar to Europe, clearly recognized, in theory at least, that the land belongs to society at large, not to the individual. The feudal system admitted in no one the uncontrolled and exclusive right to land. A fief was essentially a trust, and to enjoyment was annexed obligation.

The sovereign theoretically the representative of the collective power and rights of the whole people, was in feudal view the only absolute owner of land. And though land was granted to individual possession, yet in its possession were involved duties, by which the enjoyer of its revenues was supposed to render back to the commonwealth an equivalent for the benefits which, from the delegation of the common right, he received.

In the feudal scheme the crown lands supported public expenditures which are now included in the civil list; the church lands defrayed the cost of public worship and instruction, of the care of the sick and of

the destitute; while the military tenures provided for the public defense.

Thus the feudal system, in its rise and development, was a triumph of the idea of the common right to land, changing an absolute tenure into a conditional tenure, and imposing peculiar obligations in return for the privilege of receiving rent.

And amid the feudal system there remained, or there grew up, communities of cultivators, more or less subject to feudal dues, who tilled the soil as common property; and although the lords, where and when they had the power, claimed pretty much all they thought worth claiming, yet the idea of common right was strong enough to attach itself by custom to a considerable part of the land. The commons in feudal ages, must have embraced a very large proportion of the area of most European countries.

5- THE INCLOSURES OF COMMON LANDS

The extent of the common land of England during the feudal ages may be inferred from the fact that though inclosures by the landed aristocracy began during the reign of Henry VII (1485-1509), it is stated that no less than 7,660,413 acres of common lands were inclosed under Acts passed between 1710 and 1843, of which 600,000 acres have been inclosed since 1845.

6- THE MODERN LATIFUNDIA

This is clear--that in Great Britain today the right of the people as a whole to the soil of their native country is much less fully acknowledged than it was in feudal times. A much smaller proportion of the people own the soil, and their ownership is much more absolute. The commons, once so extensive and so largely contributing to the independence and support of the lower classes, have, all but a small remnant of yet worthless land, been appropriated to individual ownership and inclosed.

The great estates of the church, which were essentially common property devoted to a public purpose,

have been diverted from that trust to enrich individuals. The dues of the military tenants have been shaken off, and the cost of maintaining the military establishment and paying the interest upon an immense debt accumulated by wars has been saddled upon the whole people, in taxes upon the necessaries and comforts of life.

The crown lands have mostly passed into private possession, and for the support of the royal family and all the petty princelings who marry into it, the British workman must pay in the price of his mug of beer and pipe of tobacco. The Scottish clansman, whose right to the soil of his native hills was then as undisputed as that of his chieftain, has been driven out to make room for the sheep ranges or deer parks of that chieftain's descendants; the tribal rights of the Irishman has been turned into a tenancy-at-will.

Thirty thousand men have legal power to expel the whole population from five-sixths of the British Islands and the vast majority of the British people have no right whatever to their native land save to walk the streets or trudge the roads.

The tenure of land is the fundamental fact which must ultimately determine the condition of industrial, social, and political life.

PROPERTY IN LAND IN AMERICA

The discovery of the American continent in 1492 precipitated the greatest and most shameful land grab in history.

Pope Alexander VI, a Spaniard, issued a papal bull granting to the monarchs of Spain and Portugal, all lands discovered or to be discovered on the western ocean.

Needless to say, none of the other European powers had the slightest intention to abide by this declaration; and during the sixteenth and seventeenth centuries, many expeditions left European ports to explore the New World to discover and lay claims to territories.

Spain lost no time and grabbed South America; Central America; Mexico; Florida; Texas; and a large part of the West, including California.

The French had explored the St. Lawrence River as early as 1506. In 1534 Jacques Cartier explored the same region and planted a cross for France on the Gaspé Peninsula. In 1608 Samuel de Champlain founded Quebec and the colony of New France (later Canada). The St. Lawrence made it easy for the French explorers to advance westward toward the Great Lakes and the heart of the continent. Following the Mississippi they reached the Gulf of Mexico and claimed this immense territory, extending to the Rocky Mountains. They called it "La Louisiane" in honor of the French King Louis XIV.

The English came into the picture very early. The voyages of John Cabot in 1497-1498 under a grant by King Henry VII, to seek a Northwest Passage to India, brought him to the North American coast in the vicinity of Cape Breton (Nova Scotia). He was reported as sailing South and sighting land as far as the Delaware Capes. But it was over a century later, in

1607, that the first permanent settlement was planted at Jamestown, Virginia. Another was the Plymouth colony in Massachusetts in 1620. Nevertheless, England claimed all the land between Florida and the French settlements on the St Lawrence.

Holland and Sweden also undertook to establish colonies in the New World. Following the explorations of Henry Hudson for the Dutch East India Company in 1609, on the Delaware and Hudson Rivers, the Dutch established the New Netherlands colony on the Hudson in 1625 with the settlement of New Amsterdam on Manhattan Island; also two forts on the Delaware. All this in spite of the English who challenged their claim.

Then in the spring of 1638 the Swedes arrived on the Delaware and settled on Christiana Creek; they built Fort Christiana (now Wilmington). The arrival of the Swedish expedition was reported to the governor of New Netherlands and the trouble began. From that time on and for seventeen years there was no peace, until the Dutch finally used force to expel them on September 15th 1655.

But the Dutch who had settled and prospered on Manhattan Island, along the Hudson and on the Delaware, found themselves later in the same predicament the Swedes had faced nine years before. On October 1st 1664, an English fleet arrived at New Amsterdam and calmly took over the New Netherlands colony. New Amsterdam became New York, and the King of England was now in the undisputed possession of his claim, a substantial portion of the North American continent.

War between France and England broke out in 1754. In 1759 General Wolfe defeated the French forces and completed the conquest of Canada in 1760. By the treaty of Paris on February 10th 1763, Canada was ceded to England. The Act of Quebec in 1774 also ceded the French possessions north of the Ohio river, east of the Mississippi.

The foregoing is a brief account of the discovery and conquest of the American continent by the monarchs of Spain, Portugal, France and England.

The seeking of new lands by those whose purpose it is to build homes and to work to produce wealth is laudable. But the monarchs and their favorites who grabbed the land and the natural wealth of America, were not looking for an opportunity to work. Perish the thought! What they wanted was work opportunities (land) to sell or rent to the common people who would go there to earn their living by their own efforts. Planting the cross of Christianity on the conquered shores was a hypocritical gesture; a banner saying "Might is Right" would have been more to the point.

The War of Independence in 1776 created a new World Power, the United States of America, which at the time consisted of 13 colonies on the Atlantic seaboard between Canada and Florida and as far West as the Mississippi.

In 1803 the United States purchased from Napoleon, for 15 million dollars, the French colony "La Louisiane" which comprised the following States: Louisiana; Missouri; Arkansas; Iowa; Minnesota; Kansas; Nebraska; part of Colorado; North Dakota; South Dakota; Montana; part of Wyoming; and Oklahoma. In 1819 we bought Florida from Spain for 5 million dollars; and at the end of the Mexican War, the treaty of Guadalupe Hidalgo in 1848, together with the Gadsden Purchase in 1853, gave us: Texas; New Mexico; Arizona; Utah; Nevada; California; part of Colorado; and part of Wyoming.

Thus the United States government came into the possession of an immense public domain extending from the Atlantic to the Pacific and from Canada to Mexico; 35 States totalling over 2.3/4 million square miles, over 1760 million acres.

The conquest of America by European Powers was indeed a shameful episode, but the settling of our public domain, during the first hundred years of our Republic was equally shameful. It was fraught with greed, dishonesty, corruption, incompetence, and worst of all, a complete ignorance, neglect, and contempt of human rights.

And all through this historical drama, the arch

villain was greed in the form of land speculation, the evil which has plagued the civilized world throughout history to the present day.

Alfred N. Chandler, in his book "Land Title Origins", gives us a thoroughly documented account of this inglorious chapter in our history. In his Preface he says: "Here for the first time in integral parts, dissociated from extraneous matter, are shown the methods of favor, fraud and force by greedy and unscrupulous men of great political power and influence in the United States government during the first century of its existence. Here also is told how they grabbed the vast expanses of fertile prairies and valleys, forests, mineral wealth and potential water-powers of the public domain, and proceeded to exploit and despoil succeeding generations of their rightful share of the common heritage." (See footnote Chapter I, section 8).

The following quotation from Henry George's "Progress and Poverty" is pertinent; "Had the circumstances which beset the first English settlers in North America been such as to call their attention to the question of land ownership, there can be no doubt that they would have reverted to first principles as they did in matters of government; and individual land ownership would have been rejected, just as aristocracy and monarchy were rejected. But the fact that in the new country an immense continent invited settlement prevented any question of the justice and policy of private property in land from arising."

"So far as concerned the great proprietors whom the English Kings by letters patent endeavored to create, the settlers saw clearly enough the injustice of the attempted monopoly; but the plentifulness of land prevented attention from being called to the monopoly which individual land ownership, even when the tracts are small, must involve when land becomes scarce."

"And so it has come to pass that the great republic of the modern world has adopted at the beginning of its career an institution that ruined the republics of antiquity; that a people who proclaim the inalienable rights of all men to life, liberty, and the pursuit of happiness have adopted without question a

principle which, in denying the equal and inalienable right to the soil, finally denies the equal right to life and liberty; that a people who at the cost of a bloody war have abolished chattel slavery, yet permit slavery in a more widespread and dangerous form to take root."

"We did not establish the republic when, in the face of principalities and powers, we flung the declaration of the inalienable rights of man; we shall never establish the republic until we practically carry out the declaration by securing to the poorest child born among us an equal right to his native soil."

HOW MODERN CIVILIZATION MAY DECLINE

A civilization like ours must either advance or go back; it cannot stand still. There have been times of decline, just as there have been times of advance; but it is evident that these epochs of decline could not at first have been generally recognized.

He would have been a rash man who, when Augustus was changing the Rome of brick to the Rome of marble, when wealth was augmenting and magnificence increasing, when victorious legions were extending the frontier, when manners were becoming more refined, language more polished, and literature rising to higher splendors -- he would have been a rash man who then would have said that Rome was entering her decline. Yet such was the case.

And whoever will look may see that though our civilization is apparently advancing with greater rapidity than ever, the same cause that turned Roman progress into retrogression is operating now.

What has destroyed every previous civilization has been the tendency to the unequal distribution of wealth and power. This same tendency, operating with increasing force, is observable in our civilization today, showing itself in every progressive community, and with greater intensity the more progressive the community.

To turn a republican government into a despotism the basest and most brutal, it is not necessary formally to change its constitution or abandon popular elections. A government of universal suffrage and theoretical equality, may under conditions which impel the change, most readily become a despotism. For there despotism advances in the name and with the might of the people. The single source of power once secured, everything is secured.

* Excerpted from PROGRESS AND POVERTY (See footnote, page 42)

And when the disparity of condition increases, so does universal suffrage make it easy to seize the source of power, for the greater is the proportion of power in the hands of those who feel no direct interest in the conduct of government; who, tortured by want and embruted by poverty, are ready to sell their votes to the highest bidder or follow the lead of the most blatant demagogue. Given a community with republican institutions, in which one class is too rich to be shorn of its luxuries, no matter how public affairs are administered, and another so poor that a few dollars on election day will seem more than any abstract consideration; in which the few roll in wealth and the many seethe with discontent at a condition of things they know not how to remedy, and power must pass into the hands of demagogues.

Where there is anything like an equal distribution of wealth the more democratic the government the better it will be; but where there is gross inequality in the distribution of wealth, the more democratic the government the worst it will be; for, while rotten democracy may not in itself be worse than rotten autocracy, its effect upon national character will be worse. To give the suffrage to tramps, to paupers, to men to whom a chance to labor is a boon, to men who must beg, or steal, or starve, is to invoke destruction.

Now this transformation of popular government into despotism of the vilest and most degrading kind, which must inevitably result from the unequal distribution of wealth, is not a thing of the far future. It has already begun in the United States, and is rapidly going on under our eyes. That our legislative bodies are steadily deteriorating in standard; that men of the highest ability and character are compelled to eschew politics; that voting is done more recklessly and the power of money is increasing; that it is harder to arouse the people to the necessity of reforms and more difficult to carry them out; that political differences are ceasing to be differences of principles, and abstract ideas are losing their power; that parties are passing into the control of what in general government would be oligarchies and dictatorships;

are all evidences of political decline.

All this is a matter of common observation. Though we may not speak it openly, the general faith in republican institutions is, where they have reached their fullest development, narrowing and weakening. It is no longer that confident belief in republicanism as the source of national blessings that it once was. And the people at large are becoming used to the growing corruption. That is to say the people themselves are becoming corrupted. Thus in the United States today is republican government running the course it must inevitably follow under conditions which cause the unequal distribution of wealth.

Where that course leads is clear to whoever will think. As corruption becomes chronic; as public spirit is lost; as tradition of honor, virtue, and patriotism are weakened; as law is brought into contempt and reforms become hopeless; then in the festering mass will be generated volcanic forces, which shatter and rend when seeming accident gives them vent. Strong, unscrupulous men, rising upon occasion, will become the exponents of blind popular desires or fierce popular passions, and dash aside forms that have lost their vitality. The sword will again be mightier than the pen, and in carnivals of destruction brute force and wild frenzy will alternate with the lethargy of a declining civilization.

Whence shall come the new barbarians? Go through the squalid quarters of great cities, and you may see, even now, their gathering hordes. How shall learning perish? Men will cease to read, and books will kindle fires and be turned into cartridges. Yet to hint, today, that our civilization may possibly be tending to decline, seems like the wildness of pessimism.

But any one who will think over the matter will see that this must necessarily be the case where advance gradually passes into retrogression. For in social development, as in everything else, motion tends to persist in straight lines, and therefore, where there has been a previous advance, it is extremely difficult to recognize decline, even when it has fully

commenced; there is an almost irresistible tendency to believe that the forward movement which has been advance, and is still going on, is still advance. The web of beliefs, customs, laws, institutions, and habits of thought, which each community is constantly spinning, and which produces in the individual environed by it, all the differences of national character, is never unraveled. That is to say, in the decline of civilization, communities do not go down by the same paths that they came up. For instance, the decline of civilization as manifested in government would not take us back from republicanism to constitutional monarchy, and thence to the feudal system; it would take us to imperialism and anarchy.

And how the retrogression of civilization, following a period of advance, may be so gradual as to attract no attention at the time; nay, how that decline must necessarily, by the great majority of men, be mistaken for advance, is easily seen. For instance, there is an enormous difference between Grecian art of the classic period and that of the lower empire; yet the change was accompanied, or was caused, by a change of taste. The artists who most quickly followed this change of taste were in their day regarded as the superior artists. And so of literature. As it became more vapid, puerile, and stilted, it would be in obedience to an altered taste, which would regard its increasing weakness as increasing strength and beauty. The really good writer would not find readers; he would be regarded as rude, dry, or dull. And so would the drama decline; not because there was a lack of good plays; but because the prevailing taste became more and more that of a less cultured class, who, of course, regard that which they most admire as the best of its kind.

Everywhere it is evident that the tendency to inequality, which is the necessary result of material progress where land is monopolized, cannot go much further without carrying our civilization into that downward path which is so easy to enter and so hard to abandon. Everywhere the increasing intensity of the struggle to live, the increasing necessity for straining every nerve to prevent being thrown down

and trodden under foot in the scramble for wealth, is draining the forces which gain and maintain improvements. In every civilized country pauperism, crime, insanity, and suicides are increasing. In every civilized country the diseases are increasing which come from overstrained nerves, from insufficient nourishment, from squalid lodgings, from unwholesome and monotonous occupations.

It is not an advancing civilization that such conditions show. It is a civilization which in its undercurrents has already begun to recede. When the tide turns in bay or river from flood to ebb, it is not all at once, but here it still runs on, though there it has begun to recede. When the sun passes the meridian, it can be told only by the way the short shadows fall; for the heat of the day yet increases. But as sure as the turning tide must soon run full ebb; as sure as the declining sun must bring darkness, so sure is it, that though knowledge yet increases and invention marches on, and new states are being settled, and cities still expand, yet civilization has begun to wane when, in proportion to population, we must build more and more prisons, more and more almshouses (welfare programs), more and more insane asylums. It is not from top to bottom that societies die, it is from bottom to top.

What changes may come, no mortal can tell, but that some great change must come, thoughtful men begin to feel. The civilized world is trembling on the verge of a great movement. Either it must be a leap upward, which will open the way to advances yet undreamed of, or it must be a plunge downward which will carry us back toward barbarism.

THE CENTRAL TRUTH

The truth to which we were led in our inquiry shows that the evils arising from the unjust and unequal distribution of wealth, which are becoming more and more apparent as modern civilization goes on, are not incidents of progress, but tendencies which must bring progress to a halt; that they will not cure themselves, but, on the contrary, must, unless their cause is removed, grow greater and greater, until they sweep us back into barbarism by the road every previous civilization has trod. But it also shows that these evils are not imposed by natural laws; that they spring solely from social maladjustments which ignore natural laws.

In permitting the monopolization of the opportunities which nature freely offers to all, we have ignored the fundamental law of justice -- for, so far as we can see, justice seems to be the supreme law of the universe.

Our natural rights are denied when the equal right to land -- on which and by which men alone can live -- is denied. Equality of political rights will not compensate for the denial of the equal right to the bounty of nature. Political liberty, when the equal right to land is denied, becomes, as population increases and invention goes on, merely the liberty to compete for employment at low wages. This is the truth that we have ignored. And so poverty enslaves men whom we boast are political sovereigns; and want breeds ignorance that our schools cannot enlighten; and the demagogue usurps the part of the statesman; and gold weighs in the scales of justice; and in high places sit those who do not pay to civic virtue even the compliment of hypocrisy; and the pillars of the republic that we thought so strong already bend under an increasing strain.

It is not enough that men should vote; it is not

* Excerpted from PROGRESS AND POVERTY (See footnote page 42)

enough that they should be theoretically equal before the law. They must have liberty to avail themselves of the opportunities and means of life; they must stand on equal terms with reference to the bounty of nature. Either this, or the very forces that progress has evolved turn to powers that work destruction. This is the universal law. This is the lesson of the centuries. Unless its foundations be laid in justice the social structure cannot stand.

Our primary social adjustment is a denial of justice. In allowing one man to own the land on which and from which other men must live, we have made them his bondsmen in a degree which increases as material progress goes on. This is the subtle alchemy that in ways they do not realize is extracting from the masses in every civilized country the fruits of their weary toil; that is instituting a harder and more hopeless slavery in place of that which has been destroyed; that is bringing political despotism out of political freedom; and must soon transmute democratic institutions into anarchy.

It is this that turns the blessings of material progress into a curse. It is this that crowds human beings into noisome cellars and squalid tenement houses; that fills prisons and brothels; that goads men with want and consumes them with greed.

Civilization so based cannot continue. The eternal laws of the universe forbid it. Ruins of dead empires testify, and the witness that is in every soul answers that it cannot be. It is Justice herself that demands of us to right this wrong. Justice that will not be denied, that cannot be put off -- Justice that with the scales carries the sword.

In the very centers of our civilization today are want and suffering enough to make sick at heart whoever does not close his eyes and steel his nerves. Dare we turn to the Creator and ask Him to relieve it? Supposing the prayer was heard, and at the behest with which the universe sprang into being there should glow in the sun a greater power; new virtue fill the air; fresh vigor the soil; that for every blade of grass

that now grows two should spring up, and the seed that now increases fifty-fold should increase a hundred-fold. Would poverty be abated or want relieved? Manifestly no! Whatever benefit would accrue would be but temporary. The new powers streaming through the material universe could be utilized only through land. And land, being private property, the classes that now monopolize the bounty of the Creator would monopolize all the new bounty. Land owners would alone be benefited.

This is not merely a deduction of political economy; it is a fact of experience. We know it because we have seen it. Into the mind of one came the thought that harnessed steam for the service of mankind. To the inner ear of another was whispered the secret that compels the lightning to bear a message round the globe. In every direction have the laws of matter been revealed; in every department of industry have arisen arms of iron and fingers of steel, whose effect upon the production of wealth has been, precisely the same as an increase in the fertility of nature. What has been the result? Simply that land owners get all the gain.

Is it a light thing that labor should be robbed of its earnings while greed rolls in wealth -- that the many should want while the few are surfeited? Turn to history, and on every page may be read the lesson that such wrong never goes unpunished; that the Nemesis that follows injustice never falters nor sleeps. Look around today. Can this state of things continue? May we even say, "After us the deluge." Nay; the pillars of the state are trembling even now, and the very foundations of society begin to quiver with pent-up forces that glow underneath. The struggle that must either revivify; or convulse in ruin, is near at hand, if it be not already begun.

The fiat has gone forth. With steam and electricity, and the new powers born of progress, forces have entered the world that will either compel us to a higher plane or overwhelm us, as nation after nation, as civilization after civilization, have been overwhelmed before. It is the delusion which precedes

destruction that sees in the popular unrest with which the civilized world is feverishly pulsing only the passing effect of ephemeral causes. Between democratic ideas and the aristocratic adjustments of society there is an irreconcilable conflict. Here in the United States, as there in Europe, it may be seen arising. We cannot go on permitting men to vote and forcing them to tramp. We cannot go on educating boys and girls in our public schools and then refusing them the right to earn an honest living. We cannot go on prating of the inalienable rights of man and then denying the inalienable right to the bounty of the Creator. Even now, in old bottles the new wine begins to ferment, and elemental forces gather for the strife.

AMERICA AT THE CROSSROADS

A FAMOUS BOOK

Close to one hundred years ago, a great American wrote a book to call our attention to a fundamental defect in our democracy; a defect which caused poverty in spite of material progress. He warned that failure to correct this defect would, in time, destroy our civilization as it had destroyed previous civilizations. His warning went unheeded.

The man was Henry George, (American economist, 1839-1897). The book was PROGRESS AND POVERTY - An inquiry into the Cause of Industrial Depressions and of Increase of Want with Increase of Wealth - It was published in 1880; a full century after the American Revolution. *

A MEANINGFUL TITLE

The book and its subtitle are a clear indication that the first hundred years of our newly acquired freedom under "the first government by consent of the governed" had been anything but a success. And now that nearly another hundred years have gone by, what have we to show for it?

THE POVERTY OF OUR PROGRESS

The poor are still with us, in greater number and poorer in proportion. Unemployment is still a chronic national disease, and so is inflation. The concentration of wealth and power proceeds unchecked, and our public and private debts keep on accumulating. If our public business had been a private business it would have gone on the rocks a long time ago. Unless government is conducted in an honest, just, and business-like fashion, it is doomed to failure.

* All the works of Henry George are published by the Robert Schalkenbach Foundation, 50 East 69th St. New York, N.Y. 10021.

Of course, discoveries, inventions, and technological advances, have greatly multiplied man's productive power; but all this material progress has, in a great measure, served only to make the rich richer. Whereas we had rich millionaires, we now have super-rich multi-millionaires. But the lives of the great majority of our people are still haunted by the fear of poverty; and for them, real economic security is only a dream.

TIME FOR A CHANGE OF COURSE

The time has arrived for this nation to realize that for nearly two centuries, it has followed a wrong course; a course that led away from the fundamental principles enunciated in its own Declaration of Independence; a course that has violated the laws of nature and which can only lead to chaos and oblivion. "Unless its foundations be laid in justice", said a great American almost a century ago, "the social structure cannot stand."

The private collection of the socially created value of land, which follows from the granting of land as private property in perpetuity, is the unjust foundation upon which our present social structure is built. Nothing that man produces lasts for ever. Material wealth, the moment it is finished, begins its journey back to the earth. Even works of the mind are subject to limitations by law. Copyrights and patents are granted for a specified number of years, after which they become common property. Why should land, which is not even the work of man, be granted to men in perpetuity? Isn't it about time to do away with this injustice?

If we are to fulfill our destiny as a democratic nation, with equal rights for all and special privileges for none, the present system of land tenure (absolute ownership) will have to be changed to a system of conditional tenure, i.e. security of exclusive possession through payment to the community of the socially created annual rental value of the land.

THE GREAT DELUSION

In European countries, when all the land was owned by a few (the aristocracy), the people were conscious of being the "landless" class - rent-paying tenants.

In the United States, however, the large class of homeowners believe themselves to be part of the "landed" class, and are likely to oppose rent socialization as being contrary to their interests. They would be deluding themselves.

The average homeowner's land only serves to support his house, not to collect rent. But if he does not own the land where he works; there, whether he knows it or not, he is paying rent to some landowner for the privilege of working on his land. Homeowners would be wise to make common cause with the landless, to adopt rent socialization, under which no individual would receive land rent, but this rent would go to the community to be returned to all in the form of public services. And when the citizens referred to the country as my country or our country, they would no longer be fooling themselves.

SUCCESS OR FAILURE?

Viewed from a purely commercial and industrial angle, our democracy has been a tremendous success, but from the far more vital social and economic viewpoint, it has been a dismal failure. And that, unfortunately, is the bitter truth. Our democracy is a social and economic failure, which has created a dual society, the rich and the poor. The former who get wealth they have not earned; the latter who produce wealth they do not get. A form of economic slavery.

There is no denying the fact that during the last 200 years, we have accomplished wonders: Railroads; steamships; all kinds of labor-saving machines; the telephone; the automobile; the airplane; the radio; the television; many marvelous new products through chemistry; and many, many others; all of which have greatly multiplied man's power to produce wealth.

We have even conquered space. We have put men on the moon and brought them back with samples of rock and soil. We have sent unmanned space ships to distant planets, to take photographs and transmit them back to us on earth.

And to think that the country that could do all this, has been unable in 200 years to abolish poverty; as if poverty were a natural disease, the cure for which had not yet been discovered. But poverty is not a disease; it is a crime, i.e. making land private property to enable the few to own it to exploit and impoverish the many.

WHAT WE COULD DO --- WHAT WE MUST DO

Let us leave the 20th Century to the historians. We cannot change the past, but we can make the future. We can make the 21st Century, one of Peace and Prosperity for our country and for the world.

We should begin at once to work for an amendment to the United States Constitution, to clarify and make operative the Declaration of 1776 which says: "that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the pursuit of Happiness." Inasmuch as man's life depends on free access to the earth, the private ownership of land, sanctioned by our laws, by denying free access to land, finally denies equal rights to life and liberty.

Accordingly, the proposed amendment should declare that: The earth (nature) can never be man's absolute property; but that a private and exclusive possession is necessary to secure the right to the products of labor. However, since the unimproved rental value of land, is created by society, it, therefore, belongs to society and it should be collected by society for the common benefit, thus making the land free.

And to implement this declaration, a law should be enacted, to the effect that 20 years from the date of the adoption of the amendment, all landholders shall pay annually into the Public Treasury, a sum equal to the rental value of their land holdings, excluding all

man-made improvements.

Inasmuch as the market value of land approximates 20 years of rent, this measure would, in effect, be equal to a purchase at full value.

WHITHER AMERICA?

As we approach the end of the second century of our Republic, it would be wise for us to ponder the declaration of the first National Assembly of France, that "ignorance, neglect, or contempt of human rights are the sole causes of public misfortunes and corruptions of government."

For 200 years we have ignored the most important of all human rights, viz., the equal right to the use of the earth. Yet, this right is part of the inalienable rights to life, liberty, and the pursuit of happiness mentioned in our Declaration of Independence, and which have been declaimed from public platforms, every 4th of July, in every city, town, and village of these United States. This is part of the reason why our cherished American Dream has turned into a nightmare.

Therefore, it would be a splendid idea to use our National Holiday from now on, not merely to talk about these fundamental human rights, but to advocate the amendment to apply them and make our American Dream come true.

Our orators could not find a more fitting ending to their orations than the final words spoken by Abraham Lincoln at Gettysburg: "that this nation shall have a new birth of freedom -- and that government of the people, by the people, for the people, shall not perish from the earth."

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N.B. The author will welcome comments from readers. If a reply is called for, please enclose return postage.

Gaston Haxo
250 58th St. N. Box 908
St. Petersburg, Fla. 33710