

## SIXTH PRIZE, TEN DOLLARS.

MAZZINI S. LAPOLLA, DEWITT CLINTON HIGH SCHOOL, N. Y. CITY.  
 PRINCIPAL, FRANCIS H. J. PAUL.

"Look over the world today. In countries the most widely differing—under conditions the most diverse as to government, as to industries, as to tariffs, as to currency—you will find distress among the working classes." And to point out cases of poverty would be like citing commonplace instances of the law of gravitation. Charitable and philanthropic institutions have arisen to relieve the suffering of the masses. But these can never hope to extirpate poverty, for, in spite of their existence and untiring efforts, poverty and its dire results continue to "press upon the brow" of the masses.

The Single Taxers propose to do away with the impoverishment of the masses by changing the system of taxation. They propose to shift the burden of taxation from the producers to the *non-producers*, for they claim that the burden of taxation is borne by the producers in the form of *indirect* taxation—viz., tariffs, taxes upon improvements, etc.—while *land*, the value of which is created by the *community*, is not taxed to its *full value*. As a result, they claim, speculation in land sets in, causing vast areas to lie unused and unimproved, while the ranks of the army of unemployed swell. Hence they hold that the abolishing of all taxes save that upon land values will deal a death blow to the causes that make for the want and privation of the masses.

Henry George is the most able expounder of the Single Tax doctrine. "Progress and Poverty" contains his philosophy in full. What is this philosophy?

Wherever we look, and especially in communities where the most wealth has accumulated, poverty stares us in the face.

In the first place, can we afford to say that the persistence of poverty is the result of natural laws? Shall we bow to the theory that there is a tendency of population to increase beyond the means of subsistence and that hence poverty must exist? No, we cannot. It is in communities where wealth most abounds that poverty presents itself. Witness the slums in New York and London. And how absurd it is to think that poverty can check the increase of population when it is in the most congested districts that we find want among the working classes. Then how can it be said that poverty must exist to act as a check on increase of population?

Since it cannot be said that poverty exists as a result of natural laws, where else can we look for the reason but in the laws that govern the distribution of wealth?

Wealth—taken in the economic sense so as to include products that have been in any manner modified by human exertion in order to fit them for the gratification of human desires—is distributed among landowners, laborers and capitalists. What part do these play in production? Land forms the basis of production. In primitive times this was more apparent than it is today. The fact is more or less hidden by the great device known as the division of labor. But nevertheless the food that we eat and the raw material that is turned into manufactured articles must come primarily from the soil. To extract this, labor must be expended. Thus it was in primitive times that land and labor were the sole factors in production. But with the growth of the Industrial Revolution a new factor was added—capital. The most important function capital plays in production is to supply the tools to increase the efficiency of labor. Hence the rapid march of invention, the great time and waste-saving device known as the division of labor, the introduction of capital as a factor in production, all tend to increase the efficiency of labor. A Robinson Crusoe would infer from this that since enough of the necessaries of life were thus produced, to feed and clothe every person

on earth, *every person on earth would be well fed and clothed*. And if he were informed to the contrary, he would say: "Something is wrong somewhere. Perhaps the result of this well organized production is that wealth is not distributed fairly. Some people must be enjoying privileges and living on the toil of others." And in saying this he would have hit the nail on the head, as the saying goes. Which element in production is it that receives the lion's share?

It is a mere observation of facts that in the "newer" countries wages—"the reward or result of exertion"—and interest are high, whereas rent—payment made for the use of the bare land—is low. Just the opposite is true in the "older" countries. To cite an illustration: In California, during the mad rush for gold, wages and interest were higher than in any other part of the globe. Rent—land value—was very low. But as population increased and signs of material progress appeared, wages and interest fell, and rent soared. (California is a typical case and what is true there is true all over the world.) What caused the decline in wages? Does the reason lie in the theory that wages are fixed by the ratio between the number of laborers seeking employment and the amount of capital devoted to the employment of labor? It does not. According to that theory, with abundant capital and a scarcity of labor, wages would be high and interest low, the rate of interest depending on the relative abundance or scarcity of capital—capital meaning wealth put out for the production of more wealth, as it does in political economy. That interest and wages rise and fall conjointly is what observation proves.

It is not necessary to analyze the laws that govern the distribution of wealth. But it must be pointed out that as progress advances and as greater efficiency is attached to labor, the price paid for the use of bare land rises and wages and interest fall. What are we going to do about it? We cannot abolish land. We cannot abolish labor. They are the two essential factors in production. Shall we then abolish capital? In primitive times our ancestors got along without capital. But what good will it do to abolish capital—not spurious capital? It would be like trying to stop the tide of progress.

But can we change the *system* of distribution? That is a different proposition. We can readily see why laborers must be paid. Labor unions are striving hard to maintain a living standard of wages in most of the skilled occupations. And the fact is that workingmen, who do the greatest share of the work in production, receive in return very little. Some are not even given a chance to earn a miserable pittance, as the swelled ranks of the army of the unemployed show. Workingmen all over the world are being treated more and more as mere "hands" and they are being robbed of the fruit of their labor.

Is interest then the robbery of industry? "If all wealth were inert matter and production the working of this matter into different shapes, then interest would be the robbery of industry."

What constitutes the basis of interest? It is not the "power which exists in the tool to increase the productiveness of labor," for the rate of interest has failed to increase with the march of invention. It is the "*active force of nature*" that causes the increase of capital over and above that due to labor. To take the old stock example, the storing of wine for a certain period of time will improve the value of the wine *without the aid* of labor, for wine improves with age. Viewed in this light interest is equitable and justifiable.

However, we must not confuse interest with profits, for the latter are in reality due "not to the power of capital, but of *concentrated* capital, or of concentrated capital acting upon bad social adjustments."

Thus, "if, with an increase of production, the laborer gets no more and the capitalist no more, it is a necessary inference that the landowner reaps the whole gain. *And the facts agree with the inference.* Though neither wages nor interest any-

where increase as material progress goes on, yet the invariable mark and accompaniment of material progress is the *increase of rent—the rise of land values.*"

What causes this advance to be paid for the use of bare land? We can attribute it to the influx of population, to improvements in the arts, to the march of invention, to the building of railroads, canals, etc.—in short, to any factor that contributes to material progress.

To whom does this land value go? Not to the community, by whom it is produced, but to private owners of land. And what have these landowners done or what do they do that they can *demand* payment for the use of the land? *Nothing!* They form a great part of the leisure class who, without doing a stitch of work, live in abounding luxury.

But why can landowners claim payment for the use of the bare land? It is because they have an undisputed title to the exclusive ownership of the land. And out of this there arises a privilege. The vast majority must pay the small minority for permission to use and improve bare land, because statutes, traditions, and *ignorance* above all, recognize the right of a small minority to the private monopoly of land.

Is private property in land just? It is not. Exertion of labor is the only title to exclusive ownership, whereas the exclusive ownership of land by a few was brought about by conquests through long and bloody wars, as history proves.

Not only is the possession of the land by a few fundamentally wrong, but the results arising therefrom make it more so. The right of a few to the possession of land can enable them to withhold land from use—let it lie open for speculation. This has been one of the great, in fact the greatest cause of the "recurring paroxysms of industrial depression." Private property in land, by allowing land to lie open for the future enhancement of land values, the "unearned increment" as it is styled, is inconsistent with the best use of the land.

Private property in land has been the curse of all former civilizations—and it has caused their downfall. Shall we permit it to bring about the collapse of our present civilization?

We have traced the evil of present society to private title in land. To remove the evil we must remove the cause.

#### WE MUST MAKE LAND COMMON PROPERTY.

"We could satisfy the law of justice, we could meet all economic requirements, by at one stroke abolishing all private titles, declaring all land public property, and letting it out to the highest bidders in lots to suit, under such conditions as would sacredly guard the private right to improvements."

Formally confiscating all land would involve a "needless shock to present customs and habits of thought"—which is to be avoided. To do that would involve a "needless extension of governmental machinery"—which is to be avoided.

"It is not necessary to confiscate land; It is necessary to confiscate rent." We already take a part by taxation.

"And insomuch as the taxation of rent, or land values, must necessarily be increased as we abolish all other taxes, we may put the proposition into practical form.

#### TO ABOLISH ALL TAXES SAVE THAT UPON LAND VALUES.

By thus taking rent, which is created by the community, we shall be making land common property, for the State will be collecting the rent that now goes into the coffers of a few.

In conclusion, should this seem too radical a measure, let us recall the words of John Stuart Mill: "When the object is to raise the permanent condition of a people small means do not merely produce small effects; they produce no effect at all."