

# THE LINCOLN LETTER

Issued Monthly by

JOHN C. LINCOLN

President

Lincoln Foundation, Inc.

2507-13th Avenue West  
Bradenton, Florida

July, 1951

Dear Sir:

Much of our economic confusion is due to the fact that the relationship between land prices and wage levels is not clear in the minds of most people.

Land might be called "natural opportunity." Like air and sunshine, it is the gift of the Creator to His children. By its very nature it is common property. But long experience shows that land is most effectively used when the user holds title giving him continuous and exclusive possession. It is rare that the tenant farmer bestows upon the land the same intelligent care its owner would give it. Seldom are the tenant's crops equal to what they would be were he the undisputed owner instead of a rent-paying tenant.

In general the tenant farmer leases the land he works for a short term of years. He pays from 30 to 50 per cent of his crop for the use of the land. His wages are what he has left after paying ground rent to the landowner. In other words, the high price of land reduces the wages of the tenant farmer by 30 to 50 per cent. But the landowner gets the same pay for the use of the land as he would be entitled to had he made the land.

A substantial portion of farm land in the United States is worked by tenants. The rate of land tenancy is even higher in China, where rapacious landlords often exact as much as 60 per cent of the tenant's product as ground rent. It can scarcely be doubted that the success of the Chinese Communists has been largely due to the resentment of the great mass of agrarian workers against such outrageous exploitation by the landlords.

An enlightening comment in this connection may be found in Henry George's monumental work, PROGRESS AND POVERTY, in the chapter headed Wages and the Law of Wages--pages 204 to 217. As has been mentioned before in these letters, this great book may be obtained from the Robert Schalkenbach Foundation, 50 East 69th Street, New York 21, N. Y., at \$1 a copy. Its careful reading is earnestly recommended to all who would acquaint themselves with the basic economic laws governing men's actions in a civilized society.

When the Creator made the world, He made man with lungs and a stomach. He provided free air for man's lungs, and He provided free land from which, by the exertion of his labor, man may secure the food, clothing, shelter and other material things necessary to his existence. Air is still free to mankind--no one has to pay for the air he must breathe to live.

How does it happen that land, which is just as indispensable to life as is air, commands such high prices as to put it beyond the reach of many who would like to use it, or to use it more abundantly? The answer is to be found in our land laws.

Every one knows that population makes land value. The population of Phoenix, Arizona, where this letter is being written, has doubled in the past six years. Land values have more than doubled in that same period. That increase in land value has accrued solely to the benefit of landowners, particularly to those who have held their land six years or longer. To others, and especially to new-comers to the area, it has meant added hardship by reason of the higher tribute that must now be paid for the use of the land. And yet the increase in the value of land in and adjacent to Phoenix has been due solely to the increase in population in that territory. That increase, needless to say, has no remotest connection with the efforts of any individual.

Land value is expressed by annual rent, or by selling price which is rent capitalized. As population increases, ground rent increases. As population decreases, ground rent decreases. In many towns in Arizona land value has almost disappeared due to the fact that people have moved away. Land value in fabulous Babylon, which in Biblical days may have compared with that of New York or London, has disappeared. Ground rent is the natural source of revenue for the community. If the community collected for its own needs all this community-created value, instead of only a small part of it as at present, the selling price of land would go to zero--and the chief cause of the unjust distribution of wealth would vanish.

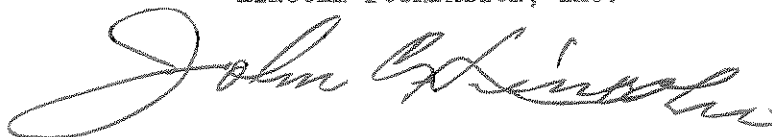
We live in a world in which the moral law is enforced by the nature of things. One provision of this law reads, "Thou Shalt Not Steal." This means much more than obeying man-made laws against stealing. It means, "Thou Shalt Not Get Something For Nothing." For it must be clear that if some get something for nothing, others get nothing for something.

The community uses land to produce ground rent, and the individual has no moral claim to any part of that community-created ground rent. Individuals use land to produce wealth, and the community has no right to take by taxation any part of the wealth thus individually created.

Is it not clear that the Communists have pointed out a serious defect in our capitalist system that we shall have to correct if we are to get rid of Communism? It seems to me there can be but one answer to that question.

Sincerely yours,

LINCOLN FOUNDATION, Inc.

A handwritten signature in cursive script, appearing to read "John G. Lincoln". The signature is written in dark ink and is positioned above the typed name "President".

President

# THE LINCOLN LETTER

Issued Monthly by

JOHN C. LINCOLN

President

Lincoln Foundation, Inc.

2507-13th Avenue West  
Bradenton, Florida

August, 1951

Dear Sir:

6139  
A Californian writes: "Land in the raw may not, as you say, be the product of toil, but this great valley was worth but little in that state. My father and other brave men spent their earnings and broke their backs building dams, ditches, etc., to make the land of value. After they had done this, weaker men came and profited thereby." (Both the first-comers and later arrivals profited, but neither at the expense of the other. Both profited by the growth in the community.)

"Now you wish to deprive these pioneers in their old age of the fruits of their toil." (On the contrary, I propose that they be allowed to keep the fruits of their toil instead of having a large part of them taxed away as is now the case.)

"Very few present owners get their land through grant or seizure." (Present owners, no. But all land titles thus originate. All trace back to force, fraud or superior cunning.) "If a man has a right to buy a building, he certainly has a right to buy the land on which it stands." (Certainly he has. But if he can take title on the mere payment of ground rent, without having to buy it, he is vastly better off.) "You would hardly expect him to erect a building on land he does not own." (It's done all the time. The Waldorf Astoria is on leased land; so is Rockefeller Center.)

"Also," our critic continues, "he is already paying two or three kinds of taxes on his land. Perhaps your rental would not be any more but it would give some bureaucrat more power to push him around." (How one tax could mean more bureaucratic pushing around than two or three--that's too deep for me.) "Any man can own land in the U.S.A. if he is willing to sacrifice as did the men who developed it." (That's nonsense. A piece of land that sold for \$100 in pioneer days may now be worth \$100,000. Can it be had at the same sacrifice? Not unless \$100 and \$100,000 are the same.)

As our friend says, land was cheap, in those early days. The pioneers' money went mainly into improvements--barns, crops, livestock, drainage, shops. Those were capital investments. They did not affect ground rent nor would they be subject to a land-value tax. Under land-value taxation, two sites of equal value would pay the same, though one might be vacant and the other occupied by a million-dollar building. Some of the old-timers saved and invested in stocks and bonds and other business enterprises. The interest from those investments might be called deferred wages. It is truly the fruit of toil. Like other earned income it should be immune to the depredations of the tax collector. Instead, he takes a third of the average American's yearly earnings. That is the thing I am trying to stop.

Under the appropriation of ground rent for the public need, landowners would have the right of title and exclusive possession of their land just as they now have. But they would have no right to exact tribute from other men in the shape of ground rent. They would have no right to hold land idle and deny other men jobs. They would have no right to unearned increment from the sale of their land. And they would have no right to the return which comes to them solely as the result of the social and public advantages pertaining to their land. Those advantages result from the presence and activity of society. Their value can not of a right belong to any individual.

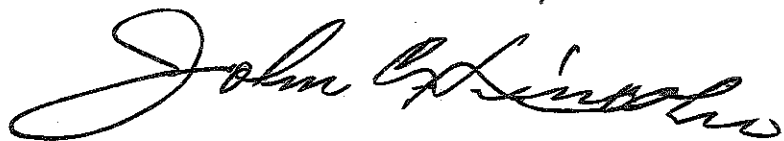
Land has no intrinsic value. Its value in no way depends upon the cost of production. It rests upon the presence of people. It varies in price from a few dollars an acre--or none--to millions, according to its location with respect to population. It is the widening of group life and the resulting higher social values of an organized community that give land value. Land value measures society's presence, its needs, its achievements. How absurd, then, to say that land value belongs any more to one member of society than to another.

Land value belongs to society and it should be taken by society for society's needs--in the place of taxes on the products of labor and capital. Though the selling price of land would largely disappear, the owner of land would not suffer. He would still have his land, and the ground rent he would have to forego would be no greater than the taxes of which he would be relieved. While he could not sell his land for any appreciable sum--the improvements, of course, would bring full market value--he could change locations, if he wished, with only a nominal outlay, if any, for the new site.

Instead of denying the pioneers--and all others--the right to the fruits of their toil, I am seeking to protect them in that right. On the other hand, my critic, in arguing for present tax methods, is supporting the very system which does for a fact rob producers of the fruits of their toil.

Sincerely yours,

LINCOLN FOUNDATION, INC.



President

# THE LINCOLN LETTER

*Issued Monthly by*

JOHN C. LINCOLN

*President*

Lincoln Foundation, Inc.

2507-13th Avenue West  
Bradenton, Florida

September, 1951

Dear Sir:

What a man makes belongs to him. Nobody but a socialist or a communist will deny that simple truth. Likewise, what two men make, or two million men, or 150 million--what those men make belongs to them.

Now, it is population that makes land value. Not, of course, in the literal sense that a tangible object is made, but the value of land results from the presence and activity of people. Take the people away and the most productive land on earth would have no value.

Land value is a by-product of society. It grows spontaneously along with the growth of society. It is not the product of individual effort and it cannot of a right belong to some members of society and not to others. Land itself is different from land value in that land is not a product in any sense of the word. It is put here by the Creator in order that men may draw their sustenance from it. Men have a right to own land, to hold title to it, and to retain it in their continuous and exclusive possession as long as they wish to do so. But since no man made the land, no man has the right to charge another man for its use.

The location advantages of land, its situation value, are due to community growth and development. They result from the activities of millions of persons. Not one or some, but all the members of the community "make" land value. If what men makes belongs to them, then surely land value belongs to all the members of the community. It is their right and duty to take that value for community purposes. In other words, for the expenses of government.

Government costs are now met by taxes which fall almost exclusively on wages and industry. Such taxes of necessity deprive men of a part of what they make. To that extent they deny the right of the producer to his product. That statement will be admitted by all fair minded-people. But the system will be defended on the grounds that we must have government--which is true--that government costs money--which is also true--and that taxes on the products of labor and capital are the best and about the only way in which substantial sums can be raised--which is not true. The expenses of government should not be met by the labor of individuals but by that value which comes into being without anybody's labor. In short, land value.

The immediate effect of taxes on labor products is higher prices for goods, decreased demand, curtailed production, shrinking profits and fewer jobs. In most communities land value is taxed but lightly, if at all. New York and Pittsburgh are our only sizeable cities to secure a substantial proportion of their municipal revenue by such method. And in both those cities land is under-assessed and

less than one-third of the rental value is collected. Thus landholders, as such, very largely escape tax free. With business and industry carrying most of the burden, landholders can exact higher and even higher tribute from others for permission to live and work in the most desirable localities.

The taking by the community of the community-created value of ground rent for the common expenses of the community would have the opposite effect. Taxes on labor products could be remitted to the extent that land-value taxation was applied. Lower taxes on labor products would mean increased demand for goods; increased demand would mean larger production, expanding profits and more jobs. Moreover, owners would have to put their idle land to work or relinquish it; they would not pay taxes on non-producing land. Land so relinquished would become available to any who cared to use it on the mere payment of rent. Thus employment would be stimulated, since you can't put land to work without putting men to work. Men are never idle when good land is readily available.


All this could be brought about by the simple procedure of taxing land values in full or approximately in full, and reducing in offsetting degree taxes on labor and capital. Land owners would lose nothing that is rightly theirs. Ground rent which they now retain is merely payment for privilege, the privilege of occupying sites to which superior desirability has been given by the people as a whole. It is only right and proper that those who benefit from such privilege, the owners of land, should pay for it.

It is true that landholders would have to forego the rent they now collect from tenants or which comes to them when they sell the product of their land, but it is also true that they would benefit by the reduction in other taxes, since there are exceedingly few people whose incomes are entirely or even mainly from ground rent. And it is true, too, that with the collection of ground rent for the public use the selling price of land would tend to disappear, since selling price is merely net rent--the rent the owner may retain as his own--capitalized. That fact, however, would mean little save to speculators. While he could not sell his holdings for any appreciable sum, the landowner could add to his holdings, or take a new location, with only a nominal outlay, if any, and payment of rent.

Is it not passing strange that so simple a proposal, and one with almost incalculable potentialities for good to our social and economic well-being, should be so widely ignored by people who have in many ways displayed a high order of intelligence?

Sincerely yours,

LINCOLN FOUNDATION, Inc.



President

# THE LINCOLN LETTER

*Issued Monthly by*

JOHN C. LINCOLN

*President*

Lincoln Foundation, Inc.

2507-13th Avenue West  
Bradenton, Florida

October, 1951

Dear Sir:

Most of the readers of these letters will agree that government is taking more in taxation from a substantial number of citizens than it has the moral right to take. No one questions the power of government to enforce the tax laws now on the statute books, but the moral aspect of such action is another matter. To many it will be clear that when the laws of the land make legally right what is morally wrong, the country is in a bad way and in danger of serious trouble.

The legalizing of enslavement of whites by the later Roman Empire was one of the major contributing causes to the fall of Rome. In America the legalized enslavement of colored people prior to the Civil War did more harm to the slaveholders, it is now generally agreed, than to the slaves themselves.

It is proposed to make taxation more reasonable by limiting government exaction to 25 per cent of individual incomes. Such a move would be a step in the right direction, but it would be merely a palliative; it would not correct the moral wrong inherent in the taxation of the products of labor and capital. Nor, it would seem, would such taxes be necessary in normal times.

There is a fund from which revenue for the public expense may be drawn, a fund which should be adequate for the purpose and which could be taken without depriving any man of what he produces. That fund is ground rent. Ground rent is a value which comes into being and grows automatically with the presence and activity of population. Since land value is not the product of individual effort but is clearly and distinctly the creation of the community as a whole, it should be taken in the form of annual rent by the government as agent for the community, and used to defray the expenses of the community as a whole.

At present ground rent is largely collected and retained by individual landholders. And yet the individual landholder does no more to give value to land than does any other member of the community. It follows then that he has no greater claim to community-created ground rent than has any other member of the community. Land itself is the gift of the Creator to His children.

It is because of the high price of land--the purchase price is the net rent of land capitalized--that relatively few people can become landowners. If the government as agent of the community were to collect ground rent in full, or approximately in full, the selling price of land would tend to fall to zero. Land could then be had free or at a nominal price, and would remain in the continuous and exclusive possession of its owner on the mere payment of ground rent.

Such public collection of ground rent would make possible an immediate cut of billions in taxes now falling on labor and capital, and in time those taxes could probably be dispensed with entirely. That, of course, would be an achievement of the utmost desirability since the government has no right to wealth

produced by individuals. Nor does the government itself produce wealth, though the people collectively produce land value. From the standpoint of ethics no individual has a moral right to community-created ground rent, any more than the community has a moral right to the wealth produced by individuals.

In his great book PROGRESS AND POVERTY, Henry George, noted American economist and social philosopher, sets forth certain canons of taxation which are so clear and comprehensive that they can hardly fail to find acceptance in the minds of thinking men. George holds that the best tax by which public funds can be raised is one which will conform closest to the following conditions:

1. That it bear as lightly as possible upon production--so as least to check the increase of the general fund from which taxes must be paid and the community maintained.
2. That it be easily and cheaply collected and fall as directly as may be upon the ultimate payers--so as to take from the people as little as possible in addition to what it yields to the government.
3. That it be certain--so as to give the least opportunity for tyranny or corruption on the part of officials, and the least temptation to law-breaking and evasion on the part of the taxpayers.
4. That it bear equally--so as to give no citizen an advantage or put any at a disadvantage, as compared with others.

Land-value taxation alone meets the above requirements in the maximum degree.

We live in a moral world, yet the initiative and self-reliance of the people is dangerously threatened by taxes which curb incentive and take much of what individuals produce. Under communism all is taken by the state, and then parcelled as the bureaucrats see fit. We are far from that, fortunately, but if our course is not soon altered our living standard will drop to the level of England's. Moreover, the bureaucratic state needed to enforce socialism must in time lead to an iron-fisted dictatorship such as we see in Russia.

The nation-wide public collection of ground rent, with resultant freedom from taxes and increase in jobs, wages and production, is the greatest step we can take to halt and reverse the trend toward socialism in this country.

Sincerely yours,

LINCOLN FOUNDATION, Inc.

A handwritten signature in cursive script, appearing to read "John G. Simpson".

President



# THE LINCOLN LETTER

*Issued Monthly by*

JOHN C. LINCOLN

*President*

Lincoln Foundation, Inc.

2507-13th Avenue West  
Bradenton, Florida

November, 1951

Dear Sir:

Taxes are going up--which will be news to practically no one at all. How far up? Who knows--to seventy billion, eighty billion, ninety? In 1939 Federal Taxes amounted to around \$5,700,000,000--and the year 1939, if you remember, was not exactly conspicuous for economy in government. We have come quite a distance since that not-distant date, quite a distance indeed.

Are such crushing imposts necessary? For a certainty they are not. That statement would be true even if government affairs were managed with maximum efficiency and economy, with no single penny wasted and every disbursement a necessary one. No one in his right senses, of course, believes that such has ever been the case for one minute in all government history.

No such enormous tax bill is necessary for the simple reason that billions upon billions of new government revenue could be had by the public appropriation of the annual rental value of land. Were those billions taken for the public expense, then taxes now falling on the products of capital and labor could be scaled down by the same number of billions. And no man would be wronged. All that is necessary is that the community-created value of ground rent be taken by the community for the common expenses of the community.

How the community "creates" ground rent is seen in the example of Manhattan Island. That fabulous strip of land, comprising one of the five boroughs of New York City, and now worth billions, once sold for a handful of beads. And it didn't sell at all until population moved in and started to increase. Were the present population to disappear overnight, never to return, and nobody moved in to take their place, Manhattan Island would again be valueless. It is people around and about that make land value.

Land value, whether expressed as rent or selling price--selling price is net rent capitalized--results from the presence and activity of people--not just some of the people, but all of them. If people aren't there the most productive land will have no value. With people on the spot it will take on value, and the greater the number of people the higher the value.

By no widest stretch of the imagination can ground rent be called the product of individual effort. It cannot, then, belong of a right to individuals. What a man makes or earns belongs to him. So, too, does what somebody gives him, or what he acquires in fair trade. But he has no right to ground rent because ground rent is a value for which he is no more responsible than is any other member of the community, and for which he makes no return in goods or services. If ground rent belongs to anybody, it belongs to the people, all of them, whose presence and activity have caused it to come into being. It is absurd to say

that it belongs to some members of the community and not to others. It belongs to all and should be taken for the common expenses of all.

I advocate the taking of ground rent for the expenses of government because I am not stupid enough to believe that the good earth was put here by the Creator as the property of some men and not of others. I believe that it was put here for all men, that all men have equal rights to its use. Anything less than that strikes me as blasphemy. I advocate the public collection of ground rent because that is the only practicable method by which the equal rights of all men to the use of the earth can be assured.

It is prime nonsense to say that because some man "saw" a piece of land fifty or a hundred or five hundred years ago; because he put his "hard-earned" money into improvements on it; because he "developed" it--it is absurd to say that for those reasons--if you could call them reasons--that man and his descendants are entitled to sit in idleness and live off the earnings of other men generation after generation, throughout all ages to come, forever and ever Amen. I may be no intellectual giant but I've got too much sense to subscribe to any such idiotic notion as that!

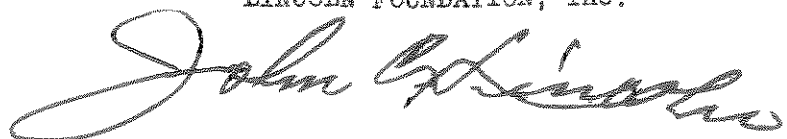
Ground rent is payment for privilege. It is what individuals are willing to give for exclusive and continuous possession of sites to which special advantage has been given by government and society--government by its public services, society by its presence and activity. Now it must be evident, unless you believe the Creator plays favorites, that each member of the community has as good a claim to those superior sites as has any other member of the community. Not, to be sure, because any individual made the land constituting such sites but because the advantages pertaining to them is due to the presence and activity of all the members of the community. It is only by paying ground rent into the public treasury so that it may be used for the cost of government services that the users of the better sites can compensate the other members of the community for the surrender of their equal rights to such sites.

But under our present hocus-pocus system of land tenure and taxation those others who have surrendered their equal claims to the superior sites don't get the compensation. They still have to pay for government services in taxes on the products of their labor and capital. And, as is plain to be seen, when some people are not getting something to which they are entitled, it is a certainty that others are getting something to which they are not entitled.

Surely this is a matter which should have the thoughtful and open-minded consideration of every citizen of this great country of ours.

Sincerely yours,

LINCOLN FOUNDATION, Inc.

A handwritten signature in cursive script, appearing to read "John G. Lincoln".

President

# THE LINCOLN LETTER

*Issued Monthly by*

JOHN C. LINCOLN

*President*

Lincoln Foundation, Inc.

2507-13th Avenue West  
Bradenton, Florida

December, 1951

Dear Sir:

The return to office of Winston Churchill gives renewed interest to that gentleman's views on the land question. Speaking in the House of Commons May 4, 1909, and again at King's Theatre, Edinburgh, July 17 of the same year, Mr. Churchill dwelt on the iniquity of a system of land tenure which not merely permits but encourages the economic exploitation of one class of citizens by another. He showed that land differs from all other forms of property in that it is a necessity of human existence, it is the original source of all wealth, it is not a labor product, it is limited in extent and fixed in geographical position. Years later in his "Liberalism and Social Problems", he said of those earlier speeches, "The opinions and arguments are unaltered and hereby confirmed, and I press them earnestly and insistently upon the public".

"It is true," Mr. Churchill said, "that land monopoly is not the only monopoly which exists, but it is by far the greatest of monopolies--it is a perpetual monopoly, and is the mother of all other forms of monopoly. It is quite true that unearned increments in land are not the only form of unearned or undeserved profit which individuals are able to secure; but it is the principal form of unearned increment which is derived from processes which are not merely not beneficial, but which are positively detrimental to the general public."

If a speculator makes money in the market, the speaker explained, whether or not his gain be deserved, it has not been reaped by withholding from the community the land the community needs. On the contrary, apart from mere gambling, it has been reaped by suppling industry with the capital without which it could not be carried on. If a railway makes greater profits, it is usually because it carries more goods and more passengers. If a doctor or a lawyer enjoys a better practice, it is because the doctor attends more patients and more exacting patients; because the lawyer pleads more suits in the courts, and more important suits. At every stage each is giving service in return for his fees, and if the fees are too high or the services too poor, other doctors and lawyers can come freely into competition. There is no monopoly, no injustice to the public interest, no impediment to the general progress. But the landlord, who happens to own a plot of land on the outskirts or at the center of a great city, watches the busy population around him making the city larger, richer, more convenient, more famous every day, and all the while he sits still and does nothing.

Roads are made, streets are made, railway services are improved, electric light turns night into day, electric trams glide swiftly to and fro, water is brought from distant reservoirs--and all the while the landlord sits still. Every one of these improvements is effected by the labor and cost of other people, many of the most important at the cost of the municipality and the ratepayers. To not one of these improvements does the landowner, as a landowner, contribute, and yet by every one of them the value of his land is sensibly enhanced. He

renders no service to the community, he contributes nothing to the general welfare, he contributes nothing even to the process by which his own enrichment is derived.

The land may be unoccupied, Mr. Churchill goes on, undeveloped; it may be "ripening"--ripening at the expense of the whole city, of the whole country, for the unearned increment of its owner. Roads perhaps have to be diverted to avoid this forbidden area. The merchant going to his office, the artisan going to his work, have to make a detour or pay a tram fare to avoid it. The citizens are losing their chance of developing the land, the city is losing its rates, the State is losing its taxes which would have accrued if the natural development had taken place; and that share has to be replaced at the expense of other ratepayers and taxpayers. The nation as a whole is losing in the competition, the harsh and growing competition of the world, both in time and in money. And all the while the land monopolist has only to sit still and watch complacently his property multiplying in value, sometimes manifold, without effort or contribution of any kind on his part.

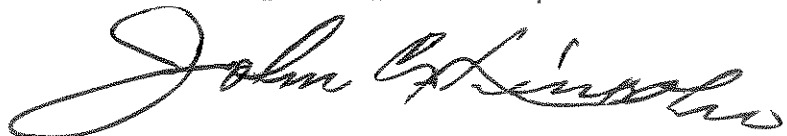
At last the land becomes ripe for sale, the price is too tempting to be longer resisted. And then, and not until then, it is sold, at a fabulous profit to the owner, or leased at a rental which enables him to live in luxury and ease at the expense of his fellowmen. Wherever you look, you will see that every form of enterprise, every step in material progress, is only undertaken after the land monopolist has skimmed the cream off for himself.

The correctness of the picture Churchill draws, with its rank favoritism to one group and its outrageous injustice to another, cannot be denied. And though he was speaking primarily of England, his words could have been addressed with equal force to our own country. The means by which the evil condition can be speedily and permanently corrected should be obvious to all who will look. Let the community, which alone gives value to land, take that value for which it is responsible for the common expenses of the community. The community will then be reimbursed by the only fair method by which it can be reimbursed for the public benefits it bestows and the services it renders. Let capital and labor, who are the producers of wealth, be relieved of the burden of taxation now falling on the fruits of their efforts.

The evil is obvious, the remedy at hand. It is high time to put an end to the robbery of the community by landowners in their collection and retention of ground rent; and at the same time put an end to the robbery of the producers of wealth by the community through taxes on their products. And, while we are about it, raise our living standards to heights hitherto unknown anywhere on earth.

Sincerely yours,

LINCOLN FOUNDATION, Inc.

A handwritten signature in cursive script, reading "John C. Lincoln". The signature is written in dark ink and is positioned above the printed name "President".

President

# THE LINCOLN LETTER

*Issued Monthly by*

JOHN C. LINCOLN

*President*

Lincoln Foundation, Inc.

2507-13th Avenue West  
Bradenton, Florida

February, 1952

Dear Sir:

In a highly readable brochure entitled *MORALS AND THE WELFARE STATE*, published a few months ago by The Foundation for Economic Education, Dr. F. A. Harper, a member of the Foundation Staff, lists five Moral Postulates, the first and perhaps the most important of which reads, "Economics and morals are both parts of one inseparable body of truth." Such being the case--and few will dispute the assertion--it follows, as Dr. Harper points out, that what is right morally must be right economically, and vice versa. Holding that "Nobody has the moral right to take by force from the producer anything he has produced or earned," the author charges the Welfare State with violating the moral code by doing that very thing--taking by force what belongs to the producer.

But, I would ask, is robbery of the individual producer any less wrong than robbery of the community as a whole? Individuals produce wealth by their labor; it can be produced in no other way. It belongs, then, of a right to the producers. The community produces land value in that land takes on value only as the result of the presence and activity of the people of the community as a whole. Land value arises in no other way. It is the result of no individual's effort. A landowner might be confined to an insane asylum, unaware of and incapable of taking part in what is going on around him, and yet his land would increase in value with the growth of his town exactly as it would if he were free and in full possession of his wits. Land value belongs to the community.

Land a thousand miles from civilization would have no value. But when men, prompted by competition and high prices for land at home, move to new territory, civilization moves with them. Civilization means highways, byways and railroads; churches, schools and hospitals. It means newspapers and magazines, books and libraries, electric light and power, telephone, telegraph and radio. It means banks and insurance companies, professional services of many kinds, markets where an infinite variety of goods may be bought and sold. Civilization means the countless thousands of necessities, conveniences and luxuries that enormously facilitate the production and exchange of wealth and add immeasurably to the comfort and satisfaction of living.

It is those advantages, those benefits and services, some supplied by government, some by private enterprise, and some arising spontaneously from the association of men engaged in making a living, that give value to land. Men will pay, and pay well, for the privilege of living and working in populous centers where their labor and capital will bring larger returns, and where their material and cultural desires can be more readily and more abundantly gratified.

What they pay, those users of the preferred sites, is commonly spoken of as economic rent, or ground rent. It is beside the point to argue whether such

payments are made for the use of land or for the social and public advantages pertaining to land. The point is that such payments are made. They are made by the tenant to the landlord when one man rents land from another. They are made by the landowner to himself when he uses his land instead of renting it to another user. In the latter case, the payment is made and received when the landowner sells the product of his land. What he receives for the product over and above interest on his capital and wages on his labor is ground rent.

Now the question arises, to whom should such payments be made, to whom do they rightly belong? Clearly they cannot belong to the landowner. He has done no more than any other citizen to supply the advantages which give value to land nor does he make any return in goods or services for the rent he collects. Ground rent is a by-product of society, a value which arises solely because people are present and busy. It belongs of a right to the community, and it should be used for the expenses of the community.

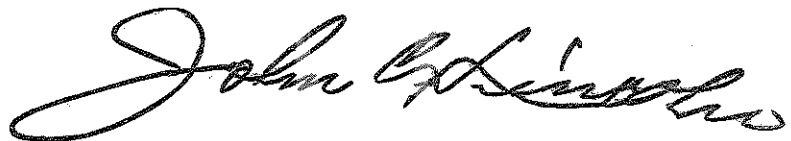
If, as Dr. Harper so well puts it, what is right morally must also be right economically, then the appropriation of ground rent for the public use is doubly justified. Such a step would put an end to the robbery of the producer by the community, since taxes on the products of his labor and capital could in time be eliminated. It would put an end to the robbery of the community since ground rent would no longer be retained by landowners but would be handed over to the community to which it rightly belongs. So much for the moral aspect.

The rightness of such a move from the standpoint of economics is equally clear. Vast areas of land now held idle in the hope of speculative gain--enough to provide millions of well-paid jobs--would become available for use on the mere payment of ground rent to the community. The production of wealth would increase by leaps and bounds; wages and business profits would advance accordingly. With the demand for labor exceeding the supply, unemployment, save for disability, would become a thing of the past. Men are never long idle when good land is readily available. Living standards would rise to new heights. Then the assertion that what is right morally must of necessity be right economically would be seen to be true.

From the foregoing it must be clear that population makes land value, and that the value produced by population belongs of a right to the population producing it and should be taken for the common expenses of the population.

Sincerely yours,

LINCOLN FOUNDATION, Inc.



President

# THE LINCOLN LETTER

*Issued Monthly by*

JOHN C. LINCOLN

*President*

Lincoln Foundation, Inc.

2507-13th Avenue West  
Bradenton, Florida

March, 1952

Dear Sir:

A writer in "The Commonwealth," journal of the Commonwealth Club of California, lists what he calls the "ill-advised" features of land-value taxation. Because his views, though wholly fallacious, are widely held, they are examined below.

(a) "It eventually appropriates to government the entire rental value of land, resulting in virtual land nationalization. It is subject to the same objections as the nationalization of industry and property which has always been accompanied by bureaucratic control, waste, inefficiency, destruction of individual incentives and ultimate economic stagnation."

Land would no more be nationalized by land-value taxation than our homes are now nationalized by property taxes. Titles would remain in private names, owners in exclusive possession, so long as land-value taxes were paid, just as home-owners now retain their homes only so long as they pay the taxes on them. Tax machinery would be so simplified that the work could be handled by a much smaller number of employes. Inefficiency and corruption, now a national scandal, would be sharply checked. Making land available on payment of ground rent only and removing taxes from labor products would be the greatest incentive to production.

(b) "Such confiscation would be unjust to those who in good faith have invested their accumulated earnings in land, assuming the risk of loss as well as of gain."

Since no man's land would be taken from him there would be no confiscation. In most cases, landowners would gain more by relief from taxes on labor products and incomes than they would lose in ground rent. Thus they would be compensated. Though the selling price of land would disappear, owners could change locations or acquire additional land on the mere payment of ground rent, since purchase price, too, would have disappeared. When he bought his land, the purchaser did not pay the money to the community, which alone gives value to land, but to the former owner. And it was paid for the privilege of getting something for nothing, the privilege of sharing in the earnings of others without making any return.

(c) "An undiversified source of revenue lacks elasticity and is without reserve power in times of need or stress. The more restricted the tax base, the more inequitable the tax burden."

Ground rent belongs to the community as a whole. Its public appropriation would mean equal contribution by all--the widest possible tax base. If necessary, some of the taxes displaced by the land-value tax could be restored for the emergency. Or funds could be realized by the sale of bonds--non-bankable to avoid inflation--to be paid off when conditions were again normal. The fact that ground rent might not be sufficient at all times is no reason why it should not be used as far as it will go, no reason why landowners should continue to receive unearned billions.

(d) "Difficulties inherent in fairly assessing land values are almost insurmountable. Inequities would be greatly magnified if land values were made the sole source of municipal revenues and the base for an enormously higher tax rate."

Land value is the easiest of all to ascertain, as has been demonstrated in New York, California, Pennsylvania and other states where land and improvements are assessed separately. Land is immovable and unconcealable. Fraud and evasion, common to income and personal property taxes, would be virtually impossible.

(e) "A small class would pay the taxes--a large class would vote them."

Everybody without exception would pay taxes since ground rent belongs to all. The rent the landowner pays is for the use of land to which special advantages have been given by government and society. The tax he pays is his pro rata share of the rent fund, neither more nor less than any one else pays.

(f) "Even if more capital were attracted to the building of improvements on vacant land, that much less capital would be available for investment in other productive enterprises, the aggregate fund of capital remaining unaffected."

There is no "aggregate fund" of capital. Capital is invariably forthcoming in adequate amounts whenever it may be employed with profit and reasonable safety.

(g) "The security back of loans and investments of savings made by banks, insurance companies and other financial institutions, would be jeopardized, with ensuing economic dislocations and financial disaster generally--detrimental to all classes, not merely the so-called 'property owners'. In instances where rent control is still in force, the resulting disaster and injustice would be obvious."

Government bonds, not loans on land, constitute the greatest single item in bank and insurance investments. And mortgage loans practically always include buildings and other improvements on the land. Such improvements often exceed the value of the land itself. Their value would be enhanced by relief from property taxes. Such tax relief would also operate to the benefit of all financial institutions, just as to individuals. Moreover, since it will be years at the earliest before land-value taxation can be fully adopted, banks and insurance companies would have ample time to adjust their investment portfolios and thus to avoid loss. Rent control is always unjust, it's an economic monstrosity.

Lack of space has limited my remarks, but I believe I have shown the "Commonwealth" writer's objections to land-value taxation to be wholly baseless.

Sincerely yours,

LINCOLN FOUNDATION, Inc.



President



# THE LINCOLN LETTER

*Issued Monthly by*

JOHN C. LINCOLN

*President*

Lincoln Foundation, Inc.

2507-13th Avenue West  
Bradenton, Florida

April, 1952

Dear Sir:

A reader of these letters writes "Your essay on the morality of the single tax is one of the clearest expositions I have read on the subject, but I boggle at the conclusion that unemployment would vanish. I have always thought that unemployment results from low wages and the inability of the producers to buy back what they produce. . . . I fail to see how taxes on land would result in making valuable land available for the use of the unemployed. They have no capital or credit, usually, to enable them to secure the use of the land or to produce with it, if they could get it."

"The inability of the producers to buy back what they produce," is a foggy expression at best. You can't buy "back" something which has just come into existence, something which, obviously, you could not have owned before. Moreover, the implication that producers do not buy and consume their products is wholly false.

Producers of wealth--growers and manufacturers--do not keep on year after year turning out more goods than they can profitably dispose of. In the first place, they couldn't afford to. In the second place, it's against human nature to expend labor and capital and to employ land in the making of things which can't be sold. Virtually all that is produced from year to year is consumed from year to year. Very largely we live on current production; little is saved. Even capital goods begin to be consumed the minute they are put into use.

If such were not the case, the land would be buried under warehouses stuffed with goods. The truth is, as everyone knows, that we have shortages in many lines and surpluses in almost none. It is incorrect, then, to say that producers cannot buy what they produce. They not only can, they do.

It should be remembered, however, that there are three factors in the production of wealth--land, labor and capital. And it is the suppliers of these three indispensables to production, together with the millions of persons who are not engaged directly in production but who contribute indirectly by their services--it is all those who "buy back," who take and use the product. It is true that labor alone does not get all the product, but then labor alone does not account for all the product. Land and capital are factors in production, as well as labor. Ground rent and interest must be paid as well as wages.

In the final analysis unemployment is due to the fact that access to land is so severely restricted. For that, of course, our stupid system of land tenure is to blame. In all the history of mankind, men have never long been idle or hungry when they were not barred from the land.

The public appropriation of ground rent would make good land available as never before since the earliest days of our country.

Some two hundred years ago Benjamin Franklin wrote: "Notwithstanding the increase in population, so vast is the territory of North America that it will require many ages to settle it fully; and until it is settled fully, labor will never be cheap there, where no man continues long a laborer for another, but gets a plantation of his own; no man continues long a journeyman at a trade, but goes among those new settlers and sets up for himself." Note that Franklin was not speaking of men finding jobs. In those days of free land anybody could find a job at any time. He was speaking of the ease with which men could set up in business for themselves.

With the use of ground rent as public revenue, rent would have to be paid on all land. Thus, no one could afford to hold land out of use. With speculative possibilities gone, owners would rush to put their idle land to work, thus causing a sharp increase in employment, since there is no way to put land to work without putting men to work.

Land which owners could not themselves use, they would relinquish. Land thus relinquished would become available without purchase price and on the mere payment of rent. The demand for labor would exceed the supply. There would be more jobs to be filled than men to fill them. Every able-bodied man who wanted one could have a better job than he ever had before; and any man with average brains and a few dollars could set up in business for himself. In a free economy--and we would then be much closer to having one--the demand for goods, the effective demand, always exceeds the supply. Man's wants are unlimited.

It is a mistake, a short-sighted concept indeed, to think of the public appropriation of ground rent as merely a device for finding jobs for the unemployed. The truth is that the use of ground rent for the public expense is the only practicable method by which the good earth--whence comes all wealth--can be made available on equal terms to all. It is the only method by which the costs of government can be met without deprecations upon labor and capital, without denying the producer the right of ownership of his product.

With the expense of government covered by ground rent, with taxes on industry and earnings repealed, with wage rates and wage totals higher than ever before in all our history, with the production of wealth surpassing all previous high marks, our standard of living would soar to heights never before known in this or any other country--and we would hear no more about the producers of wealth not being able to "buy back" what they produce.

Sincerely yours,

LINCOLN FOUNDATION, Inc.



President

# THE LINCOLN LETTER

*Issued Monthly by*

JOHN C. LINCOLN

*President*

Lincoln Foundation, Inc.

2507-13th Avenue West  
Bradenton, Florida

May, 1952

Dear Sir:

A great many people agree that the government is taking from individuals, in taxation, wealth to which it has no right. If such is the case, then it follows that a great moral wrong is being committed. The most charitable description that can be made of such confiscatory taxation is to say that it is unethical.

But there is a method by which needed public revenue may be raised that is neither immoral, nor confiscatory, nor unethical. That is by the appropriation for the public use of the annual rental value of land. Strictly speaking, no tax would be involved. The landowner would retain his land, exactly as before, and its rental value, which he would have to forego, he is no more responsible for or any more entitled to than is any other member of the community.

Moreover, the landlord would receive immediately and directly the highly valuable privilege of holding land as against his fellowmen. In addition he would be relieved in large part, if not entirely, of his share of the taxes which now fall so heavily on the products of labor and capital.

It may be interesting to note in passing what some recognized authorities have thought of such a method of raising public revenue.

WILLIAM H. DINKINS, Dean of Economics, Selma University: "I believe that the taxation now levied upon industry and consumption by our national, state and local governments should be removed completely and at once, and that the land values of the country should be taxed to raise the revenues for the different branches of government. Land value, which is a periodically accruing value, is the only measure of community benefits and community ability to pay public revenue. When we tax land values we take, not the labor-product of individuals, but a community product, to pay community expense."

THEODORE ROOSEVELT: "The burden of municipal taxation should be so shifted as to put the weight of taxation upon the unearned rise in the value of the land itself, rather than upon the improvements."

H. J. DAVENPORT, Professor of Economics, Cornell: "It is obvious that the bare land with its contents and the waters that flow through it and about it, constitute the nature-provided environment of human beings, and are rightly the subject of their equal claims. Also that the value-for-use of these natural resources is conditioned on population. It follows population as its shadow. It appears with the people and disappears when they go. This value, therefore, should, by the best title, be retained by the community as its most excellent source of public revenue.... Nor is the fiscal retention of bare-land rent to be regarded as a tax; being the rightful collection of revenue from the social estate, it is therefore not taxation, but displaces and avoids taxation."

ADAM SMITH: "A tax upon ground rent would not raise the rent of houses. It would fall altogether upon the owner of the ground rent, who acts always as monopolist and extracts the greatest rent which can be got for the use of the land."

FRANKLIN D. GRAHAM, Economics Professor, Princeton: "The real unearned income is that which accrues to an individual without his having done anything which contributes to production. Of the several types of such income the most important is that which issues from the site value of land. The recipient of such an income does nothing to earn it; he merely sits tight while the growth of the community about the land to which he holds title brings him unmerited gain. This gain is at the expense of all true producers whether they be laborers, enterprisers or investors in industrial equipment. The taxation of this gain can do nothing to deprive the community of any service since the donee is rendering none. The land will be there for the use of society whether the return from it be taxed or free. Society creates the value and should secure it by taxation."

JOHN MOODY, Famous Wall Street Publisher and Economist: "I am unhesitatingly endorsing the Sullivan-Short bill for gradually reducing the rate of taxation on buildings and concentrating it on land value, for the reason that it appears to be, by every analysis, the sanest and most just piece of legislation proposed in many a long day. I know something about panics, and I say that this is legislation which will tend to prevent panics, as well as relieve congestion."

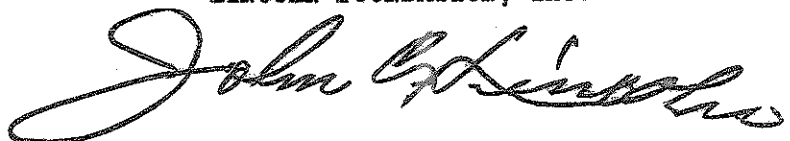
OSCAR GEIGER, New York Economist: "Take the rent of land for communal purposes and stop the robbery of the community by the landowner. Abolish all tariffs, tolls and taxes, and stop the robbery of the individual by the government."

HENRY GEORGE: "We say that it is bad policy to tax men for what they add to the common stock of wealth; that he is a benefactor who makes two blades of grass grow where one grew before; that the man who builds a house is doing something not merely for himself, but for the whole community; that the state should encourage industry, not discourage it; that no tax should be laid upon the industry that produces or the thrift that accumulates; that in this great fund that comes from nothing that the individual does lies the proper, the intended means of supplying all public wants. That fund we propose to take by abolishing our present taxes and laying a single tax upon the value of land irrespective of improvements."

It seems to me that the foregoing statements show irrefutably the wrong in taxes on the products of labor and capital and the complete justice in the use of ground rent as public revenue. I will be glad to hear from any of the readers of these letters who may hold a contrary view.

Sincerely yours,

LINCOLN FOUNDATION, Inc.



President

# THE LINCOLN LETTER

Issued Monthly by

JOHN C. LINCOLN

President

Lincoln Foundation, Inc.

2507-13th Avenue West  
Bradenton, Florida

June, 1952

Dear Sir:

There has recently come to my attention a two-page mimeograph circular bearing the notation, "NAM Government Finance Department H. L. Lutz--8/7/51," and captioned "The Single Tax." The document is notable chiefly for its misstatements.

It begins with the assertion that "There is no readily available critical discussion of the Single Tax doctrines of Henry George." The truth is, of course, that the writings of few, if any, American philosophers and economists have been more widely discussed, more critically analyzed, more enthusiastically acclaimed or more bitterly opposed than have those of Henry George. Since the publication of "Progress and Poverty" in 1879, books and articles on the George philosophy have been coming forth in an almost unbroken stream. And the end is not in sight.

The circular continues, "The George philosophy is more than a matter of taxation. It is a utopian dream for the abolition of poverty, misery and all other human ills by the one magic formula of nationalization of land."

In that statement there is neither truth nor a reasonable facsimile thereof. George opposed the nationalization of land. He said that under the appropriation of ground rent for public purposes land titles would continue in private names, and owners would remain in exclusive possession of their land. He always insisted that only with the assurance of continued and exclusive possession of the soil and with the unqualified right of the producer to the fruits of his toil would land be put to its best use. Only for non-payment of ground rent would land be subject to forfeiture. That no more means the nationalization of land than does the seizure of homes for non-payment of taxes mean the nationalization of homes.

George was in indulging in no utopian dream. When asked if his proposal was the panacea for your social and economic ills, he said, "No, but freedom is." The public appropriation of ground rent was the means to the end. The end was freedom.

The writer of the pamphlet correctly quotes George's formula "Product minus rent equals wages and interest. But he says George was wrong and that the correct formula is this: "Product minus wages and interest equals profit." Thus he airily waives aside land as a factor in the production of wealth.

His use of the term "profit" is equally startling, since any economist worth his salt knows that "profit" is merely a general term implying an excess of return over output. What is normally termed profit can invariably be broken down into one or more of the three avenues through which the product automatically distributes itself--rent, wages and interest. It follows, then, that the Lutz formula could just as well have been stated in this fashion: "Product minus wages and interest equals wages and interest"-- which is manifestly absurd.

Perhaps the most astounding statement to be found in the circular is this:

"George assumed that landowners fixed their rents." Any literate and conscientious truth seeker could have ascertained in five minutes that George assumed nothing of the kind. On the contrary, George held that ground rent was a socially created value resulting from the presence and activity of people, and that the individual landowner had no more to do with giving value to his land than had any other member of the community. Ground rent was not the product of any man's effort or design. A landowner might be in an insane asylum, unaware of and incapable of taking part in what is going on around him, yet his land would increase in value with the growth of his town exactly as it would if such were not the case.

The author of the circular gets on the right road again when he says, "Rent is a social product, it is true. It is the differential return that can be gotten from one piece of land over some other piece. . . . But it is not the landlord who determines the differential." That is exactly what George said, except that George said it better.

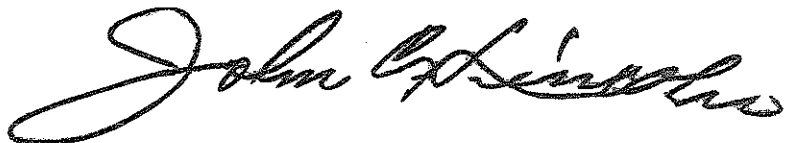
Then he skids again by saying, "Because of the immense amount of capital funds that have gone into improvements to the land, it is now impossible to segregate, except arbitrarily, the return from the pure economic rent of land as such." That statement will surprise the more than forty million residents of California, Ohio, Pennsylvania and New York, in which states land and improvements have long been appraised separately for tax purposes--and without difficulty.

The circular tells us that "the proper way to cover the cost (of government) is by spreading the burden across the board." If ground rent is a social product, as the writer of the pamphlet concedes, then it must, in simple logic, belong to society as a whole. Such being the case, the use of ground rent for the public expense would be the widest possible "spreading of the burden." Not one man, woman or child would be exempt, and no longer would unearned billions in ground rent be handed over yearly to landowners, not one of whom has any greater claim on those billions than has any other member of the community, and not one of whom in his capacity as landlord makes the slightest return in goods or services. And, of course, the taxes now falling on labor products could be reduced by the same number of billions.

"Finally," the writer concludes, "the major thesis and the major prophecy of 'Progress and Poverty' have not been fulfilled." The same might be said of the doctrines of Christianity, but I doubt that we will discard them.

It is regrettable that Mr. Lutz did not feel the need for doing any fresh research on the subject he undertook to discuss. Had he done so, he might not have discussed it--and saved himself some embarrassment.

Sincerely yours,

A large, flowing handwritten signature in dark ink, appearing to read "John Lutz". The signature is written in a cursive style with long, sweeping lines.

LINCOLN FOUNDATION, Inc.