

The Nature of Property

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Property can be classed into two broad divisions, first, natural property which is wealth and the second, artificial property created by law. Wealth is produced from land by labor and from its nature is transient. For instance, wealth in the shape of a quart of milk exists in this form for no more than 48 hours. Wealth in the form of a suit of clothes lasts for about a year; in the form of an automobile it disappears in three or four years. Wealth in the form of a railroad can be preserved only by continual application of labor.

On the other hand, property which is the result of legal enactment is permanent as long as the power of the law making body exists and the decrees of the law making body are accepted by the majority of the people.

When natural property is destroyed the country as a whole is poorer. When artificial property cre-

ated by law is destroyed the country as a whole is neither poorer nor richer. When a government bond is destroyed the person owning the bond is poorer but the people as a whole are better off by the same amount. Artificial property would include federal government bonds, municipal bonds, slaves, and most important of all, land values. Land values arise from the legal privilege granted to the owner of land to collect part of the ground rent produced by the presence and activity of the whole community.

That property in land and property in wealth are fundamentally different will be apparent if you stop to think of the effects of taxation on the two kinds of property. Taxation of wealth decreases the amount of wealth produced and, therefore, decreases employment. Taxation of land values forces land into use, thereby increasing employment.

Until people in general recognize the fundamental difference between natural property and artificial property and change our laws to fit the facts we will have poverty, unemployment and war.