

CHAPTER XVII

HOW JUST DISTRIBUTION OF WEALTH WOULD CREATE PROSPERITY

This re-distribution of wealth would not lessen the purchasing power of the people, but on the contrary would largely increase it. If to this is added the additional wealth that would be produced if idle land were opened to the use of idle men and idle capital, the benefits of this policy would be tremendous.

To clinch this point let the reader answer the following questions. What is the objection from the standpoint of the public good that can be urged against the policy of assessing upon lands benefited the whole cost of a sewer, a policy widely practiced? If that policy is sound how do you distinguish between the right of the public to take into the treasury the one eighth of the benefits caused by the construction of a subway, from the right to take the other seven eighths? If no such distinction can be made, and if it is the right of the public to have the total benefits created by the subway, is it not also a fact that that right is based upon the proposition that the public, and not the owner of the land, created the value? If this is admitted does it not follow then that all publicly created values belong to the public and should be taken by the public?

Take as a final illustration the Empire State Building in New York City. The construction of this building was a great achievement demonstrating new and greater use of land in great cities. Those who erected that building are morally entitled to the benefits of it, but before they were permitted to start its erection they had to get the permission of the so-called owners of the land, who were the modern descendants of two branches of the Astor family, descended from the original John Jacob Astor.

The Astor Fortune

Astor four or five generations ago paid only a nominal sum for the land on which this building is erected. In the course of four or five generations it became worth the price which the builders of this Empire State building were compelled to pay to the descendants of the original Astor, to wit, some sixteen million dollars.

Neither the original Astor, nor any of the descendants through four generations who have owned it, nor the descendants from whom it was purchased, have ever rendered the slightest service to mankind in connection with this enterprise which justifies any reward whatever.

In fact, one half of this enormous sum went to the English branch of the Astors, that branch which acquired enormous wealth from similar Astor holdings, and shook the dust of this country from their feet and became peers in England. What service did the English Astors, who probably have never been in this

country, except perhaps for a visit, render that justified the receipt of this money? What service did the New York branch of the Astor family, which received one half of the money, ever render in return for this gift? If they did not render any service, then this is getting something for nothing, which is a few men saying to many men, "You work and earn bread and we will eat it."

Carry the illustration here to its logical end. Who pays this money? In the first instance it was paid by the syndicate which built the building, but they advanced the money upon the faith of their ability to collect it in yearly installments from the tenants of the building. The ten thousand people who are actively engaged every day in hard work in this building are the people upon whom this enormous burden next falls, and which is subtracted directly from the product of their labor, or the reward of their services. Upon what principle of justice can anybody defend the proposition that these ten thousand people should be compelled to pay this tribute to the two branches of the Astor family? If it is said, as it can be, that these people in turn pass on this tribute in enhanced prices of commodities to consumers, the immorality of the transaction is still the same.

No Industrial Freedom with Land Monopoly

These illustrations show the absurdity of trying to solve our industrial problem without recognizing and removing the enormous injustice incident to our system of land titles. Further illustrations of the injustice of our land system will appear when we discuss the

privileges of the oil trust, the aluminum trust, the steel trust and the anthracite coal trust, where in each case enormous quantities of valuable land containing natural resources of tremendous value have been acquired by these trusts, not for use, but to hold out of use in order to prevent competition and to sustain their monopolies.

It seems to be conceded that we can not cure the economic ills of our time except by a more equitable distribution of wealth. This means not only a more equitable distribution of wealth hereafter to be produced, but necessarily to deprive some people of existing property for the public benefit, exactly as the destruction of slavery deprived the slave holder of property in slaves.

Let us consider other phases which operate against the public good from the present system.

It is said that more than ten million people are out of employment. Probably one third of the usable land of America, city, suburban, farming and mineral lands, is held out of use for speculation in the hope of a higher price, or by the great trusts to sustain privilege, which latter point will be discussed when we come to the privileges of the oil, steel, anthracite coal, and aluminum trusts.

The land is the natural source of relief for an overcrowded labor market. Our country was first settled along the seaboard. For one hundred years or more any congestion in a labor center was continually relieved by the emigration of people out of work or dissatisfied with their condition to the free or comparatively cheap lands in the West. There never was any

substantial or long continued surplus of labor until these lands were owned in private hands and in large part held out of use. There never can be a surplus of labor if idle or unused lands which are accessible are thrown open to use, until population uses all usable land. What is the answer to this position?

Free Land Would End Unemployment

If every owner of unused land was compelled by proper legislation to devote his land to its most profitable use, what would be the result? There is but one answer.

There are not anywhere near enough people in this country to use the available usable land, if it was made unprofitable or contrary to law to hold land out of use. In that event great tracts of land, not in Alaska, but in the vicinity of every settled community in the United States, would be abandoned, because even with the ten million of idle men employed upon these lands, there would not be anywhere near enough people to go upon the unused land and produce wealth. These unused lands would gravitate into the ownership of the public, where title should permanently remain, and these lands leased to users as population increased, and our problem of unemployment would be solved, either permanently, or until such time as our population grew to such proportion as to absorb the unused land, which is said to be the condition in Japan. That condition certainly would not occur here for many generations, if ever.

A striking illustration showing how access to idle land not only would afford employment to idle men,

but would automatically raise the general level of wages, occurred in the City of Nome, Alaska, after the first rush of the gold fever was over.

The City had settled down and the usual condition of more men than jobs had appeared. Wages for ordinary workers in the city were about \$8.00 a day, and this was a very low wage in that country of high cost of living.

An idle worker wandering along the seashore saw something that glittered in the sand, and on investigation found that it was gold. The event proved that by ten hours of hard labor the ordinary worker could extract about \$20.00 in gold from the sand. Immediately wages rose in the City for ordinary workers to \$16.00. They did not go to \$20.00 because the work of reclaiming gold from the sand was so laborious that most workers preferred an easier job for a somewhat lower wage.

If it was made impossible to hold land idle large quantities of land in the vicinity of every city would be abandoned because there are not enough people to use the available land, and unemployed men could go upon this land and produce wealth, and wages could not fall materially below what man thus self employed could earn.

Private Possession and Use of Land Undisturbed

One criticism of this policy proceeds upon the mistaken theory that it is proposed to abolish private and permanent possession of land in the hands of the owner. This is a mistaken idea. The private possession of land and the security of the permanency of that

possession are essential to modern civilization, and to the efficient production of wealth. This objection proceeds upon the assumption that complete private ownership, including the right to hold land idle, is indispensable to private permanent possession. A moment's thought will show that this is not so. In our large cities it is becoming more difficult to purchase land. In Philadelphia much of the land is now owned by a comparatively few owners, and the buildings, some of them very costly, are owned by others.

The Chrysler Building and the new Waldorf Astoria Hotel are conspicuous examples of improvements built upon leased land. In London and all the great capitals of the world this is the usual custom. Public appropriation of the value of the land and public ownership of the title to such lands as would be abandoned does not therefore interfere with permanency of private possession.

Building Value Private Creation

Another objection is that the value of buildings is also created by the public. If this were true, as it is not except to a small degree, it does not affect or answer the land argument. When one institution or practice is under indictment as contrary to morals and the public good, it is no answer to say that another institution or practice is subject to the same or similar indictment. But this objection is not sound. It is also true that if the Empire State syndicate had built on ground remote from population and business it would not pay, but the distinction is that the owners of this building created it, while the Astors did not create

either the land or the value of the land. It is also true that the value of the building decreases steadily, even if the city grows by leaps and bounds, while the value of the land often steadily and enormously increases. Witness the destruction of the obsolete First National Bank building in New York City after fifty years of existence, while the land increased in value perhaps a hundred fold.

Another distinction between land and buildings is that no evil effects come from allowing the individual who builds a building to own it, even if it is admitted, as it is not, that the community creates the value of the building.

There is no tendency on the part of owners of buildings to hold them out of use in the hope of obtaining a higher price. There are in no community great numbers of buildings held idle, out of use, when there are many thousands of people who would like to occupy them. If such were the case, then logically we should have to apply the same remedy to the owners of buildings as we apply to the owners of land and limit and control their ownership, but self interest does for the owners of buildings what the taking of the rental value of land by taxation would do to the owners of land. It forces the owner of the building to put it to its most profitable use just as the rental value tax would force the owner of land to put it to its most profitable use, or abandon it.

The land question therefore stands by itself, and must be considered by itself, no matter what is done or ought to be done with reference to other kinds of property.

Why Restitution is Necessary

Another objection is that we would be taking away from people property for which they have spent money under the protection of the law. This is true, and it is a necessary price that must be paid if any remedy of the gross injustice of our land system is to be attempted. Those who raise this objection forget that the land owners under our system are today wrongfully appropriating in annual rents the property (wages) of those who are compelled to pay the rent, unless this rent is passed on in increased price of products, in which event the land owner is appropriating a part of the earnings and property of those consumers of products. What we do is simply to prevent further unjust appropriation of these earnings of the mass by a comparative few. The justice of this is apparent when you consider that the earnings of the mass thus appropriated are taken mainly from the non-property class and appropriated by the propertied class.

We might as well face the fact that no remedy for our existing conditions in this and every other country can be effected without the removal of the injustice which has caused our present deplorable condition. In other words, either the slave holder must be permitted to continue to appropriate the product of the labor of his slave forever, or else the slave holder must lose his property in slaves.

Need for Most Other Taxation Unnecessary

The answer to this objection is strengthened by considering the fact that many of the owners of land, the value of which would be taken away, or which

they would be compelled to abandon, will make up for this loss as land owners by the universal prosperity that would result, in which they would have their share as producers. The farmer, the site value of whose land was impaired by this reform, would find in lower taxes upon improvements and in a wider and more profitable market for his crops a reward far in excess of the loss of the site value of his farm. The small home owner employed for wages would find the loss of the site value of his lot on which his home stands made up many times over by lower taxes on his house, and by increased wages and by the permanency of employment which the new policy would ensure.

Any loss on the value of his lot would be offset by the fact that while the selling price of his lot would have declined as the speculative element disappeared, and as the community had absorbed a larger share of its rental values so also would the selling price of all other lots, and he would be able to secure equal value in other property. If he desired to use the value of the lot otherwise however, as in business, or living, he would find the value decreased, and that would be his contribution to the general good. And let it be remembered that whatever loss might accrue to land owners by this system would be a single loss and not a continuing or repeated one.

If the rental value of land was taken over by the community annually in taxation, this value would be sufficient to defray the greater part of the expenses of national, state and municipal governments, and it would then be possible to exempt from taxation in large part at least all buildings and improvements upon

land, and all products of labor. The direct effect of this would be a reduction of rents of tenements, apartments and houses, and all factory space in which goods are produced or services are rendered in connection with the production of wealth. This would lead to a substantial decrease in the cost of all products of labor and capital. This decrease in cost would be followed by a very much wider market and larger consumption, which in turn would create a large increase in the demand for labor, and in the purchasing power of consumers. The advantage of this change to all persons who render service in the production of wealth is clearly apparent, and it would solve the labor problem so that there would be no need of labor unions.