

Agricultural Distress, Its Cause and Remedy

ACCORDING to the 1920 United States census the value of farm lands and buildings in the State of New York was \$1,425,061,470.00.

At that time the assessed valuation of the land alone of New York City was over \$5,000,000,000.00. At 5% net the land values of the Metropolis would yield an income three and one half times greater than the investment in farm lands and buildings combined. Allowing one half of the census estimate for the value of buildings and one half for the value of the land (a generous concession to land value, considering the number of farms sold for less than cost of improvements) the income from New York City lands would exceed the income from agricultural lands seven to one. If we then take into account the value of the lands within the boundaries of the other large cities and towns of the State, and the natural value of mines, water powers and quarries it is clear that farm land values are a very small percentage of the State's total land values.

This condition prevails in greater or less degree in every State and community throughout the Union. Everywhere agricultural land is low in value. Everywhere city and town lands and natural resources, which admit of monopoly, are high in value.

May not inequitable economic conditions generated by this wide divergence in land values be the chief cause of agricultural distress? May not an examination of these conditions show clearly what is the matter with farming?

The farmer, on his cheap land, must toil long and wearing days, year in and year out, to earn a living and pay his taxes, and all too often the effort and the farm are abandoned. But the income in ground rents and royalties from the valuable lands is so large that their owners can, and do, live luxuriously without labor. Of the vast wealth produced through the agency of modern inventions and and scientific and industrial improvements agriculture receives a constantly diminishing share while the coffers of the owners of valuable lands and natural opportunities are overflowing. For them is the threshed wheat, for the farmer the stack of straw.

The farmer is a land user. Farm buildings, improvements, continued fertility and all farm products are the result of his labor—the forces of his mind and body—applied productively to land; and in buying and selling, in exchanging the products of the farm for the products of other industries, he uses city and town lands.

The owner of valuable land may use it himself, or permit others to use it on payment of a fixed share of production, usually reckoned in money, called rent; may speculate in it, or let it lie idle in expectation of profiting from a rise in value. In any case ownership without use produces nothing. Use alone produces all the great variety of

material things known to men as wealth; the food, clothing and shelter necessary to sustain life; the luxuries; the tools, machinery, buildings and materials used in production; the schools, universities, churches, theatres and playgrounds which promote our physical, mental and spiritual development. Every material thing, in fact, except the Earth and its resources, the handiwork of the Creator of the Universe.

Likewise use, not ownership, creates the *value* of the natural element. Where dense population and industrial activity cause an intensive use of land, as in large cities and towns, land values and rents are high. Where population is sparse and industry limited, as in farming sections, land values and rents are low. The value of a whole county of farms, improvements included, is often less than that of a small lot in the business centre of a large city. Thus the plot of ground in the City of Chicago, on which stands the Marshall Field store, is assessed at \$12,000,000.00, exceeding in value 1,000 average western farms, buildings included (1920 census.)

While the production of wealth is by land users only (farmers, miners, manufacturers, merchants) the division is between land owners on the one hand and land users on the other. To the former as rent paid for the use of land, to the latter as wages for their labor, and interest on investments in buildings, machinery and improvements in and on the land. The share that goes to the *users* of land is that part of production which is left after rent is taken out.

The injustice of this division is evident when we consider what has preceded, that ownership of land produces nothing and *use* everything.

The farmer complains bitterly and justly of the heavy burden of taxation heaped upon his shoulders, but does not seem to realize that the high rentals exacted from industry for the use of valuable lands is a far heavier burden, which, if not removed, will reduce him to the condition of tenant or peasant. High rents for land drain the farm of its wealth indirectly, but none the less surely, through the processes of exchange, depressing the price of everything he sells and enhancing the price of everything he buys. Whether he sells or buys he pays city ground rents and city taxes to city landlords.

When the products of the farm are marketed transportation and selling charges are deducted from the sales price. Included in these charges are wages of managers and employees, interest on money invested in buildings, transportation and selling facilities, ground rents paid for the use of land, and taxes. When the farmer buys in town ground rents and taxes are included in the price of the article he buys. A merchant or manufacturer paying a heavy ground rental and taxes must charge these "overheads" in the selling price or go out of business. Transporters, manufacturers and merchants are entitled, equally with the farmer, to a return for the services they render the

community in production and distribution, and often they secure as little. But ground rents take toll without service in return, from the producer and consumer alike. The "Middlemen" who rob the farmer constantly the year round are not his companions in industry but the *unproductive* landlords. Farmers are caught, as it were, both coming and going. Taxed directly on their buildings, improvements and personal property they also pay and cannot escape, under present conditions, city ground rents and city taxes in the low returns received for their produce and the high prices paid for farm and household needs.

Furthermore, since the use of land by industry is the sole means of producing the necessities and comforts of existence, the control of lands containing the raw materials which industry must have in order to produce carries with it the power to take from the users of land in the form of rent a large share of their product. Vast monopolies in possession of the natural resources of the Earth aided by unfair tariff and franchise privileges, through extensive organization and combinations, restrict production, stifle competition and control markets and prices. With the Steel Trust controlling the iron ore output of the nation, with large areas of anthracite coal lands held out of use and assessed at ridiculously low figures, with forests, quarries, water and electrical powers in the hands of great corporations is it surprising that farmers pay exorbitant prices for coal, farm machinery, tools, and farm and household necessities?

How different is the lot of the tiller of the soil! By reason of the wide extent and cheapness of the lands they cultivate and their comparative isolation farmers are unable to effectually organize to form monopolies of their products and control prices or to benefit materially from special legislation in their behalf. They are in a situation which forces them to compete with one another and all other land users for the little that is left after taxes are paid, landlords have collected their rents and the monopolies controlling valuable natural resources have "cut their melons" and declared their dividends.

The solution of the agricultural problem, the straight road to farm relief, lies in the abolition of these conditions, in the release of industry from servitude and monopolies.

The problem may be formulated in the query, shall land (all natural resources) be used productively, as farmers, miners, manufacturers and distributors use it, the rewards of use remaining with the user, or, shall it be misused to rob the producer and the community as speculators and monopolies selfishly misuse it?

The question carries its own answer. The producer is entitled to all the rewards of use undiminished by taxes or the exactions of monopolies, and the community to the rent of the land. In place of taxes government should collect for public uses the rent of land created by the growth and activities of the community and justly its source of revenue.

If I were to neglect to pick the apples on my own trees and were caught robbing my neighbor's orchard I should be at once arrested. Yet each time the State collects taxes from the individual it does that very thing. It neglects the apples of rent growing in the people's orchard, and entering private grounds, robs the producer of the fruits of his toil.

That distinguished American economist and lover of mankind, Henry George, in his epoch making book, "Progress and Poverty," was the first to point out this fundamental error in government, the injustice of taxing individual effort, and the injury that speculation and monopoly in natural resources inflict on the users of land. Since his time many communities and municipalities in many different countries have enacted legislation decreasing taxes on buildings and improvements and taking a greater share of rent for public purposes. Notably in Denmark, where farmers' organizations are enthusiastically in favor of, and have secured the enactment of laws favoring this reform. Farmers in Canada, Australia, New Zealand, Brazil, Argentina, and in our own country, in North Dakota and California have worked for and secured building and improvement tax exemption.

What are the benefits to agriculture which have induced these farmers in so many different lands to look with favor upon the tax on rent, named by Henry George, "The Single Tax?" In the first place, all the multifarious taxes on farm buildings, improvements, machinery, livestock and personal property, and on the exchange of products would be abolished. Toward the support of government the farmer would make annual payments based on the rental value of his land. Since the rental value of land is low in farming communities and since buildings, improvements, and the exchange of products would pay no tax his contribution toward government would be light. The burden of taxation would be lifted from his shoulders. The main support of government would fall upon the valuable lands of the cities and towns, and natural monopolies. The farmer could improve and stock his farm to its fullest capacity unmolested by the tax assessor, and since rental value is purely a location or site value, the improved, highly cultivated farm would pay no more tax than land in the same neighborhood grown up in weeds and brush. Possession and ownership would be more secure than under present conditions, so burdensome and unprofitable, that farms without number are sold for non-payment of taxes, or abandoned.

Agricultural communities by their industry and the trade they bring to town and city help to create the enormous land values in the central locations. If we may believe the many fine things said of the farm, that it is the backbone of the nation, that its youth replenish the cities, that if farm operations ceased for but a few days the cities would starve, then it is entitled to its reward, and what reward more equitable than that farmers should share in

the values they help to create? Good roads, light and power could be extended to remote communities, and more and better schools, universities, hospitals and pleasure grounds could be made free to all.

When government in place of taxing industry shall collect its revenue from the rent of lands all land owners will be placed on an equality. Owners of valuable lands will have no advantage over owners of cheap lands. They will then, like the farmer, find their profit in *use*, not from the special privilege of collecting the ground rents belonging to the people. Speculative value and speculative rent will be destroyed but economic value for use will remain, and men will hold land not in hope of speculative enrichment but for its utility value. The full use of city lands and natural privileges thus brought about, encouraged by the exemption from taxation of improvements, buildings and products, will fully employ capital and labor, creating a profitable, extensive, and permanent market for farm products.

Natural law gives to the toiler the full wages of his toil. To the fisherman the fish, to the hunter the game, to the farmer the fruits and grains, to industry its sure and just reward, and to communities the rent of land, the "unearned increment" due to the growth and activities of population. The holding of land out of use by speculation and monopoly violates natural law. It denies users access to the source of employment and robs them of their natural wage. It creates an unnatural scarcity and high price of land and the raw materials drawn from land. It causes rent to rise to speculative heights, and since the division of wealth is between land owners and land users, gain to land owners in speculative rents is loss to land users in wages and interest. That the recognition of natural law in our legislation would benefit agriculture immensely cannot be doubted. Is not the farmer's wage the price he receives for his produce and what are the improvements he has placed in and upon his land but the wages of toil? Wages, as here defined, make up the income of the great majority of farmers, rent contributes practically nothing. Only when natural conditions of production and exchange lower the rent of land and raise the wages of labor will the farmer come into his own and attain that "equality in industry" so much talked about and so little understood.

Such natural conditions and such equality were enjoyed by Agriculture in the early days of the Republic. The untouched natural resources of a great continent invited labor to full employment and full reward. Unemployment for willing workers was unknown. Rents and taxes were low, and although the production of wealth per capita was small, agriculture, the principal industry, was prosperous and received its just and equitable share. As settlement progressed, the growth of population and demand for land caused an increase in value, particularly in land located in towns and cities and in mining and other natural privileges.

Opportunities for speculation and monopoly multiplied as the nation grew until today unnaturally high speculative rents and excessive taxes rob land users of the larger share of their production, with agriculture, deluded by politicians and monopolistic propaganda, suffering the most keenly of any industry.

I ask my fellow farmers, and all interested in farm relief, to carefully consider the causes and remedy of farm distress, as here set forth.

—C. H. BAILDON.

Ownership of The Ether Lanes

PRIVATE ownership of land, which, being interpreted, is the right to monopolize more land than one needs for the purpose of increasing the needs of others, has by the lapse of time and the right of might become so deeply imbedded in the minds of the land owners that neither the suffering of the poor, nor the follies, nor the crimes of the excessive rich seems to arouse them to a realization of the iniquity of their doctrine. In our day the Herizian wave has opened a vast new domain rich in opportunities. It will require the utmost diligence of every just man, woman, and child in the world to prevent the callous monopolist from obtaining so-called vested rights in the ether lanes.

In comparison with the civilized nations of Europe, the laws of the United States are especially lacking in protecting the public in its rights to the use of the ether lanes.

Much credit, however, must be given to Senator C. C. Dill and his committeemen for the act for the regulation of radio communications and the amendment thereto passed by Congress. Section I thereof provides for the regulation of all forms of interstate and foreign transmissions and communications; to maintain the control of the United States over all the channels of interstate and foreign radio transmission; and to provide for the use of such channels but not the ownership thereof, by individuals, firms, or corporations, for limited periods of time, under licenses granted by Federal authority, and no such licenses shall be construed to create any right beyond the terms, conditions, and periods of the license.

However, the student of the history of taxation will tell you that this statute is lacking in one very important particular, because it takes property without compensation. The value of the ether lanes belongs to the public and the chief duty of the government is to collect this value for the purpose of defraying the expenses of government and public improvements. It, therefore, follows that the rental value of the ether lanes should be sold at public auction to the highest bidder annually with the provision that if there are not enough lanes to go around the time of occupancy should be divided in such a way as to produce the greatest revenue for the State. The writer has a letter from Senator Dill in which he expressed the hope that he and his fellow committeemen can arrange to have the law amended to that effect.