

America Yesterday—Today—Tomorrow

AMERICA! A name but yesterday synonymous with asylum for the oppressed of all nations; where freedom reigned and "a man was a man for a' that."

A land inhabited by a sturdy pioneer race, each individual of which was proud of his ability to hew out a home for himself, and from the bounties of nature provide abundant food for his family.

Men were rude and hardy, society was crude and hearty, and life was a primitive struggle, but the reward was health, strength and contentment. Wealth and poverty were equally unknown and all men were peers.

From this stock sprang our revolutionary forefathers and their logical achievement was a republic; a government based on the consent of the governed, and which guaranteed to all equal rights to life, liberty and the pursuit of happiness.

"The old order changeth." Today the same land has 110 million inhabitants aided by the inventions of science as exemplified by railroads, motor trucks and plows, the use of steam, and electricity which have so enormously increased the productive power of each individual that it should logically follow all were rich. But it is not so, for, in this land capable of holding 1,000 million people, with resources abundant for their comfortable maintenance, bars are erected against immigrants; gone are the individual homes and clearings; gone are the individual's independence and contentment, and half the population is now congested in cities, with the mass crowding tenements, some called apartments, but in practically all of them abides worry for the future; for, while there are some millionaires, the people as a whole own but little and have food for today only.

The new wine of wealth has been poured recklessly into old bottles; the pressure on the old weaknesses in the construction of society, which in a primitive one was comparatively light, has been intensified, the distribution of wealth is not now based on the value of individual effort, but mostly on the basis of special privilege, and the consequent ferment has produced discontent which finds its expression in labor organizations, the rise and progress of socialism, communism, and the universally growing contempt for existing forms of government and their officials.

Shall we like wise citizens seek out the cause producing these evils and finding it, rectify them; or shall we imitate the old French aristocracy, which ignored the counsels of Turgot and Quesnay, blindly dance and make merry on the eve of the cataclysm and thus make certain its advent?

What is the cause of this discontent and where shall we find it?

Must not we apply to the Professors of Political Economy who, for lo these many years, have studied the laws govern-

ing the production and distribution of wealth? Are they not aware that the true scientific method to pursue for the solution of this great question is to classify effects, analyze them and from them deduce a logical and satisfactory cause?

Do they not know that when this cause is found they can revert to inductive reasoning and intelligently prescribe for society's ills, sure that good causes will produce always like results?

Unfortunately we cannot depend on these professors, for, while they may be intelligent and know the true answers, their bread and butter depends on deference to prevailing public opinion, and though the cause of economic distress has been pointed out to them many times they will remain as mute to it as were the professors residing in the south during the agitation against slavery.

No, as good citizens knowing that our government is based on just principles, knowing that our constitution provides proper methods for the rectification of any defects found in it, it is incumbent on us to use our own reason, aided and stimulated by that of our fellows, to scientifically study and answer these questions ourselves, and then to enact any needed legislation.

Now, as all men desire wealth and all normal men desire to aid also in the production, our inquiry plainly narrows to the field of distribution of wealth.

Why is it that with the enormous increase of wealth, due to improved methods of production and the utilization of discovered resources, the per capita return to the many is so low?

Existing political economy rightly shows that distribution is between the three factors in production, Land, Labor and Capital, and the returns to each are called Rent, Wages and Interest. So far, so good, but the text books hopelessly, if not purposely, overlap the definitions of these terms so that in their arguments one term is often used for another, consequently we must define these terms afresh.

LAND is all physical nature apart from man and his products.

LABOR is man, including all his abilities of hand and brain.

CAPITAL is that portion of wealth devoted to the production of more wealth; the balance of wealth devoted to consumption is not capital, and would be disappear were there no future production—and finally we will define Wealth, the thing distributed, as any material thing produced by man for the satisfaction of his desires; it is never Land or Labor.

These definitions are mutually exclusive and are meant to be so—for, to speak of brains or acquired skill as capital would be to muddle our problem. Brains or acquired talents are attributes of man and pertain to man alone; capital is simply inert matter and apart from man's use and care would rust or melt away.

Having found and clearly defined the factors we can seek now for the laws or customs which produce an unsatisfactory distribution.

Taking a period of time, say fifty years, we will find that rent, wages and interest have all advanced greatly, it being understood that interest in this case means the return to capital used in the production of wealth in its many shapes and not to the return for money loaned which has fallen.

Now, as rent, wages and interest have all increased, it is certain, if the distribution is still unsatisfactory, that the field of inquiry is again narrowed and becomes one of proportion in distribution.

And this immediately is seen to be the case, landlords, laborers and capitalists are all struggling for a larger share in the results of production.

"Why of course!" you say, "we knew this all the time."

Nevertheless it was necessary to clear the ground and establish agreed-upon premises, and now we are prepared to go forward boldly together in our reasoning.

There must be, and there is, a law or custom which gives one of these factors the power to take the lion's share to the disadvantage of the others. Let us question these factors. Labor, on being interviewed, said that he has been oppressed during the ages, even enduring serfdom and slavery, and that as a free man during modern times he has had to form labor unions to secure a living wage. That he receives his wages after he has rendered service but must pay his rent in advance.

The Capitalist reports that in olden times he always operated under the protection of, and paid tribute to some powerful overlord, had to dodge robber barons, etc.; and in modern times finds that strikes, and taxes on his produce, often sweep away all his earnings. That he is paid for his wares on or after delivery, but he pays rent in advance whether he earns a profit or not, and that finally so arduous is his struggle that over 95% of his fellows fail in the long run!

Both Labor and Capital agree that never have they thought of such a thing as striking against the landlord.

The Landlord refuses to be interviewed, he merely says he had nothing to say, that it was nobody's business what he did with his land; he pays his taxes and that settles it!

Analyzing these answers we find that both Labor and Capitalists confess their subjection to the Landlord; they practically admit that they were formerly his slaves, in degree at least, and that even now they willingly pay a certain tribute in advance for permission to engage in production and further than this, willingly take all the risks attending the marketing of their services and produce.

Now we have the real culprit, the landlord, and must seek the cause of his power and on finding it must not hesitate to apply a remedy.

The cause of this power, a natural law enforcing it, sanctified by the custom of generations, is called the law of rent. First clearly enunciated by Ricardo, endorsed by

Mill and properly applied to urban as well as agricultural land by Henry George, is as follows:

"The rent of land is determined by the excess of its produce over that which the same application can secure from the least productive land in use."

This law applies not only to lands deriving their relative value from differences in natural qualities of fertility, of resources such as minerals, forests or waterpower, but also to the land of urban centers where desirability of location gives more startling contrasts in value.

On studying this law it is seen that as increasing population presses back the activities of man to less productive or desirable lands, all lands above that point—which is called the margin of production—secure an increase in their annual premium value, or rent.

Also, as a corollary, it follows that with poorer lands used the general return must be smaller, and that after the increased rent is paid Capital and Labor must be content to divide a relatively smaller net return for their efforts.

Carrying the application of this law forward it is plainly seen that the descendants of Labor and Capital of today will pay a still higher tribute than now, and out of diminished returns; therefore the struggle between Labor and Capital must steadily increase and become fiercer, unless remedied.

In the meantime the landlord may calmly sleep, or travel abroad, sure that without his aid this natural law is working to increase his power and share.

Several remedies for this evil condition have been offered. The Socialists and Communists propose the nationalization of the land and its collective use. The Anarchists, the possession of the land by the user and only when in use. These remedies presuppose an entire change in the form of our government and may be accepted only if a better one cannot be found.

The best remedy is that advocated by the Single Taxers, who declare that while land must be made common property, propose in lieu of the partition of the land, the taxation of its annual rental value yearly into the Government's treasury for the benefit of the whole people.

They point out that the landlord already pays a tax on the value of his land, and all that is needed is to increase the rate high enough to absorb all the rent; that the machinery for doing this is already functioning and that when this is done there will be sufficient public funds to allow the abrogation of all other forms of taxation; further that title deeds need not be questioned and that the landlord can be left in peaceable possession.

One great merit of this system is that its enforcement entails no shock, for all industry now pays the landlord rent, and when it is diverted to the government, and all other taxes are abrogated, industry can save the full amount of these taxes or fines which now burden it. Consequently production will be stimulated immediately and all the public be benefited thereby. But now the landlord wakes up and cries confiscation!

Is this remedy then unjust? Must we still allow the landlord his tribute until we buy him off, particularly when we have found out that all rent is unearned increment?

Let us see, he still has the land and its use to him should be as valuable, at least, as to a tenant after the payment of rent.

"True," he may retort, "but I have lost the rent."

That is so, but rent is a value which attaches to land not due to your efforts but to the presence and productivity of the rest of us.

"Yes," he replies, "but the land is mine and the value which adheres to it is therefore also mine."

Now he certainly has us in a hole unless we can pick a flaw in his title.

Fortunately, that is easy.

According to the Bible the first title to land inhered in God, the creator of it, and He gave it "unto the children of men" with the injunction to "subdue and replenish" it. It was a continuing gift to all the generations of men and not to certain individuals, and had this common estate been intelligently administered for our common benefit, all would have been well.

But man fell from grace into barbarism and it is in the chronicles of man we must look for the forerunner of the modern title deed.

Beginning with the cave man it is seen that he simply appropriated a convenient hole in the ground and the deed which he exhibited to others was his club, the weight and hardness of which secured possession until a heavier and harder one appeared. Passing rapidly on we find land held by the head of the family, next by the head of the tribe and finally by the king or head of the nation.

Possession of the land passed forward and backward between warring tribes and nations, each new assignment being written in blood and exacted by force.

Coming down particularly to the time from which our own titles date we will start with William the Conqueror.

When he invaded England, he parceled out the land taken from the Saxons, to his chiefs as tenants of the crown, binding them in return for these grants to the payment of certain annual dues in produce or services.

The real title to the land was vested in the crown—that is to say, the nation—and this condition continues to be the case up today. For, while the landlords of England, sitting in the House of Lords, made and interpreted the laws pertaining to the tenure of these lands favorably to themselves, they never dared to dispute the right of the crown—or people—to call on them for financial support or services when the nation needed it.

Our titles to land are based on this English law, the ultimate title still vests in the State, as is shown by the law of eminent domain and still further by the undisputed right of the State or people to tax it.

It is seen therefore that the so-called owner of land never was under our laws anything but a tenant of the

crown or State, and that in acquiring land, even under fee simple, he did so acknowledging his duty to pay any tax levied thereon or quit!

We now propose to tax him for the full value of his tenancy, and tomorrow we will exact it, even though he be forced to go to work for a living. What stands in the way? What is it which prevents us from adopting immediately this just and imperatively needed reform? It is an uninformed public opinion. Let us then apply psychology to the problem and let us start again with the time of William the Conqueror, as we did with our deeds.

The landlords of that time were powerful, armed with the powers of high and low justice, the gallows and the the pit, etc., and none too tender a conscience; it was recognized very early that for lesser people to gainsay them was dangerous.

Then was born the knowledge, subconscious at least, of the law of survival of the fittest; then, if not earlier for like reasons, was born the primary law of etiquette—always agree with your neighbor!

"Verily, the moon is made of green cheese."

"Surely kind sir, and how clearly your grace states that fact."

There was born from these psychological laws our race of snobs; who, not being lords sought to attach themselves to the powerful, and, under protection, shine with reflected glory. These noble lords and submissive snobs have long since become dust, but their descendants are multitudinous. The lords have become landlords, still real lords, the snobs, still real snobs, have become Bankers, Manufacturers, Merchants, Brokers, Doctors, Lawyers, Clerks, etc., and the shining badge separating them from the hoi polloi is the white collar!

Saith the landlord, "I will grant you permission to remain on earth and use it at so much per annum."

"Well said, so be it" say the snobs, "and as a mark of our esteem and appreciation for your honorable self and your bounty, we will pay taxes for the maintenance of the State lest the value of your permission be decreased to you."

Is this indictment too severe? Must we be content with mildly quoting: "What fools these mortals be," when in fact we would like to explode into words only printable in dashes and asterisks to convey the contempt they merit for upholding a system which is against their own just rights; a system which nullifies the beneficence of God who furnished the bounties of nature free to man, and which finally, unless revoked, must rend society asunder!

No, this indictment is not too harsh, because imperatively called for, and for the present system which robs we must substitute one which regards honest effort. We must appropriate through taxation to our common use this steadily growing economic rent; we must all pay individually the annual premium of that portion of the common estate which we use. With the annual appropriation by

the Government of this individually unearned increment, all the burdensome taxes and fines now levied on Capital and Labor may be and should be abrogated, leaving their net returns increased; further under this system the undeveloped resources of the country would be opened to them and the demand for their services would be limited only when the wants of a prosperous people were satiated. The steadily increasing expenses of Government would be amply met without friction from this steadily growing national fund; and with the attendant abolition of income taxes, taxes on improvements such as houses, factories, stores, barns, fences, orchards etc., in brief, the total abolition of all taxes now levied on produce and its exchange, all this should encourage the further production of wealth and make sure its equitable distribution.

Tomorrow! With Labor free to go where open opportunity entices it; with Capital free to go where demand calls it; with both free from artificial barriers and fines; with nations, like individuals, finding their best interests rewarded by mutually profitable service, all valid excuses for war would fail.

Political boundaries would tend to become mere jurisdictional areas, roughly delimiting differences in language, domestic habits and customs. Each nation could and would be proud of its own race and culture, but, with the evil restrictions now separating them abolished, with rivalry for the advancement of the arts and sciences established in their stead, the stage would be set for a World Parliament of free men. The vision of a millenium with mankind flowering in peace and plenty would appear nearer.

Let us see that America shall be the first to restore to her people their natural heritage in the land; the first to point out and lead the way to a higher and greater civilization; so that man everywhere shall find faith and courage and march confidently on!

—ANTONIO BASTIDA.

WEALTH in itself is a good, not an evil; but wealth concentrated in the hands of a few, corrupts on one side, and degrades on the other. No chain is stronger than its weakest link, and the ultimate condition of any people must be the condition of its lowest class. If the low are not brought up, the high must be brought down. In the long run, no nation can be freer than its most oppressed, richer than its poorest, wiser than its most ignorant. This is the fiat of the eternal justice that rules the world. It is what the Sphinx says to us as she sitteth in desert sand, while the winged bulls of Niveveh bear witness.

—HENRY GEORGE.

WHATEVER conduces to the equal and inalienable rights of men is good—let us preserve it. Whatever denies or interferes with those equal rights is bad—let us sweep it away.—HENRY GEORGE.

Tax System on Land Values Will Encourage Improvements

RAY ROBSON in *Florida Grower*, Tampa, Fla.

HAVING been, ever since my first acquaintance with Florida, an earnest believer in its possibilities and prospects, it has been with great interest that I have observed the recent nation-wide awakening to its advantages and opportunities for residence or investment. Of equal interest is a consideration of the combination of circumstances which have brought about this awakening.

It has often been pointed out that the adoption of the constitutional amendment prohibiting the levying of income and inheritance taxes has had an obviously important effect in bringing about the so-called "Florida boom."

It seems, however, largely to have escaped attention that there still remains to be taken another step, in harmony with this and its logical complement, which will prove of still greater benefit to Florida and all its citizens.

If it is legitimate and proper to encourage people to come to Florida by agreeing to exempt their wealth, in the form of incomes and inheritances, from taxation, it is surely equally legitimate and proper to exempt also the wealth they use in improving and developing the property they may acquire.

"What then will be left to be taxed?" may be the question asked by those to whom the idea is a new one. But a second thought must convince any one that the land alone of Florida is valuable enough to provide a revenue amply sufficient for all forms of governmental expenditure. And the levying of taxes on land alone would have striking advantages from any point of view over the present plan of taxing all property.

The taxes levied on wealth created by human effort, whether in the form of money, credits, chattels of any kind, or buildings and other improvements, are a direct and definite addition to the cost of these articles, must be paid for by the consumer, and are an important part of the increased cost of living. Taxes levied on land values, however, cannot increase those values, as is well known to students of economics; it would be absurd to think of taxes on land as adding to its value because of increasing cost of production; for land has no cost production. It is not and cannot be produced. It simply exists as a gift of nature.

VALUES BASED ON INCOME

To make this point clearer, let us remember that land values are based upon actual or prospective income that can be derived from the land. If one piece of land will sell for \$15,000 and another for \$30,000 the reason is that it is expected that the income from the second tract after deducting a sufficient amount to cover interest on money invested in building, insurance, upkeep, etc., will be twice as great as the corresponding net income of the first tract. This