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WHY?

Why Law and Order in the Laboratory
and Constant Wrangling and So Many
Wars in the Social Field?

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tress and corruption I found; and, because of my false belief, the more I saw of the conditions under which we live, the more resentful and bitter I grew. But, in 1893, I was introduced to a new philosophy; and my faith in humanity and the future revived.

I want to tell you of a compliment paid to this philosophy by President Tully Knoles of the College of the Pacific here in Stockton. President Knoles, Police Judge Breitenbucher of the Stockton Police Court and I met once on Weber Avenue, at Hunter. Extending his hand to me, President Knoles turned and said to Judge Breitenbucher:

"Judge, Beckwith here is the only man I know who thinks he knows all the answers and yet does not grow sour as he grows old, even though he cannot get us to accept his answers."

Then, turning to me, he said:

"I mean that as a compliment, Beckwith; I was reading the other day one of your editorials in which you give us out at the College another going over and I was struck with the difference between you and Dr.—."*

I will not mention this man's name in a public address; his identity is of no importance in this present discussion. What is important is the statement of Dr. Knoles that this man was once one of his students and that he was, at that time, remarkably sweet tempered; but became a stormy petrel in church circles and grew bitter and sour because men did not accept his views. This souring showed in his face, Dr. Knoles told us; then turning to Judge Breitenbucher, he said:

"But Beckwith does not sour."

*This is a compliment not to the editor of *The Forum*, but to the philosophy he teaches. The man mentioned by President Knoles is a clergyman who has made a national reputation as a champion of certain reforms within the churches.

So much for Dr. Knoles' observation of the fruits of the philosophy I offer you; now the explanation:

When I came at length to understand the provisions of Nature in this field, I realized that there is in nature the same ample provisions for our social welfare that there is for the needs of our physical bodies; that both crooked politics and war are to society what a short circuit is to an electric system—that is, that they are evidence of inattention to basic principles; and that personal honesty and brotherly love are no more necessary to clean politics and world peace than they are to the solution of problems in mathematics.

The more clearly I saw this truth, the easier it became for me to take an impersonal attitude with respect to the problems of society; in time our social problems became as impersonal to me as problems in arithmetic; and I ceased to be suspicious, resentful or bitter when I contemplated the injustice and misery in the world.

Instead of resentment and bitterness, I came to feel pity—or, in some cases, amusement—when I saw supposedly educated men spending time witch-hunting, instead of studying the cause of their distresses; for, under the circumstances, our pretense that we are an educated people is ridiculous.

Probably all of you have heard the story of the ship captain who flew a distress signal asking for water, and of the captain of another ship who, in answer to this appeal, signalled:

"Let down your bucket and drink."

These ships, although at sea out of sight of land, were, as you know who remember the story, sailing on the fresh water which the mighty Amazon pours into the South Atlantic.

We can easily imagine that the captain and crew on

the other ship got amusement out of the plight of men who, while sailing on fresh water, suffered thirst and flew a distress signal asking for water; so in years to come men will laugh at us for suffering want in the midst of plenty and suffering from the horrors of war when war is contrary to our gregarious nature.

No one would bring against the captain of that distressed ship any charge worse than that of ignorance. There was nothing in the situation to arouse suspicion or resentment or bitterness. However, had that captain argued the matter with his advisers and refused to taste the water to discover the facts and so had caused his crew to suffer needlessly, no one could have had either pity or respect for him.

I amplify this point, as this is the basis of any personal criticism which I publish. Ignorance is not a crime; but refusal to investigate is sometimes a crime against humanity far more serious than any that can be committed against individuals.

I want to quote President Knoles on another point, to make another point, not for myself, but for the philosophy which I am offering you. President Knoles is quoted as telling the county teachers that I am better known abroad and more widely known abroad than any one else in San Joaquin County. I tell you this because I want you to see that I am not asking you to take interest in a one-man movement.

My paper, *The Forum*, was the first paper in all the world to teach that, just as by resort to the natural laws of physics, we can have good automobiles without regard to the morals of men; so can we by resort to the natural laws of economics have good government and social justice without regard to the morals of men; and it has made Stockton the world-center of that philosophy.

The fact that I have paying subscribers in foreign lands and receive cash donations from Canada, Great Britain, Africa and from Australia and New Zealand is convincing evidence that this truth is making progress. Within the week I have received cash donations from Canada and from England and received the official notice that a will filed in Southern California bequeathes me the sum of \$100. This is the seventh bequest which has been left me for my work. The seven bequests have been left me by men who lived in four states, scattered from New York and New Jersey to California. Four of these men I had not met; and one I never heard of till his lawyer notified me of the provisions of his will. The amounts named in these bequests total more than a dollar per day for every day since June 23, 1921, when I began the publication of *The Forum*. However, the largest of these bequests proved to be worth less than fifty cents on the dollar.

Let me correct, at this point a mistaken impression concerning my work. This money has not been given me by single tax organizations. I did receive ten dollars from the Single Tax Club of San Diego; and before the war, I received ten dollars each year from a trustee for single tax funds in Australia. Except for an initial donation of \$200, I got no aid from the F. F. Ingram Fund. I had offended by criticizing single tax and single tax policies and by not supporting the Ralston single tax amendment on the California ballot.

Perhaps the best way to explain the difference between the single tax and what I teach is to remind you of the fact that, although Christopher Columbus led the way to the New World, he not only never saw either of the continents of the New World, but died without knowing that such a world existed. Imagine, now, that Columbus had written a geography of the

New World and a guide to tourists desiring to visit it! Had he done that, it is certain his books would not have been dependable guides to American geography.

As Columbus led the way to the discovery of a new world and died without knowing what he had accomplished; so Henry George, the idol of the single taxers, led the way to a new philosophy and died without knowing what he had accomplished.

Henry George was one of the greatest pioneers of all time; but his books are as misleading as a Christopher Columbus geography of the New World would be, and should not be given to beginners in economics.

Most of you are aware that I came to Stockton as a single taxer; and that, like a single taxer, I mixed in city politics; and that, in the course of my political crusading, I kept things stirred up here to such an extent that I was twice arrested for criminal libel and twice put in jeopardy, with my liberty staked upon the verdict of a criminal court jury. Each time, as you know, the prosecution was political and failed.

As most of you know, I have for something like ten years kept out of politics and have confined myself and limited my paper to my teaching; so that the ill-feeling aroused by political activity has now largely died out. Some of you who approve what I am teaching have asked if it would not have been better if I had, from the first, limited myself to this teaching. That was impossible. Strange as it may seem, what I am now teaching was not even known then.

I teach that economics is a science as exact as any science; but this teaching is so new that there are but four books in the world which can be safely recommended to the student. Although this science has been nearly three hundred years in process of birth, it really dates from 1938, barely five years ago.

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The Physiocrats started this study in 1758, but they stated none of the laws of economics. The first of these was formulated by Adam Smith. He stated the law of rent in his *Wealth of Nations*, published in 1776, but did not present economics as a science as exact as our other sciences. The first one to move out in that direction was Patrick Dove, who published *The Theory of Human Progression* in 1850. Little or nothing in the way of reducing economics to formula was accomplished by Dove. In 1879, more than a century after Smith had stated the law of rent, Henry George published *Progress and Poverty*, in which he stated the law of wages and the law of interest.* This completed what may be called the skeleton of the science of economics. In one book, his *Social Problems*, Henry George came very, very near on the last page of Chapter xix to the view that economics is a science as exact as any science and that economic conditions are determined, independently of the morals of men, by laws as fixed and dependable as the law of gravity and over which men have not the slightest control. In that chapter, George wrote concerning rent:

*Here is a provision made by natural law
an adaptation of nature by virtue of which the
natural progress of society is a progress toward
equality, not toward inequality; a centripetal
force tending to unity, growing out of and bal-
ancing a centrifugal force tending to diversity.*

What he says here of the law of rent I like to express by saying that the law of rent binds society together as the pull of gravity binds together the stones or bricks which are laid up in the form of an arch.

But Henry George did not fully realize the import

See *Progress and Poverty*, Book III, Chapter vii.

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of his own discoveries in this field; for, on the last page of the book, only eighteen pages later, he reverts to the theory of the evil heart which crops out in all of his books. There he expresses the view of the witch-hunters which is so widely accepted; namely, that the economic ills we suffer are the result of the selfishness and indifference of men and that the solution of our social problems must await the moral reformation of mankind.

Yet by his coordination of the three basic laws of economics, *the law of rent, the law of wages and the law of interest*, George led the world to the discovery that, just as by our mastery of other sciences, we are able to have good automobiles, good radios and good airplanes without regard to the moral law; so can we by resort to the natural laws of economics have social justice, honest politics, democratic government, race harmony and world peace without regard to morals.

Henry George died in 1897; and, like Columbus, he died without knowing what he had accomplished. It is here that Stockton, California, enters the picture; for it was the late G. McM. Ross, of Stockton, who took up this work where the Physiocrats, Smith, Dove and George left it. Ross devoted his attention to reducing economics to formula:

And yet, although Ross died only twelve years ago, even he did not live to see this matter clarified.

This clarification dates from the correction of the definition of the word *rent*, by W. R. B. Willcox, head of the Department of Architecture of the University of Oregon. His first contribution to this important matter was in 1932 when he was the chairman of a committee of the American Institute of Architects selected to study the effects of taxes on architecture.

This A. I. A. report he later elaborated and pub-

lished in 1938 as a book of 140 pages, under the title, *Taxation Turmoil*. Two years later this book was republished under the title, *The Curse of Taxation*.

Before explaining the contribution Willcox made to the welfare of mankind, let me call attention to certain very familiar facts, the significance of which has been unfortunately overlooked. For example, it is well known that, out on the frontier, men must often serve themselves, or go unserved. As there are no barbers there, and no bootblacks, the frontiersmen must shave themselves and black their own boots, or go unshaved and with unblacked boots; and their wives must bake their own bread, as there are no bakeries out there.

As a country is settled, these and other services become available. People, especially parents with small children, feel it is safer to live in a community where there is a doctor and a drug store and where they can have a telephone. They like to feel that these services are available, should they, for any reason, be needed.

Because of the difference in the amount of community service available, two houses, exactly alike and equally well situated with respect to lawn, shade, shrubs, climate, etc., and in an equal state of repair, would command widely different rentals, if one were in a metropolis and the other far out on the frontier, where one can have no telephone, no electric lights nor any mail deliveries.

Men gladly pay more rent where more community service is available; and it is well known that rent increases as more community service becomes available.

Notice that the item of interest on the investment in the buildings and the development of the grounds would be the same in each case. The difference would be in the item of rent—often wrongly called *ground rent*—the return which is rightly due on the invest-

ments of labor and capital made on other sites around and about, far and near, which contribute to the convenience and safety of the occupants of these houses.

If a resident who lives on land to which he holds title paid to the city the same rent which he would pay to another, if he were a tenant on that same site, he would be rendering direct compensation for such service as the City provides—such service as sewer service, police service, etc. But, in far the greater number of cases, there is no way in which one can render direct compensation for community service.

In most cases, rent is not paid for the community service, itself, but is paid instead because of the *availability*. In such cases, if one wants the service, itself, he must pay for it in addition to paying rent for the privilege of being where this service may be had.

The availability of much the greater volume of our community service is financed not by public funds, but by private funds; for it is a by-product of the activity of persons, firms and corporations which is selfishly directed to the gratification of exclusively private wishes. In such cases it is impossible to directly compensate the providers of this availability; because there are no direct contacts between them and those who pay the rent. Even if there were, it would be impossible to know how much of the rent is due to each of them, or how much is due to any one of them.

One reason for our failure to recognize the true nature and significance of rent is that, according to the accepted definition of *rent*, it is paid for the use of land and is due the title-holder on his investment in the purchase of the title to the land. Moreover, rentals are seldom, if ever, broken down into their constituent elements—interest and rent. Instead, these two items are lumped together, billed, paid, receipted and

spoken of as one; and they are both paid to the holder of the title to the land.

This practice leads logically and inevitably to the false conclusion that rent is for the use of land and belongs to the title-holders, being due them as interest on their investment in titles to land.

By teaching, falsely, that rent is paid for the use of land, we have thrown the cloak of morality over the misappropriation of rent, just as the enslavement of Negroes was justified on the theory that Negroes are not really human. The private appropriation of rent is, of course, perfectly legal, just as chattel slavery was legal in the Old South. However, being legal did not make slavery a moral institution. Neither does the sanction of the law make the private appropriation of rent moral. Rent is paid for community service and cannot be the private property of title-holders—or of any of them.

It is true that single taxers challenged the right of title-holders to the rent. But the single taxers nullified their challenge by accepting the false assumption that rent is paid for the use of land; for certainly, if that were true, a title-holder would have the same right to "the rent of his land" that he has to the calf of his cow.

Professional men spend years preparing themselves to serve; merchants must invest large sums in merchandise and manufacturers must invest large sums in factories. All of these are put to great expense to keep their establishments up-to-date and open for business.

The firemen on duty at the fire house are paid, even though they only sit and wait—and play cards while they wait. And we gladly pay higher rent because we know they are ready to answer instantly any call for their help. We also pay higher rent because the doc-

tor is within call, and because our merchants stock their shelves with goods that they may be prepared to serve us in their lines when we want their help.

But, while the firemen are paid, even though they are not called, these others are paid only when they are called. And yet they have done vastly more to build up the community than the firemen, who do not furnish the firehouse, nor the fire-fighting equipment.

Few of us realize the unfairness involved in the fact that our business men and our professional men are not compensated for the service they render in preparing themselves and holding themselves in readiness to serve us when we need them.

And you will notice that, when this issue is raised, even those who recognize the justice of the claim that these men be compensated do not see where money is to be had with which to compensate them.

The author of *Taxation Turmoil* rendered mankind a great service when he not only called attention to this unrecognized service, but showed that by, the very act of qualifying and holding themselves in readiness to serve us, these men create a fund from which they can be paid, indirectly, in tax-free community service.

And, in doing this, Mr. Willcox demonstrated the inaccuracy of the accepted definition of *rent*; and substituted a correct definition of that word.

Sometimes the teachings of the group for which I speak are criticised because we have revised certain definitions. Our critics sometimes say:

"Oh, sure! You win the argument easily, if we let you define *rent* to suit yourself! If we permit that, there is no argument. A man can win any argument, if he is permitted to define terms to suit himself."

This criticism is based upon the false assumption that it is the purpose of the dictionary to tell us what

words mean. That is not the purpose of the dictionary. We are free to use our words as we please; but we need the dictionary that we may know how other people use these words; and we depend on the dictionary to tell us when people change their use of words.

For example, we read in Paul's Epistle to the Roman's, in the Thirteenth Verse:

" Oftentimes I purposed to come unto you (but hitherto I was let).

That is the King James version. It shows that in 1611, more than three centuries ago, the word *let* was used as we use *prevent*. Since then the use of the word has been completely reversed.

There was no reason, so far as I can see, why the use of that word, *let*, was changed; but it is easy to see why it is necessary to change the use of the word *rent*, and necessary to apply it not to a payment for the use of land, but a payment for community service.

For it is now clear that the old definition of *rent* is inaccurate; because, if *rent* were a payment for the use of land, it would rise and fall only with changes in the land itself not, as it does, with changes in the amount of community service available there.

Or, if *rent* is the return upon the money invested in the purchase of the title to the land involved, *rent* would rise and fall only when the commercial rate of interest rises and falls, or when the title were resold for a sum larger or smaller than the original purchase price. Instead, it rises and falls only with changes in the community service which is available at that site.

It is because he saw so clearly the falsity of the old definition of *rent* and the serious consequences flowing from that falsity that Mr. Willcox corrected that definition to read:

Rent is payment for the advantages of social

and governmental contributions to the utility of provisions of Nature.

This definition he elaborates as follows:

Rent is paid not for the use of land, but for the privilege of benefitting from those works and activities of people and government which make locations usable—which make them desirable as places for human beings to live and work.

My own statement of this truth is as follows:

Rent is the compensation due those who make on other sites around and about, far and near, the investments of labor and capital which contribute to the safety and convenience of the occupants of the sites for which the rent is said to be paid.

Since we naturally take advantage of the activities of other people when, by doing so, we can save time, labor or money and since it follows from that practice that every product is a joint product of a primary producer aided by innumerable co-producers of whose activities primary producers take advantage; and as we gladly pay more rent where there is more of this service, rent may also be defined as follows:

Rent. Compensation paid for the co-producer service available at a site and justly due the co-producers who supply that service.

The acceptance of this new view of rent revolutionizes one's view of our social relations; for it not only clears up many things otherwise inexplicable, but it actually reverses our thinking in important respects.

Title-holders play politics, locally, to get parks and schools and highways located where they increase the rent they collect; they play politics on a larger scale to

control the location of county seats, state capitals, etc.

It seems to be instinctive for men to be willing to carry their share of the social load. As a rule, people are willing to pay for the service they get, rather than to sponge on others. This appears to be one of man's gregarious habits.

Man's instinctively hospitable and cooperative nature is illustrated by the manner in which the people of all countries and races rally to help the victims of great disasters, like the Johnstown Flood, the San Francisco Fire, the Japanese Earthquake, etc.; and by the fact that on the frontier it is not considered good form to lock one's door when goes away from home.

There is a great deal of testimony to support the argument that, when men prey upon each other, it is because they are oppressed by unsocial conditions; and that this is done only as a matter of self-defense. This means that this unsocial conduct is forced upon them as a matter of self-protection.

For example: The people of Stockton were heavily taxed, but not understanding that taxes are stock assessments levied to make up the deficit resulting from failure to collect our rent and being obsessed with the theory of the evil heart and educated as witch-hunters they blamed their plight on others—among them the Western Gas and Electric Company. To better their condition, the people of Stockton began agitating for a municipal gas and electric plant.

This alarmed the Byllesbye people of Chicago, then owners of the Western Electric. To protect their investment here, the Bullesbyes played utility politics in Washington to put Stockton's port bill through Congress. The Byllesbye strategy was to get Stockton to use up its bonding capacity on the port and so to prevent the City from entering the municipal utility field.

The plan succeeded; they were safe, we got the port.

Once the true nature and significance of rent is understood, it is seen that the economic ills which we have been in the habit of blaming upon the misconduct of other men are due, instead, to the widespread ignorance of the nature and significance of rent. This takes the personal feeling out of civics, statecraft and out of the problems of industrial organization.

The student will find in this corrected definition of *rent* the explanation of social injustice, crooked politics and war; for, once we realize what rent is and understand that when men are permitted to claim it as their own are tempted to meddle in our affairs to control the conditions which affect rent where they do the collecting, we have the key to these problems.

From that corrected definition of *rent* we learn the explanation of the opposition of San Francisco to the development of the port of Stockton; for, so long as title-holders are permitted to claim as their own any part of the rent they collect, so long will they be selfishly interested in controlling conditions which affect rent where they do the collecting—and so long will others be forced to resort to trickery to escape the effects of the taxes resulting from the loss of our rent.

So long as the public accepts a definition of *rent* which justifies the title-holders of a city to claim the rent they collect by reason of the fact that the city is a port of call for deep-sea craft; just so long will the title-holders of San Francisco be selfishly interested in preventing the development of a port at Stockton, for they naturally want the ships to load and unload at their wharves. They know that if the ships tie up at their wharves, the ship-side labor will pay rent to them and patronize business and professional men who pay rent to them.

Once we understand what rent is we see that the people who live upon rent collected along the principle street of a village or city are living on wages and interest due the business and professional men and others, both within and without the municipal limits, who have made the community what it is.

From this corrected definition of *rent* we learn that the holders of title to the land about the College of the Pacific are collecting wages and interest due the people up and down this Coast, and back East, who contribute the money with which President Knoles has made that campus a thing of beauty and with which he is able to maintain the College.

From the corrected definition of *rent* we learn that those who are collecting rent on account of Stockton's Junior College are collecting wages and interest due people all over California who pay the sales-tax pennies with which the State of California finances that and other educational institutions. Titles to land are not taxed by the State of California.

This is the trick in the proposal to shift the burden of relief and of old-age pensions to the State of California or to the Federal Government; for neither of these taxes land titles. Under these pension schemes, land titles would not be taxed to pay the pensioners; yet the pensioners could pay higher rent and pay it more promptly—and rent would be higher, because pensioners would crowd in here and bid rents up.

From this definition of *rent* we learn that Stockton people who live on rent are getting wages and interest due the stockholders and the employes of the Pacific Gas and Electric Company, the Pacific Telephone and Telegraph Company, the California Water Company, the railroad companies and other corporations which have helped to make Stockton what it is.

From this corrected definition of *rent* we learn that anything done by the Chamber of Commerce, the Merchants Association, the County Industrial Association, the Luncheon Clubs, the Churches, the P. T. A., the Women's Clubs, Y. M. C. A., Scouts, the Community Chest and the Red Cross, the Labor Unions the Farm Bureau, by *Stockton Record* or by any person or persons for the improvement of conditions in Stockton profits the holders of title to our strategic sites who collect wages on the labor, and interest on the money, contributed here to Charity and the Public Welfare.

Much is said about certain cities which derive so much revenue from municipally-owned utilities that they have no taxes at all; but the title-holders who live on rent collected in those cities do not explain that they have in this way shifted their taxes to the patrons of these utilities and that their rent is all net.

This is the trick in the so-called self-liquidating projects, such as toll bridges. In this way the cost of these toll-bridges is shifted to the users of the bridges, thereby permitting the title-holders to keep as their own the increased rent they collect by reason of the bridges.

The title-holders of San Francisco who constantly clamor for lower tolls on the big bridges there and are always holding out to us the prospect that the tolls will in time pay for these bridges and that then the bridges will be free of tolls do not explain that, when the public pays for bridges that way, the title-holders who collect rent on account of the bridges not only have their rent as so much net income, but are able to increase their rents as the tolls are reduced and the bridge traffic increases.

Although this private appropriation of rent is entirely legal—as chattel slavery was once legal in this

country—nevertheless private appropriation of rent is a misappropriation of public money, just as legalized slavery is a confiscation of the slave's labor.

From this corrected definition of *rent* it is easy to see that the lure of rent is the cause of the sectionalism which divides communities, states and nations and which not only causes crooked politics, but sets the stage for war.

Title-holders have always interested themselves in efforts to control conditions affecting rent where they do the collecting. They have many ways of doing this. Sometimes it is done by conquest, or by tariff legislation, or by trade treaties, or by mandates. Some are trying to do it by means of a super-world government. The cause of war can always be traced to the lure of rent.

The Punic Wars between Rome and Carthage were fought over the question whether the commerce of the Mediterranean would center in Carthage where the Carthaginians collected rent, or in Rome where the Romans collected rent. Our civil war between the States was fought over the question whether the cotton of the South should be worked up in New England where New Englanders collect rent, or in Old England where the British collect rent. That war was precipitated by the action of the North in erecting a high tariff wall to block the growing trade between the Southern States and England.

Because of our mistaken belief that rent is paid for the use of land and is due to title-holders as interest on investments in land titles, we have permitted title-holders to claim the rent. And because of ignorance of the basic principles of economics we have failed to realize the sinister effects of the private appropriation of rent.

Only because we are ignorant of basic economic principles has it been possible to shift the highway bill to the public in the form of a gas tax, thereby enriching by a million dollars a week those who collect the rent which is paid because of the availability of the California state highways.

Only by reason of the ignorance of the public has it been possible to shift another million dollars a week—in this case one million dollars of California school expense—to the public in the form of a sales tax and so to enable title-holders to appropriate that much of the rent paid because of the excellence of our schools.

Only by reason of the ignorance of the public has it been possible to exempt California land titles from all state taxes and to exempt all land titles from the payment of federal taxes; thus enabling title-holders to appropriate to their own use all rent paid them on account of the services of the State of California and of the United States Government.

Enormous sums of rent are collected in the City of Washington by reason of the activities of the national government, in Sacramento by reason of the activities at the California state capital, and in Berkeley by reason of the presence of the University of California. Yet there is not a cent of state or federal taxes on the land titles by virtue of which the holders claim this rent!

Only by reason of this ignorance of the local public respecting economic principles was it possible to put over on us that cut of thirty per cent in the county assessments on land titles and that corresponding cut of fifteen per cent in city assessments on land titles.

Before that cut in the assessments on land titles, these assessments made up sixty per cent of the tax roll of the county. Hence title-holders paid \$60 of each

\$100 of county expense. After that cut, assessments on land titles made up but little more than fifty-one per cent of the tax roll; so that since then title-holders have paid only \$51.22 of each \$100 of county expense, and the owners of improvements and personal property have paid \$48.78.

This shifted \$8.78 of every county expense bill of \$100 from the owners of land titles to the owners of improvements and personal property. This shifts in this way \$526 of the \$5,000 salary of a county judge.

Once this fact is comprehended, it is seen that the more we progress in the arts and sciences and in culture the more we are exploited and we understand that, since rent is always all the traffic will bear, why we make (on the average) only a bare living.

I have tonight referred to various problems in civics and in commerce and statecraft. Some of them seem unrelated; and yet the philosophy I am offering you explains them all. Here is a consistent explanation of the disturbing complexities of modern life.

Not in any field has it ever been found that any matter vital to the species is left to the intelligence, virtue, alertness or skill of the individuals of that species.

Nature refuses to trust such matters to the individuals of the species; but reserves them to her own exclusive management, through inexorable natural laws, and by means of instinct and natural impulses.

As you all know, our schools teach that man is a gregarious creature—that is, that he is endowed with instincts which make him naturally cooperative. Yet the very schools which teach (in their biology classes) that man is instinctively cooperative teach (in their social science(?) classes) that human society is in danger of collapse as a result of man's anti-social in-

instincts—as though a gregarious creature could have anti-gregarious (or unsocial) instincts!

Men give Nature credit for providing the means by which we make bread; and we study the sciences of botany, soil culture, physics, chemistry, bacteriology, etc, to perfect the processes which contribute to the art of bread-making; and devout men give God praise for providing us with the means whereby we make bread.

But the scientist does not give Nature, neither does the churchman give God, credit for providing any means by which the man who contributes labor either directly or indirectly to the making of bread may be sure of having bread. That responsibility, they assume, is ours; therefore, instead of studying further into the mysteries of nature to discover the natural laws governing the distribution of our product, they turn to the Socialists, New Dealers, Communists, Progressives, Townsendites, Ham and Eggers or to some other human agency and begin to agitate for some type of humanly-planned regulation.

Yet the scientists who believe self-preservation is the first law of nature and that the gregarious instinct is a safeguard for the physical safety of gregarious species must, to be consistent, believe this gregarious instinct Nature's safeguard in the matter of the distribution of our wealth and in other details of our social life. They know the gregarious instinct is a safeguard to the "civilizations" of the bees and beavers; why should they doubt that it is a safeguard to ours?

The professed believer in God who thinks that God has provided for us the "makings" of bread must, to be consistent, believe that He has also provided a dependable means whereby the man who earns bread may have bread; for of what benefit to man is the lov-

ing kindness of a God who provides the means whereby we may make bread, and then leaves to the wisdom and the virtue of men the question whether that bread shall be eaten by the man who makes it or by one who contributed nothing to its production? A professed believer in God as the loving father of us all is certainly irreverent who believes that He leaves to us the task of properly apportioning his bounty among the children of men and seeing that it is properly delivered!

Title-holders cannot get more rent than the rental market decrees. They cannot, therefore, make anything by the mere holding of titles to land, unless they can buy community service for less than it is worth in the market—that is, unless their taxes are less than the rent. But, the taxes are less than the rent only when we are so unbusinesslike that we sell our community service for less than it is worth. When we do that, we lose as much as the title-holders make; for the over-all cost to the people who prepare themselves to serve us and hold themselves in readiness to do so is the market price of the availability of that service. The rent is equal to that cost.

The market value of land titles, generally called the "value of the land," is the sum on which the net rent will pay interest. If for example the co-producer service at the site is worth \$1,000 per year fixes the rent at \$1,000 per year.

If the taxes levied on the title are \$280, the net rent is \$720. In a six per cent market, this sum would pay the interest on \$12,000. Therefore, if the title-holder holds out for six per cent, he values his title to that site at \$12,000.

But in this case we sell him \$1,000 worth of service for \$280 and lose \$720 by doing so. This loss is reflected in a treasury deficit of \$720; and it becomes

necessary for us to raise \$720 in taxes to balance our books. This \$720 in taxes is exactly what we would pay in taxes, if we bonded the city for \$12,000 in six per cent bonds and levied taxes to pay the interest.

It follows, therefore, that a dollar of what is called land value is really a dollar of public debt on which we must be taxed to pay interest; and these taxes oppress both Labor and Capital.

For example: The P. G. & E. taxes for the year 1942 amounted to \$1,463.90 for each \$1,000 which that Company paid out in wages, salaries and dividends!

Had we collected our rent instead of taxes the Company could have given each employe an increase in wages (or salary) of more than forty-six per cent, and also increased its dividends by the same percentage.

The lowest-priced telephone offered the Stockton public is a 4-party wall telephone for which the charge is \$2.00 per month; and of that sum, \$1.25 is a tax!

The annual report of the American Telephone Co shows that, whereas the stockholders got \$6.00 per share in 1942, its taxes absorbed company earnings to the amount of \$13.98 per share—that is, the tax-collector got \$2.33 for every dollar the stockholders got. If the rent had been collected instead of taxes, both dividends and wages could have been increased two hundred-thirty-three per cent!

Rent is all that the traffic will bare, which means all the tenant can pay. If conditions improve, so he can pay more, the rent advances. So long as the private appropriation of rent is permitted, so long will the gains we make in productive processes be absorbed by a corresponding increase in rent and in the cost of our living. The result will always be that, on the average and in the long run, men get only a bare living.

Here we find a logical explanation of the fact that

poverty deepens in the alleys as wealth blooms on the avenues. And here is the explanation of the fact that, on the frontier, no one goes hungry, even though all are poor; whereas in the metropolis men perish of hunger while others die of over-eating.

It is clear that the danger of social collapse, which is increasing with our progress in the arts and sciences, and increasing in spite of our progress in culture, cannot be due to any change in our instincts; for human nature does not change.

It must be due to some thing else—to some other change. And this corrected definition of *rent* points unmistakably to the change which has caused the difficulty; for it is apparent that as a people progresses in the arts and sciences and in culture, and its social life becomes complex, rent rises and as rent rises the loss of wages and of interest which results when the rent is privately appropriated becomes greater. The loss of all the rent on the frontier would not be serious; but the loss of even one per cent of the rent in a city like New York is a serious loss.

The figures below reveal the cause of inflation.

A	B	C	D	E	F
\$1.00	1c	99c	99c	\$101.01	\$100.00
\$1.00	5c	95c	95c	\$105.26	\$100.00
\$1.00	10c	90c	90c	\$111.10	\$100.00
\$1.00	20c	80c	80c	\$125.00	\$100.00
\$1.00	25c	75c	75c	\$133.33	\$100.00
\$1.00	30c	70c	70c	\$142.85	\$100.00
\$1.00	40c	60c	60c	\$166.66	\$100.00

Column A shows your income; Column B shows how much of each dollar title-holders hold out; Column C shows how much of each dollar you have left; Column D shows how your dollar is depreciated; Column E shows what \$100 worth of living actually costs you *when title-holders are permitted to keep the rent*; and Column F shows what \$100 worth of living would

cost you, if the rent were collected instead of taxes and all taxation were abolished. If that were done, we would have our wages and interest in our private possession and our rent in the public treasury—that is, we would have our entire product. The rent would be used to pay public bills and taxes would be unnecessary.

The key to our pressing social problems is in this corrected definition of *rent*. Once men understand that rent is paid for our co-producer service and belongs to the public and we insist that it be collected instead of taxes, our dollar will always be worth 100c.

This evidence points to the conclusion that, had men not been misled regarding the nature and significance of rent, but had from the beginning recognized rent as compensation due those who render society a co-producer service and had collected the rent instead of taxes, we would never have had any crooked politics, or any wars; because the only people who can profit selfishly from the control of a government, or from war are those who collect the rent paid because of the conditions thus brought about. This becomes self-evident the moment one realizes that to take advantage of these conditions one must be where these conditions exist, and that to be there one must pay (in rent) what the advantages are worth.

Economics either is, or it is not, a science as exact as other sciences; or, differently stated, the relations of economic causes and economic effects either are, or are not, controlled by natural laws as fixed and dependable as the natural laws which control the relations of cause and effect in physics and in chemistry.

Either like causes produce like effects in the field of economics, or they do not; there is no middle ground. If they do, they do so because the relations of cause and effect are controlled in that field, as in others, by fixed and dependable natural laws.

Unless such laws exist in this field also, it is impossible for us ever to know either the cause of our economic ills, or the cure for them. If that is the situation in which we find ourselves, it is a waste of time to even think about our economic problems.

If these laws do exist, social reform movements, whether political, religious, educational or commercial, whether backed by the churches, the banks, by organized Labor, the chambers of commerce, the farmers, the schools, the women, or by the State are as futile as would be a movement to revise the schedule of the tides. For, if these laws exist, all men can do in this matter is to adjust themselves to Nature's plan and learn to use her economic forces as they have learned to use natural forces in physics and chemistry.

There was a time when men explained typhoid, for example, by saying that some old woman, suspected of being a witch, had cast an evil glance upon the victim. People who believed that gave no heed to the study of sanitation; but spent their time, instead, hunting the "witches" whom they considered responsible for their sickness. Gradually, however, the science of sanitation made progress; then, as men learned that typhoid is the result of infection spread by flies which are allowed access to sewage, this particular witch-hunting was abandoned and typhoid was stamped out.

In this country, we have out-grown the superstition of the evil eye; but we are obsessed by the superstition of the evil heart. We still explain economic ills by charging them to selfishness and indifference; and we spend our time hunting "witches" instead of studying intelligently, the cause of our economic distresses.

We blame the high cost of living, depressions, poverty, crooked politics and war upon the misconduct of other men and, instead of studying the science of the

distribution of wealth to discover the cause of these ills, we hunt witches and seek to save ourselves by restraining them. True, we no longer hunt old women believed to possess the power of the evil eye; but we still hunt economic "witches." We hunt bankers, labor leaders, capitalists, politicians, etc.

Yet these men are no more to blame for these ills than the village "witch" of the long ago was responsible for typhoid. Just as typhoid is the result of ignorance of the natural laws of sanitation; so these social ills are the result of our ignorance of the natural laws of economics.

The issue here in which we are so vitally interested is whether the product belongs to the producer.

Rent is the market value of the co-producer service available at the site for which the rent is said to be paid. It belongs to those who render that service.

In a free market—that is, in a market where people are free to buy or not to buy, we decide how much rent we will pay; for, if we think we are paying too much, we can move back further from the center of activity; and, if we are willing to pay more, we can move in closer to the center of activity.

Because the most of us can, under this present system, make only a bare living the people are in a constant state of insecurity. This results in a chronic state of timidity—especially is this true of business men. This timidity is very clearly reflected in the timid attitude of the Press, the Pulpit and the Radio.

Since economics is not recognized as a science, civic and political issues are treated, necessarily, as matters of opinion. Having no scientific standards in nature outside themselves whereby men can check and correct opinions relative to economic issues, men cannot agree with respect to them. Accordingly, they know

no way to settle these issues, except upon the theory of majority rule—that is, on the theory that the opinion of the majority must be the correct opinion.

For this reason, and because those in business and the professions, are afraid to discuss debatable issues, our state policies are determined by a haphazard drift of public opinion. Under such circumstances the voice and vote of an economic ignoramus counts as much as that of the specialist in this field.

Against the menace of such a situation, the public schools are no protection; because the schools are financed with public money and the schoolmen dare not get much (if any) ahead of public opinion. The public schools cannot lead, but must themselves accept the leadership of public opinion—no matter how incompetent that leadership.

The press is supported by advertising—that is, the publishers of our newspapers, so-called (really they are adpapers) are merchants who live by the sale of advertising space and are, therefore, unable to lead, but must, like the schools, drift with public opinion, no matter how dangerous that drift may be.

The landless are not the only victims of the ignorance which is responsible for this mismanagement.

Only a very small proportion of the title-holders gain more in rent than they lose in taxes. Whether one wins or loses by this folly depends on the nature of his holdings. The average householder loses; for he is assessed four times as much on improvements as on his "land value"—that is, he loses four times as much in taxes as he gains by the misappropriation of rent.

Those who make money from the mere ownership of titles to land are very few in number.

Business and professional concerns usually operate on leased ground; so that they have no "land value"

relations, this means that wars and rumors of war would cease. Then, instead of thinking we must control sources of the raw material we need, we would lose all interest in that control and content ourselves with buying whatever we might need, and doing that in a way to make friends of other countries in order that we might sell them the things we produce.

Then all our relations, at home and abroad, would be actuated by the knowledge that there are but three business ways of obtaining wealth; namely, to get it as *wages*, to get it as *interest* and to get it as *rent*; and that, as the rent belongs to the public, the individual is limited to wages and interest. neither of which can be got except by making a corresponding investment of labor or capital—that is, by making himself (or his capital) useful to those with whom he is dealing.

This would put an end to war.

With the cost of living rising, year after year, and our economic interests at the mercy of voters who are not only ignorant of the most elementary principles of economics but are swayed, instead, by the prejudices of the witch-hunter, our situation becomes steadily more desperate and hopeless; for even good men become dangerous radicals when they think the ills they suffer are caused by the misconduct of other men.

It was the discovery that economics is a science as exact as physics or chemistry or mathematics that revived my faith in humanity and in the future of society and saved me from infidelity and from becoming a confirmed witch-hunter and dangerous radical.

Because of this discovery, I have more confidence in the future, more faith in God and man, and also more peace of mind. I invite you to join me in all this.

made little real progress and his followers (the Single Taxers) have failed and passed out of the picture.

When he came to Stockton in 1921, the writer began ten years of close association with G. McM. Ross, who was unquestionably the one man in the world capable of leading students beyond the point reached by Henry George in 1879.

These ten years, so far as this association is concerned, were given over completely to the task of discovering, stating and explaining the natural laws of economics.

The writer had had so very little contact with followers of Henry George that he did not find out till he attended their conference at San Francisco, in 1930, how greatly his views differed from the orthodox Single Tax view. There he discovered:

1. Single Taxers rely not upon natural law, but on moral (or police) persuasion; therefore—
 - a. They are content to make progress step by step.
 - b. They believe in pooling forces; and so resort to the political method of compromising their objective for the purpose of enlisting allies.
2. They believe that rent is paid for a free gift of Nature (land) and so hold that rent is not an expense and does not enter into price as wages and interest do.
3. They do not accept economics as a science as exact as any science and so have no dependable standards (as physicists do, for example) by which they can check and correct opinions; therefore, they cannot agree even among themselves.
4. Some of them agree with George in approving interest; some agree with Karl Marx in denouncing it.

After the San Francisco Conference, the writer began to understand why his paper had not had more support from Single Taxers.

His criticisms of that Conference began a cleavage which has split the followers of George into two irreconcilable groups.

One of these groups wishes to go forward to new positions; the other holds to the views of George, who died in 1897.

Two of their leading institutions are the Robert Schalkenbach Foundation, endowed by the will of Robert Schalkenbach to keep the teachings of George in circulation, and the Henry George School of Social Science, chartered to teach these things as George taught them. Naturally, these institutions will be slow to take up with the modern interpretation of these teach-