

The Greatest Discovery of Modern Times

We are accustomed to think of the great inventions of the past couple of centuries as very wonderful. We have unbounded admiration for the steam engine, the electric dynamo, the telegraph and telephone, the phonograph, the wireless, the airplanes and the dirigibles, and the many other things which these suggest to the mind. It is very true that these are wonderful inventions and man has reason to be proud of his success in harnessing the forces of nature to make them do his bidding.

Granting the wonderful advances made in the physical sciences during the last few centuries, we want to call to mind that there has been an advance in the science of Political Economy that is of greater import than that of any other department of human knowledge.

This advance was made by Henry George, the latest and greatest of all Political Economists. His book, "Progress and Poverty," which appeared in 1879, marks an epoch in human achievement.

As is well known to whoever has given thought to social problems, involuntary poverty always stalks in the wake of material progress. "The 'tramp' comes with the locomotive, and almshouses and prisons are as surely the marks of 'material progress' as are costly dwellings, rich warehouses and magnificent churches." We find that material progress does not benefit all of the people, for while some make an infinitely easier living now than before the introduction of labor-saving machinery, some find it hard to make any living at all,—some are raised while others are crushed.

This is because, under our present economic regime, "wages tend to a minimum which will give but a bare living." Henry George's discovery was this:— Wages (1) are low because rent (2) is high; therefore the way to raise wages to the full earnings of the worker with brawn or brain is to lower rent; rent can be lowered by taxing it, thereby raising wages. Taxes on labor and the products of labor increase the cost of living. But a tax on ground rent (or land values) cannot increase the cost of living,—cannot add to price, because land is not a product of labor, and the rent of land is the price of privilege (the price of land being that land rent capitalized.) The surface of the globe is limited and the effect of a tax on the monopoly of the surface of the earth is to destroy that monopoly, and when the full ground rent is taken by the government, society will be freed of those "dog-in-the-manger" land monopolists who toil not, neither do they spin, yet Solomon in all his glory was not arrayed like one of them. (3)

The tax on rent (or land values) cannot be shifted because the law of supply and demand governs the price of land as well as other prices. Price can only be increased by decreasing supply or increasing demand. But a tax on land according to its value cannot decrease the supply of land because the surface of the earth is definitely fixed. And when land owners are compelled to pay the land rent to the government whether they use the land or not, non-users will be forced to let go their holdings and this will destroy speculation in land. Users will be the only land owners. Usufruct is the only right land tenure.

When the land owner pays the land rent to the government (under the manner generally termed Single Tax) monopoly and speculative rent, now appropriated by land owners, would under the right and just system we propose, go to the people who produced it: and economic rent

would go to the government for governmental purposes.

The application of this great discovery of Henry George would have a more far-reaching effect in the raising of wages, destroying involuntary poverty, creating good will where hate now rules, than all the other discoveries of modern times—this recognition that God did not make rich men and poor men, but “male and female created he them,” and “the earth hath he given to the children of men”—not to the landlords. All people have an equal right to the use of the earth and the method of securing this right in a highly developed civilization is, not to divide up the land, but to take the rent of the land to run the government, utilizing for this purpose the machinery of the tax department.

Notes—(1) Wages is that portion of produce that goes to the worker, and this term includes salaries, commissions, fees, etc. Natural wages is what the worker produces. Actual wages is what the worker gets after rent is taken out.

(2) Rent is that portion of produce that goes to the owner of land. It is the price of privilege. It has three forms, i. e., Economic, or true rent, monopoly rent, and speculative rent. House rent itself is not rent of any kind, but is interest and replacement. The amount paid for living in a house in “a certain location” is rent. The location value is true rent. By far the greater part of what is commonly called interest is, scientifically speaking, rent. The term rent applies to the value due to location and monopoly of land, and also the speculation in land.

(3) See Progress and Poverty, Book 3, Chap. 8.

“PROGRESS AND POVERTY,” by Henry George. An inquiry into the cause of industrial depressions, and of increase of want with increase of wealth: The remedy. “A book that can neither be ignored, nor sneered down, nor laughed down.”—New York Evening Mail.