

Rent Collection Steps Up Prosperity

By PHIL GRANT

Now he that planteth and he that watereth are one; and every man shall receive his own reward according to his own labor.—I Cor. 3:8.

LET'S return now to the land speculator who can no longer profit by holding land idle since the community collects the full land value from him whether he uses his land or not. Obviously, since he can't afford to pay out rent for land that earns no income for him, he is left with no choice but to improve his land to its full economic capacity, or to abandon it. Whichever choice he makes, the entire community must benefit. For it doesn't matter whether he himself improves his land or whether someone who takes over after he walks away from it, does the actual improving. The result is that additional labor is put to work on additional land.

Most owners of better-than-marginal land would most likely choose to improve their land because; (1) they'd want to get back in rentals at least as much as they would have to pay to the community in land rents; (2) any improvements they should make, no matter how elaborate, would be completely tax free; and (3) since the community wouldn't want to collect the full land rent, but would be satisfied to allow present landowners to retain a small part rather than permit the abandoned land to fall into the hands of government and thereby attract thieving politicians, the landowners would still be getting an advantage.

Since the landowner, like all humans, seeks to satisfy his desires in the easier way, and he can best satisfy his desires by getting back out of his land more than he must pay out in land rents to the community, he'll happily tear down the slum tenements, shacks and outmoded buildings now on his land, and will replace them with more modern structures. Not because he wants to beautify the city, but because being human, he knows that putting up modern improvements would be the easiest way for him to attract tenants. He'd clearly see that under a system of free enterprise, there'd soon be an abundance of housing and business structures, and only the better ones could attract tenants. For who would agree to live in a slum or do business in an outmoded fire-trap if modern quarters were available at the same rental?

Almost immediately, then, after community collection of land rents began, the nation would see the longest-lasting building boom ever dreamed of! Landowners, who formerly held land only as a speculation, would now desperately improve their properties for use. And, to do so, they'd scurry about wildly trying to hire

architects, bricklayers, steel-construction men, carpenters, electricians, painters, and all of the many other types of building-trades labor. There'd certainly be more jobs than men to fill them, and the result, undoubtedly, would be much-higher-than-union-scale wages. Whenever the supply of labor is lower than the demand, wages *naturally* climb much higher than man-written laws, strikes, union bargaining or socialistic controls can artificially force them.

Moreover, let's remember that buildings aren't made of labor alone. Building materials—mountains of them—would be needed too. The quantities of brick, lumber, plumbing, electric wire and fixtures, girders, concrete, glass, nails, paint, refrigerators and the thousands of other manufactured articles used in building would be needed far beyond our imagination. And to produce this fantastic quantity of goods would require an equally amazing quantity of labor and capital! In order to produce the manufactured articles, raw materials—logs, iron ore, oils, paint pigments, copper, asphalt, rubber, cotton, and so on—would have to be produced by miners, farmers, and lumbermen—more labor and capital profitably employed.

With all these extra jobs and income—in both wages and interest—everyone will certainly be able to afford more and better food, clothing and shelter; better schools and better-paid educators. And that, of course would mean more jobs for the manufacturers of our food, clothing, shelter and gadgets; more funds for schools and top wages for our teachers.

Educated as we have been to an "economy of scarcity," our description of production under a free economy—an economy of plenty—is hard to believe. That simply collecting all land rents to force idle land into use and doing away with all taxation could result in such far-reaching benefits for all men is certainly unbelievable at first sight; but that it is indeed true has yet to be logically disputed!

The alert reader may be wondering what we're going to do with all this production—especially with so many new buildings. Certainly, there must be a limit to the number of offices, apartments, stores and theatres that even the largest of cities can use. The builders will argue, since the value of city land is so high, and the owner will accordingly have to pay so much to the community in land rent, that only very tall buildings can be erected. For in order to get back enough in rentals to make up for the amount of land rent paid out, the owner would have to pile rental units story on story. Since even today, not all skyscrapers are fully rented, what's the point in building more of them? All of these arguments are sound.

But — builders aren't fools. When the demands for office buildings and apartment houses are completely satisfied—and it is very unlikely that the day will ever come when man doesn't want even bigger, better, newer or more convenient quarters for living and for business — builders will, as they do today, stop building them. The one- and two-story taxpayer buildings now covering most of big city areas will most likely be torn down, and if not replaced by a skyscraper, will leave many large vacant areas spotted between the tall buildings. If these idle lots can't be afforded for private production purposes, the community may use some

of the land rents collected to turn them into beautifully landscaped gardens fitted with tables to which office workers may bring picnic lunches in the spring and summertime. Some of these areas might be transformed into swimming pools, ice-skating rings, out-door libraries or tennis courts. Or, if the community preferred, it might earn additional revenue by making them into fruit-tree bordered parking lots. Empty spaces in our cities certainly aren't the city-planners' problem today. It's the overcrowding caused by too many low squalid buildings, too-narrow streets, lack of recreation areas and auto-parking facilities that present the difficulty facing our city-planners and slum-clearance architects. It is plain to see that once the community collects land rents instead of taxation, cities will become less crowded and the wilderness that separates cities today will become more populated.

Many land speculators owning marginal and sub-marginal land will prefer simply to walk away from it rather than improve it. Economically, such land would have no value; but that is not to say that such land would have no use value. For on such land—we'd rarely find it in cities where population is heavy—people will most likely build their homes, schools, churches and public buildings. As such land is sub-marginal, those using it would pay no land rent to the community because, according to Ricardo, marginal and sub-marginal land yields no rent. Since all taxation on improvements will have

been done away with, those making their homes on such land might live there — regardless of how extensively they improved their houses—at no expense whatever.

But it is the marginal land which will be abandoned by the speculator, that really makes the collection of land rents by the community so worth while. As we saw in earlier pages,* wherever free land is made available to any who care to use it, unemployment is impossible! Marginal land that yields no rent does

yield wages and interest to the user—wages and interest equal to that earned on all land—even the best. When free land is available for the taking, and with more jobs available than there are men to fill them, humans will no longer crowd into cities to compete with each other for a limited number of available jobs and thus drive wages down to a level far below decent subsistence. Those preferring to work for wages would be sure of being paid at least as much as they might earn working for themselves on marginal land. In fact, it is more likely that they'd earn a bit more, for under such conditions, hired labor would be scarce and therefore at a premium. Employers, as they do during war-time labor shortages, would find it to their interest to offer the most attractive wages, working conditions and special inducements in order to attract labor and keep it.

* From *The Wonderful Wealth Machine*, by Phil Grant—a modern version of *Progress and Poverty*, being published by Devin-Adair Company, New York.