Royal Road
By PHILLIP GRANT

[This is Part II of an attempt to condense Progress and Poverty for those who read while they run. Last month's installment suggested that a similarity seems to exist between Henry George's philosophy and that of Marx.]

While the Socialists cry out against private ownership of land, as Henry George does, they are also opposed to private occupancy and use of land. George, on the other hand, insists that only persons or institutions that use land can assure each individual his natural right to own every bit of wealth his labor and capital produces, assuming, of course, equal rights of all to occupy and use this planet are also assured.

Unlike the Marxists, moreover, George lashes out against government ownership of either land or wealth, since government is purely a convenience to them, and not necessarily one to preserve and improve it. George insisted, while every individual holds an absolute right to own everything he has produced by his labor, he would not take away the use of land, so that all would not be forced to own nothing; and society alone is responsible for rents; therefore, society, has the only rightful claim to rent.

The next step in George's logical progression is obvious. If the rent of all land (but not the "rent" of buildings or other improvements)* were collected by the community, and were used to maintain streets, in some other way not productive or less productive. Consequently, dividing land by the acre among the people can't possibly divide the benefits and advantages of the land equally. Since no two pieces of land are alike, the better parcel with the same labor and capital applied, will produce a greater, and unearned something—a few extra rental sales on a few extra bushels of wheat or extra carloads of metal. This unearned and additional production, called economic rent, enables the owner of land to get at least by when market prices fall; but the better land, obviously must, under such circumstances, operate at a loss. As a result, one landowner would find his land mortgaged and finally lost to an owner of better land. Therefore, land divided by socialistic decree must, with the passing of time, reform itself naturally into the huge land concentrations that the Socialists originally sought to break up. (This tendency is now observed in every one of the various areas in Europe, Asia and South America where land has been parcelled out "equally" among the peasants.)

Henry George also pointed out that it isn't necessary for governments to parcel out land through legislation; that even today, land parcels itself out naturally among those who can afford to pay for the privilege of using particular sites; among merchants, farmers, mine operators, etc., without help from or interference by government. (That all men cannot afford to use land is due to the lack of direction by government so much as it is to the low rate of return which prevails where ever land is privately owned.)

The wealth mankind now pays for the privilege of occupying bits of the planet now falls into the pockets of a minority group of men and institutions. Since neither men nor institution produce rent, they can make no rightful claim to it. And since rent increases as populations increase, and falls where populations are sparse, George held that it was population—special city rents—and that society-at-large, therefore held the only just claim to that rent. To summarize this phase of the argument: nature produces land, and nature therefore has the only valid claim to land ownership; man produces wealth; and man alone may own wealth; rent would more than pay the butts. And society alone is responsible for rents; therefore, society, has the only rightful claim to rent.

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*The owners of farms, factories, retail shops, skyscrapers and apartment houses rarely own the land mortgage-free on which their improvements rest.