

## Where the Wealth Goes

OUT near the rim of Chicago on an unimportant street, ten miles from the City Hall, stands a drug store, on a plot of land that much less than forty years ago was farm land, miles from the city boundaries, valued at a few hundred dollars an acre. The plot of land on which this drug store stands was purchased not many years ago for \$77,000. The present owner now values it at \$90,000. That extra \$20,000 is *unearned increment* just as was the *original \$77,000* for the bare opportunity. The present owner however, paid \$77,000 cash for it and of course he calls it *capital value* and he wants *interest on his investment*. He has had three tenants to date and they all *went broke* and moved out. They could not make the rent and live also; so they quit. The owner then moved into the store and now runs it, both as landowner and business man and while it is safe to say that he will not move out as did the others because he cannot pay the rent, he will charge all the traffic will bear and that is of course all of the cream, all of the skimmed milk, and part of the whey; the balance will go to the customers, as usual. That is the process of division that goes on here and over most of the world. Now what was it the owner invested in when he bought that land? He could not earn that sum in raising garden truck on that land in two hundred years and live well in addition. What he invested in—without knowing it, in all probability—was \$77,000 worth of *tribute levying power*. Now just multiply that sum by the billions of square feet of land of equal area inside of that ten mile radius in three directions from the City Hall and make all the necessary deductions you please and you will still have left a sum of *ciphers backed by the law*, that staggers the imagination; a sum that the average human mind cannot possibly grasp.

Consider carefully the fact that that value is *land value*, that it is social value capitalized against the very people who have to pay interest on it and that this value can be expanded indefinitely. This value does not represent wages paid for work done. Nor does it represent interest paid on useful productive capital. It represents nothing whatever but the legal power to take wealth from industry without giving any wealth or service in return. Consider also that drugs and sundries are made by labor and not by law. Consider also that land value is made by law and not by labor and that were it not for the law's protection that land would not be worth seventy-seven cents and that if the law were abolished, the things made by labor would probably cost fifty or a hundred times more in terms of dollars than they do now and you will begin to see the *economic cavern* into which our local wealth pours in increasing and unceasing volume.

Here is the mammoth cave that with constant regularity and unvarying voracity absorbs labor's earnings,

and that the diameter and depth of this cave can be expanded and it will be always expanded as our wealth producing power increases. We, as a people, have reached a period in our economic history when we will have to take account of these facts and facts they certainly are. That \$77,000 purchase price for a little dinky lot ten miles from City Hall is more than twice as much as the city fathers sold the children's mile square of land for, School section No. 16—in *down town Chicago* 99 years ago. *Some fathers*, don't you think? And the rental of one little lot under the Rookery Building downtown returns in land rental alone every year a thousand dollars more than the Children got for the whole square mile just 99 years ago. Here is the real reason, the true reason why we are today a bankrupt municipality. The real bankruptcy is lack of information on immensely important questions. A bankruptcy that extends from Boston to San Francisco and includes them both. A bankruptcy that has involved the Federal government in five and a half billions of debt is less than two years. A system that mortgages the taxing powers of government years and years in advance to pay the expenses of government in the present and that in a country whose people are never tired of boasting of their wealth and wealth producing power. If this does not imply economic lunacy, the term lunacy has no meaning. It is only too obvious to any thinking citizen that the system is now operating as its own grave-digger. All false systems eventually do that and ours is rapidly following the sorry procession toward the cemetery which contains the gravestone of every fake system from the beginning of time down to the present moment.

To have permanency, a system must be just and it would be almost impossible to find a system or method that contains a greater sum of injustice than the one now operating in this country. That is why it is failing, and the compelling evidence of its failure is piling up mountain high, as the stores empty, the factories shut down, and the bread lines lengthen all over the land. Never in the history of man has such a spectacle been witnessed as can be seen in every center of population in this country. Deepening poverty and steadily increasing wealth producing power; the baldest and most irreconcilable contradiction imaginable. There is nothing in fiction like it. It is the riddle of the sphinx, which not to answer is to be destroyed, nor can the answer be much longer delayed. This system has not only undermined the prosperity and security of our workers, it is now relentlessly at work digging caverns under our prosperous classes who but a short time ago were preening their feathers and hugging no end of delusions as to the continuous upward swing of unparalleled inflation and thought they were wealthy and secure for all time. What has happened in two and a half years has abolished a national security, destroyed smugness, messed up many



great reputations for wisdom. Broken no end of idols, replaced security with alarm, filled kitchens with crusts and made simpletons of statesmen all over the world, and that is just as it should be and will be until we do some straight thinking on the subject of political economy.—HENRY H. HARDINGE.

AT a time when the "Three Estates" were the recognized groups of the French nation, Rochambeau wrote that in reality there were but two, "the privileged people and the unprivileged."

## BOOK REVIEWS

### CHAINING THE WAR GOD\*

Victor Alexander Rule has written a good book. He could have written a great book. A good book is characterized by a presentation that is interesting and entertaining. To be a great book it must be that and something more; it must carry such conviction that its theme acquires inevitability in the mind of the reader. In a book advocating change in the political or social order—propagandist in purpose—the measure of its greatness is the extent to which it convinces the reader as to the efficacy and justice of the reform proposed, and therefore stimulates a desire to see it put into practice.

It is because the subject of war as a denial of natural economic law has never, to my knowledge, been adequately presented; it is because I know that Col. Rule is capable of such a presentation that I choose to measure his book by the more difficult yardstick of greatness, rather than the moderate measure of goodness. And it is my sincere hope that he will follow this first volume, which should gain favor with all lovers of peace, with one in which the attack upon the fundamental cause of all wars—exploitation—is developed in such a way as to leave no doubt even in the minds of militarists that this, and this only, is the cause of war.

To every Georgeist the logic of this book is convincing. To one who is not familiar with Georgeist philosophy I am afraid the development of Col. Rule's thesis will not be so apparent. The syllogism does not seem to be carried out to a finality that resists refutation, and I believe this is due first, to the form of presentation, and secondly, the failure to prove the theory of "surplus wealth," its cause and its effects.

The form followed by the author is to analyze the proximate causes of war—the machinations of diplomats, the avarice of munition makers, the irritation of large armies and navies—and to show how none of these of themselves bring about armed conflicts. He discounts very ably the theory of population pressure as a cause of war. He sketches the various attempts to achieve universal peace and shows how and why they failed in their purpose and in fact often were the irritants that hastened the advent of wars. Thus, clearing away the obvious causes for war and the inadequacy of the popularly accepted devices for eliminating war (in ten chapters), he proceeds in two chapters to tell how the War God can be chained. The first of these chapters is entitled "With What Do Nations Fight?" and the answer is "credit." He advocates a tax on land value not only as a means for reducing national debt, but also as a deterrent to the patriot-landlords who clamor for, and profit from, war, but are not willing to pay for it. The next chapter, "For What Do Nations Fight?" reveals what he considers the fundamental cause of war—"surplus wealth" seeking profitable investment in the exploitation of subject peoples. (In this chapter Col. Rule indulges, for no good

reason at all, the obsession he shares with several Chicago Single Taxers, namely, that rent is expressed in price!) Then he devotes a chapter to showing that this "surplus wealth" is derived from land rent, and that the way to destroy this urge toward imperialistic enterprise is to socialize the rent of land. A short chapter on "What If War Should Come" serves only to bring out that the socialization of land rent would enrich our national coffers immensely for fighting purposes, and by removing the cause of poverty would develop a greater fighting morale in the citizens; but it naturally occurs that if the cure for war has been proven, why speculate on the possibility of war after the cure has been applied, unless, indeed, the author is not quite sure of himself?

Such, in brief, is the form of argument used in the book. It is through a process of elimination of other causes and cures that Col. Rule attempts to lead the reader to his (Rule's) conclusion. It is plausible inference, but not wholly convincing. There seems to be a hiatus in the reasoning. Might not another author, believing that wars arise from some innate desire of man to fight, a sort of sadistic propensity of the human being, continue the process of elimination and just as plausibly eliminate the "surplus wealth" theory as well? Might not another author, accepting this theory, advocate the abolition by law of foreign investments as a means of stopping war? Indeed, Col. Rule does not explain why there were wars before there were foreign investments. What foreign investments did the Romans have in Gaul when Caesar led his legions over the Alps? And how does the "surplus wealth" theory explain our own Indian wars? "Chaining the War God" does not prove its case.

"Surplus wealth"—an expression that is quite descriptive, but somewhat abhorrent to me because borrowed from socialistic phraseology—is that part of wealth produced by capital and labor which is diverted from their rightful owners to the pockets of landowners. This diversion is possible because of the monopoly of land. Were land free, that is, if its accessibility were open to all on equal terms, this wealth would naturally flow to its rightful owners, labor and capital. The freeing of the land from private ownership is to be attained by socialization of rent. In this way the wealth of which labor and capital is robbed, and which is far in excess of the personal requirements of landowners, would not accumulate in the hands of a few, who find it necessary to invest it in further exploitation. Finding their home markets glutted because of the citizens' inability to consume more goods—due to the very robbing of them by the landlords—foreign markets are sought for the investment of this "surplus wealth." In these foreign markets, however, these investments come in conflict with the loot of landlords from other countries also seeking fields for exploitation. The struggle for markets then becomes an irritant which results in armed conflict. The way to eliminate a troublesome competitor is to secure a monopoly. With a large army and navy you simply prevent him by brute force from entering your field; if he also has an army and navy, a fight ensues.

While Col. Rule does explain this source of "surplus wealth" (and the land-value-tax method of destroying it), he does not, it seems to me, convincingly show that its search for foreign fields of investment is the primary cause of wars. Nor does he give sufficient emphasis to the idea that the abolition of poverty, through the elimination of land speculation, would create a social condition repulsive to the idea of war. The militarist would find the self-satisfied citizen, with lots to live for, quite unresponsive to his appeal to commit murder, and to subject himself to the same possibility.

The absence of any reference to tariff walls as a cause of war is a rather unexpected omission in this book. Germany, a manufacturing nation in the main, found itself unable to market its products in other countries because of "protective tariffs, and therefore sought outlets in Africa, Asia and South America. Then it came into conflict with the agents of "surplus wealth" from England and France. Its "place in the sun" denied it, Germany went to war. It is true that tariffs are another expression or creation of "surplus wealth,"

\*Chaining the War God by Col. Victor A. Rule. Cloth, 12 mo., 306 pp. Price \$2.25. James A. Bell, Elkhart, Ind., Publisher.