The

PEOPLE'S

Land



BY

JOHN HARRINGTON

1942

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It is said that one should have a hobby as a relaxation from his vocation. Years ago my hobby came to me without seeking, as hobbies will. A book on the shelf of a friend attracted my attention. It was Henry George's "Progress and Poverty." I had heard Mr. Henry George deliver a lecture shortly before without being much impressed, or absorbing any clear idea of his thought. But some curiosity remained and caused me to read the book. Had I not observed the book on the shelf, I might have missed one of the great pleasures of my life-the study of Nature's wise provision for mankind. Now I think of that book as the most important yet written by an American. It is not an easy book to read; but for him who can read and understand, it offers a high reward.

The subject of the book is commonly known as the "Single Tax." The name is not accurate nor attractive, for it is not a tax, and taxation is not an attractive subject. But those who understand it have received a new vision of the purpose of human life, and Nature's Divine provision for its care and security. A new acquaintance said to Herbert Quick: "I am told you believe in the Single Tax." "Believe in it! It is my religion," he replied. In its simplest, if not entirely accurate terms, it proposes to abolish all taxation. To many people this should arouse enthusiasm. It also proposes to provide free access to good land for all who may desire to establish a home and provide a comfortable living by productive labor. This will have an appeal to the "illfed, ill-housed, and ill-clothed" millions. It will render unnecessary the large classes known as "Landlords," and "Mortgagees," and return them to the ranks of producers and useful citizens.

We who from early youth have seen ground rent collected by the owners of land and paid willingly by tenants, look upon the transaction as normal—as natural as the payment for goods to the merchant, or wages to a workman. We have not noted a fundamental distinction. That does not mean that we are "dumb," but rather the extent to which our minds are ruled by custom. The workman and the merchant give labor or labor products for the money we pay them. But the land owner who receives rent gives neither labor, labor products, nor service of any kind. His is an unearned income to him.

When we speak of ground rent as an "unearned income," an idea is introduced that has never occurred to the minds of millions. It would therefore seem useful to examine a few definitions and classifications, simple in themselves, to aid in keeping our

subject clear. It is well to have in mind that there are only three classes of income in the ordinary affairs of business and of life. These are Rent, Wages, and Interest. These terms are exclusive, each of the others.

The factors of production are Land, Labor, and Capital. These factors are also exclusive of each other. Almost we might say, the Land, the Man, and the Machine.

By Land, we mean the entire natural surface of the earth available to man, with all its contents, powers, and properties—reserving Man for separate classification.

Labor includes man in all his activities devoted to production and service to satisfy his wants, or through exchange, the wants of others.

Capital consists of buildings, machinery, implements, and other goods produced by labor and used in the production of Wealth.

Wealth is the broad term that includes all the material objects of value, produced by labor and capital for man's needs and satisfactions; and is commonly divided into two somewhat indefinite classes: consumption goods and capital. These few definitions are important, and necessary to our discussion. These terms are used in a more technical sense than common usage.

Rent, Wages, and Interest are the respective incomes derived from land, labor, and capital. Rent differs from the others in the fact that it is not an "earned income" in the same sense as the others. It is not the product of the labor or effort of any individual. It has been called an "excess" product.

Wages is the product of labor, not labor in general, but of the individual laborer. What he produces is primarily his wages although he may receive it in some other form of goods, services, or in money. In this sense all men are laborers so far as they engage in the production of wealth or render desirable service.

Interest is the return earned by the use of capital. Thus to a farmer his plow is capital; and the handlabor saved by his plow represents interest on his capital. Time saved by a tailor through the use of a sewing machine represents interest on capital.

Rent, however, being the chief subject of this paper, needs more extended treatment. It is not well understood by the public. It is perhaps more accurate to say that it is sadly misunderstood. Rent is derived from land, more strictly, from the use of land; but much land does not produce rent. Land lying vacant

produces no rent. Land so infertile that it will not produce a living for the user produces no rent; it is called submarginal. Marginal land is such as will produce a living (common wages) but no rent. Supermarginal land properly used will produce both wages and rent.

Land, to produce rent, must be fertile enough, or well enough located to pay for the labor and capital ordinarily applied in its use, and to produce an "excess" in addition. Thus, if a tenant leases a farm, or a merchant lease a store, the rent to be paid must be produced in addition to the value of the labor and capital expended in the use of the site. This, of course, is self-evident—not so self-evident but many people think that rent is the first obligation to be met by a tenant, whereas his first obligation is to make a living, or common wages.

This rent is not earned by the land owner. It comes to him as a gift. It has been said that the land owner earned the money he paid for the land, or the factory he traded for it. But these—the money and the factory, are still in existence and are earning income for their new owners. What the land owner bought and owns is a special privilege created by law—the power to collect rent. Rent is an "excess" product of the land. Rent may be illustrated by the case of a farmer whose land will produce forty bushels of corn per acre, and another whose farm will produce seventy bushels to the acre. The first may need the entire crop to provide an average living for himself and family; hence he can pay no rent. The second will have a "profit" of thirty bushels per acre; this is rent. It was said of an Iowa farmer that he "bought more land to raise more corn to sell more pork to buy more land, etc." In the case of farm lands fertility is chiefly considered; in city lands, location is of first importance.

The Law of Rent is a natural law, like the law of gravitation. It was formulated by, and named after, David Ricardo, (1772-1823). In substance, it states that Rent is the excess product of any land over that of the poorest land in use. The poorest land a man will use is such as will pay him common wages and interest on the capital used, but will not pay rent. Such land has no commercial value.

The rent which land will produce determines its commercial value. The reverse is a very common error. The rent of land depends upon the demand for its use; and demand depends upon the density and activities of population. In the territory we occupy, land had little value one hundred years ago; but population increased rapidly through immigration. Many now living know of lands that have doubled, trebled, even quadrupled in value in their

lifetime. This increase in value was not due to the owners, but to the increase in population and the enterprise, activities, and growing needs of society. The owner of land did not create the value, except as a member of the growing community. Since this value is created by the presence and activities of society, as a matter of natural law it belongs to society. This value of land is measured by rent.

It is the duty of society to collect the rent, and use it to defray the public expenses of society. It is contrary to natural law that private owners of land should collect an income they have in no way earned. It is equally wrong, economically and morally, that the community that produces this excess value should be deprived of it. An examination of the results of this unnatural condition, the violation of nature's laws, will convince the thoughtful that the condition existing should not be allowed to continue. Such violations always bring their penalties, in concentration of wealth in the hands of a favored few, and in unemployment and poverty among the masses. I venture to say that land ownership and concentration of land ownership is the sole cause of extensive unemployment and poverty, and that free access to land is the only remedy-for disease, vice and crime on a large scale are results, not causes.

The earth was made for man. This is no better stated than in the Declaration of Independence: "That all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty, and the pursuit of Happiness." Since the exercise of these rights is dependent upon land, and can be exercised only upon land, denial of the right of free access to land is, to that extent, a denial of the right to life. In a large way denial of free access to land is denial of the right to make a living except by working for an employer on such terms as the employer may offer, or of paying rent to a land owner for the use of land. It is common to hear that men have a "right to work." Under our system they have no such right. They have only the right to accept a job on the employer's terms, or to pay rent to a landlord, or to become part of the ten million unemployed. With free land that condition will be reversed.

The rights to Life, Liberty and the pursuit of Happiness are "unalienable." A man is not allowed even to divest himself of these rights. He may forfeit these rights by misconduct, and for the protection of society. He cannot be deprived of them by government without violation of natural law, and the substitution of legalized force. Upon these principles the philosophy of the Single Tax is founded.

It is true that the best use of land requires permanent undisturbed and undisputed ownership, but always with the important condition that ground rent belongs to the people, and that ownership may be forfeited for non-payment of rent, as it may be at present for non-payment of taxes. It is commonly understood that the final or fundamental title to land is in the government as an attribute of sovereignty. But under the democratic conception that means that the title is in the people, as of course it is; for the government is the creature and the agent of the people. But the people are not bound irrevocably by the acts of their agent, the government; but may dismiss the officials and elect new officials. Laws that violate the natural rights of men may be repealed; and those who have benefited by special privileges may be deprived of them. They are not entitled to compensation for rent yet to be produced. If "Rent is Robbery" it would be immoral to extend their right to rent into the future. "Vested rights" are often vested wrongs.

The land has always and everywhere been in possession of the people in some form, and under some rules and regulations, for only on and from the land can the people live. The study of land tenure historically is an interesting study in itself. The history of land tenure in England, and its establishment in this country by the early English settlers is familiar, and is praised more than it deserves, if we examine the results on the population as a whole, either in this country or in England.

Governments always have been and will be under the management of men, and have suffered the imperfections of human beings. It is probably a rather new theory, not so much that the land of a country belong to the people of the country, as that all the people are entitled to have free access to the land. That is the goal of the Single Tax philosophy. That is the system that we think will solve some of the flagrant evils that now harass our social order. And the Single Tax proposes to attain these ends and to remove the burden of taxation now imposed upon labor and its earnings, upon enterprise and production; and this through the simple process of collecting the rent of land by the public to meet the expenses of government.

It will be said, as it has been said, that the total ground rent fund may not be sufficient to cover the expenses of government. That is of minor importance. Its collection by and for the public will bring about free access to land, the most important objective. And it will relieve tax payers of the greater part of their present tax burdens, if not all. The total annual rent now collected nationally is estimated at ten to fifteen billion dollars. Additional

rents of rights of way, mines, and mineral rights, water powers, dock and wharfage rights, are not now fully included; and with very material reductions in the expense of present tax collections and other expenses of government, there is some prospect that ground rent may be sufficient for governmental expense. The official machinery for collecting rent is now in existence. It is relatively simple and inexpensive in the assessment and collection of present taxes on land; while the collection of other taxes and licenses is extremely expensive.

With free access to land there will be no unemployment. There was none in this state three or four generations ago when land was relatively free. Neither will there be any rush into farming. The choice of occupation varies widely among men. It is probable that under a normal system one-third of the population will fill the need for farm products, while the other two-thirds will be fully employed in satisfying the other needs and desires of the public. In any event distribution of occupations will adjust itself naturally.

The Socialists would organize a system of huge mechanized "scientific" farming where one-half as many men would produce the national supply of farm products. This system is based upon what I think is a mistake in their conception of the main purpose of a farm-namely, to produce farm products. The primary purpose of a farm is the making of a home and the maintenance of a family enjoying all the reasonable advantages of our advancing civilization. It is probable that the "Jumbo" farm cannot compete successfully with the family size farm, where children can pick strawberries for the table, and men or women never get so old as to be denied something to do. When the lure of land speculation is removed, and there are no farm mortgages to worry the family, men qualified for farm life will operate farms. Those not qualified or not caring for farm life will find no lack of other employment to choose from. Men tend to chose the occupations they prefer and find themselves fitted for.

Farm tenancy, now growing and extending like a blight over the continent, will cease. Every natural farmer will find good land free for use. The rents and interest on mortgages paid out of ground rent, now going to the giant insurance, trust, and banking institutions in the financial centers, will be left in the local and state treasuries for the immediate use of the local public. The people's money will stay at home; our financial systems will become balanced. For when the entire ground rent is collected by the public there will be nothing left for "investors" in land, either as owners or mortgagees.

Due to the high price of land the distribution of population is abnormal—condensed unduly and unhealthfully in large centers, and so sparse in other sections as to be deprived of proper schools, highways, transportation and other public services. When land is free to access, subject to paying the ground rent, owners of land will hold only what they can use profitably, leaving spare land for neighbors. Enough of those in large cities will be attracted by free land to relieve the pressure of population. In the United States the population per square mile is about forty-five; in European countries, ten times as many. We need not worry about too many people for another two or three hundred years.

A condition of free access to land will not come over night, but must be brought about step by step. Many different methods have been proposed by single taxers. I may take the liberty of proposing one more, now that surtaxes seem to be gaining popularity, especially in the halls of legislation. There will be vigorous opposition to any step toward abolishing special privilege, but if made under a familiar form, the end to be sought will have less opposition, and will be accomplished with less disturbance.

Our present assessment rolls contain two columns, one for the valuation of each tract of land; the other for the valuation of buildings and improvements thereon. Let us suppose a surtax of one-fourth of one per cent, for example, on the land value of each separate tract, to be computed and added to the current tax by the clerk who makes up the tax roll; and a proportionate amount deducted from the value of buildings and improvements. Continue this process by an additional one-fourth of one per cent each succeeding year; thus, 14%, 14%, 14%, 14%, 16%, continuing this upward scale as long as necessary. (The reader may make computations for himself.) Numerous other methods are proposed.

The increasing tax on market values of land will soon cause a decline in these values, affecting the base or normal tax. At that point a third column should be added to the assessment roll for "Annual Rental Value," and the assesor should be required to study and write in such value as a part of his assessment. The upward scale should then require the addition of a proportionate increase annually of rental value until all rental value is taken in the form of a tax. This may require a higher order of ability on the part of assessors, although in England land value is measured more commonly by rental value than by market value. In due time the "market value" column will be dispensed with, and all land will be assessed on the basis of annual rental value.

The competition of the market will determine rental value as accurately as it now determines capital value. Such assessment, when competently made, will serve community purposes as well as, and probably better than, the present market or capital assessed values. The natural law of rent operates with equal justice under either system—as is a habit of natural laws.

Business, that is, desirable business, will readily adapt itself to changes resulting from moving slowly into full adoption of the Single Tax. In a few years after the first step is taken, the fortunate state that leads the procession will find its population increasing by desirable immigration; and I have no doubt, its neighboring states will be "taking steps." A federal Single Tax system is a future consideration, and beyond the scope of this paper. It should be said, however, that in times of crisis, war or catastrophe, ground rent, which costs the owners nothing, should be the first fund taken over by the government.

The more immediate problem is the education of our citizens in the right of free access to land, and in the evils of our present system of burdening labor and industry with the present terrific load of public expenses. All this may sound fantastic to those who do not see, or cannot see, that private appropriation of ground rent is an unearned special privilege. Intelligent men who think about it will see it readily.

A number of instances of partial application of single tax principles exist. The city of Pittsburgh, Pennsylvania; the village of Fairhope, Alabama; several Canadian provinces, South Africa, New Zealand, Australia, Denmark—these all furnish some information both of method and of effect based on partial application. They may also illustrate the maxim that half-remedies are sometimes worse than none; and the fact that possessors of special privileges will struggle for their retention. Unearned income is sweet. It produces a feeling of superiority, perhaps more so when known to be unearned. Unearned income is the hall-mark of the "Classes." In time it will seem as strange and as cruel that ground rent should be collected from users of land by "landlords' 'as it now seems to us that human chattel slavery should have existed in a Christian nation as intelligent as ours. If the early ancestors of this nation foresaw the legacy they left to their descendants, slavery would never have been introduced, and the "Color" problem would not be vexing us.

The respectable old evil of land speculation will become a closed chapter. Its history will be interesting reading for the children of the future—like

the heroic occupation of piracy on the high seas. When this Middle West opened up to settlement, the flood of immigration was preceded by marauding bands of land, timber, waterpower, and mine speculators who captured, by more or less irregular methods, the greater part of the territory, and doled it out to the incoming settlers at a profit. Rental value began to appear almost in advance of population. Speculative land investment in or near important centers has been the unearned financial foundation of many of our "First Families." This form of enterprise is ancestor to all the mortgage, land, and investment companies now fattening on the people's ground rent.

The investors of surplus capital have long considered land ownership and real estate mortgages the highest class of security next to government obligations. Such investment is in effect the purchase of future ground rent. When rent is collected annually by the people as they produce it, surplus capital will be invested in capital enterprises where it belongs; or it may be consumed by its owners as their rightful reward for their productive activities. It must not be permanently crystalized into legal claims for future ground rent, thus pensioning its beneficiaries upon the labor and enterprise of generations yet unborn. Land ownership under our laws of tenure creates an "upper class" just as effectively as "Titles of Nobility," prohibited by our Constitution.

The greatest handicap to the farmers of the nation is the billions of dollars of principal and interest paid to great insurance and trust companies in the large financial centers. It is also the chief cause of the growth of tenancy and share-cropping, which are slowly spreading over the nation like an ancient plague, and promise to reduce our heretofore independent and upstanding communities of farmers to a European condition of semi-serfdom, and our city workers to the status of proletarians.

Industrial wages are determined by the ease of access to land. The competition for jobs, and unemployment among laborers, creates a demand for land as a means of producing a living; and the demand for good land increases the price beyond the ability of laborers to purchase. This drives surplus labor to marginal land to eke out a bare living; and at the same time, drives labor in the cities down to the wage level of the marginal farmer. Briefly stated, the wages or living standards produced on marginal land determines all wages. It also determines the income of professional men and womenphysicians, lawyers, teachers, clergymen; for the crowding and competition of low wage people at the bottom cause the bright young people in the lower ranks to struggle for college training, and to seek business or professional careers; hence, we note crowding in the higher social ranks similar to that in the ranks of labor, and the successes, and many failures among them. Large unemployment in the lower ranks reacts upward, affecting the whole social body.

The present large accumulations of wealth from rents and royalties in our financial and industrial centers react on government to the detriment of the common man and to the integrity of government. Privilege protects itself. Money is power. Labor is conscious of these facts in a vague way, but knows no way to protect itself except through labor unions, which can reach only a minority of laborers. Hence the need in our schools of proper study and teaching of fundamental economics, now scarcely taught even in our colleges-especially those laws of nature that control our economic lives more fully than human enactments; and that operate as nature intended, contrary to many human laws. Let us pray for efficient teaching. To live in general comfort as nature intended, man must have free access to land from which all sustenance is derived. The only way to make it equally free is to take ground rent, the "excess product" for the equal use of all. To perform its natural purpose perfectly, it must be taken in its entirety. The man forced to marginal land must have his interest in the better lands secured, by placing the excess in his public treasury.

In European countries great landed estates, usually joined with titles of nobility, supported by ground rents from hard-driven tenants, together with wealthy bankers and industrialists, constitute a ruling class. Even where a measure of democracy prevails, and labor unionism is permitted in a semicontrolled form, the laws, and perhaps tradition, tend to maintain the ancient classifications of society. Ground rent of the many is absorbed by the few. In many countries there is not even a tax on land, the costs of government being squeezed out of taxes, licenses and dues on the entire population and its industries, and falling most heavily on the incomes most needed for a livelihood. Even in our own country many users of marginal land pay taxes who will have none to pay under the Single Tax. It has not even been observed that our land owners pay no tax-for their investment is discounted by the market and the assessor so as to allow them the full commercial rate of interest. We have many real estate associations seeking to secure to them even better terms in their unearned incomes.

With the full collection of rent by the public the money of the nation—the circulating medium—will not be constantly drained into the great financial centers, but will remain in the communities where

earned to stimulate industry and trade. The ground rent produced locally will pass through the local treasury back to the people who paid it, in payment for public services. Products purchased outside of the community will be paid for by products of the community. Products of foreign countries will be paid for by products of this country. Relatively little money passes in international traffic. When we buy abroad it is to our advantage; otherwise we would not buy. But it is also to the advantage of the seller or he would not sell. All free and legitimate trade is to the advantage of both parties. The greater the freedom with which people can buy and sell to each other the better for both. There should be no artificial restraint upon either in buying or selling, whether the trade be domestic or foreign, except necessary regulations for health and safety. In our own country taxes and licenses on interstate commerce are not only harmful but stupid and dangerous, creating ill will among neighbors, and inventing difficulties in traffic.

With the full collection of ground rent in the form of a tax, and with permanent security of title, the home maker will have all of his earnings left to maintain his family, to erect as fine and comfortable an untaxed home as his income warrants; to furnish it with all modern conveniences; to aid his community in building churches, hospitals, community clubs, and other educational, religious and fraternal conveniences. The business community will build untaxed store buildings, hotels, banks, theaters, and other semi-public institutions of which the community will be proud, while old outworn unpainted structures will not remain long on sites required to pay full ground rents; nor will cheap, unsuitable structures be erected upon high-rent sites.

Lands will be bought and sold; titles will be passed from man to man; men will die and leave estates to their survivors; people will move from place to place as at present. In these transactions, the values bought and sold and passing to heirs will be buildings, improvements and personal property, for the land will have no market value. If the site value attracts any money payment it will be notice to the assessor and to the neighbors that not all ground rent is being paid to the public. In that respect the situation will resemble the present, except that the neighbors who are paying full rent into the public treasury will have a keener eye on the competence of the assessor.

People will refuse to live on small crowded lots, and in crowded tenament houses. They will also refuse to live in far removed suburbs of cities with blocks of vacant land intervening; for no one will care to hold vacant land and pay the rental value.

Men who cannot afford to pay \$2,000 for a piece of land now, can have the same piece of land for a rent of \$80 or \$100 a year, and without a tax on his home structures.

Equal advantages will accrue to farm communities. The family size farm home is most desirable and most successful. The farmer will want as much land as he can manage profitably. On the other hand, he will avoid the rental payments of more land than he will find profitable. Where land is more valuable and the rental rate greater, smaller areas and more intensive cultivation will naturally prevail, truck farming, for instance, near the larger cities. One need not fear, I think, the competition of large "commercial farming," for the family size farm, with little hired help, and much of the family livelihood produced from the garden and live stock, will more than hold its own against the larger mechanized, one-crop method of farming based on hired seasonal labor.

"The benefactor who furnishes employment" will be replaced by the employer who may be glad to find as many employees as he may need. For when men can employ themselves they will stand on an equal bargaining footing with employers. When land is free men will not compete for jobs. There will be mechanics, engineers, welders, carpenters, teachers, preachers, doctors and lawyers; for men's preference for work is limitless in kind and scope. With greater freedom of choice we may expect better artisans, and the employee may be the "benefactor" as often as the employer.

The following is offered as a fair summary of the chief objectives to be secured through the adoption of the Single Tax:

- 1. Free acces by all men to the Peoples' Land.
- 2. Equal opportunity among men in proportion to their capacity.
 - 3. Abolition of taxation of labor and its products.
 - 4. Solution of the problem of unemployment.
 - 5. The abolition of tenancy.
 - 6. Abolition of investment and speculation in land.
 - 7. Assurance of ample housing.
- 8. Pensions for the aged and incompetent out of their share in rent.
- 9. A consciousness of equality and independence among men.
 - 10. A profound and intelligent patriotism.

What I have written outlines the problem that came to Henry George. It had come to many men down through the centuries. A few had glimpsed the answer, but he was the first, not only to state the problem in its clear outlines and details, but to expound the remedy in "An inquiry into the cause of industrial depressions and of increase of want with the increase of wealth."

Progress and Poverty is, I think, the greatest and most serviceable book written by an American. Every man who hopes to achieve success in public life owes it to himself and to his public to read it, not only once, but to read it often; for my observation is that few understand it at first reading, notwithstanding that it is accounted a masterpiece of literature and of argument. Men talk about the Single Tax who do not understand it. My purpose is to aid in making it understood; for, as Tolstoy says, "He who becomes acquainted with it cannot but agree."

I have said nothing here that is new or original, but, well I know, it will be new and original to some who may read these few pages. They do not purport to be an outline of *Progress and Poverty*. Neither can they claim to be a statement of the philosophy of the Single Tax; but only of my conception of that philosophy, stated partially and imperfectly.

The Single Tax has more than one "school." But I think the schools are unanimous on a few fundamental propositions: That all men are created equal in their right to life, liberty, and the pursuit of happiness. That all men are equally entitled to the bounties of nature, the gifts of the Creator. That ground rent is an excess product attaching to the use of better land, and created by the presence, activities and needs of population. That ground rent belongs to the public that creates it, and it must be collected by the public for public purposes. And most specific, that all men are entitled to free access to land, the heritage and the assurance of free men.

This is written in the hope that I may have contributed even a little to the education of the public in its right to the People's Land. There will be much review of the rights of "The Common Man" when the present "World War Two" is ended; and his right to free access to land should be high in the agenda.

Oshkosh, Wisconsin, September, 1942.

JOHN HARRINGTON