

## CHAPTER III

# Natural Rights of the Community

IN THE LAST CHAPTER we have seen that our man-made laws that give ground rent to the landowners instead of the community to which it belongs cause land values to arise. High cost of land compels most of us to pay to the landowners, as ground rent, a considerable part of what we produce.

I estimate in a later chapter that it costs a family of five \$2,340 a year as ground rent. When the Creator made the world, He provided land from which, by his labor, man could produce wealth in the form of food, shelter and clothing that is necessary to life.

Individuals and groups of individuals use land and its products to produce wealth, and the wealth produced belongs to individuals and groups of individuals who produce it. Communities require a fund to pay the expense of the government, schools, roads, police protection, sewers, etc., all of which cost money.

The community uses land to produce ground rent, which is the natural source of revenue for the community just as certainly as individuals use land to produce wealth. The ground rent produced by the community belongs to the community just as surely as the wealth produced by the individual belongs to the individual.

When our man-made laws take away the ground rent from the community and give it to the landowner, the community is defrauded of its natural income, just as surely as the slave was defrauded of his natural income by the slave laws in the South less than one hundred years ago.

Land laws that permit land values to arise permit legal stealing on a gigantic scale. A considerable part of the income of everyone of us is taken by the landowner, and all of the income of the community is given the landowner. Ground rent belongs to the community that created it, not to landowners who do

nothing to produce it. This legal stealing now going on is much greater than the legal stealing made possible by our slave laws. This legal stealing has been going on since the dawn of history and we are so used to it that we regard it as normal.

Communities, like individuals, have natural rights. Communities divide into nations. Let us consider the United States. Between three and four hundred years ago, people began coming from Europe to what is now the United States. It was then a number of British colonies. In 1776, the United States declared itself free and established a nation which declared that governments are formed to protect the rights of the individual. This community, the United States, has expenses of government—expenses for defense, the cost of the Post Office Department, expense for educating its children. Money has to be raised to pay these expenses. At the same time, a fund came into existence created by the presence and activity of the community which is the natural source of revenue for the community. This fund is *ground rent*.

As population increases, expenses of the government increase. As population increases, ground rent—the natural source of revenue—increases even faster. Ground rent belongs to the community for the same reason that what a farmer raises on his land belongs to him, because he created the wealth. The community from land creates ground rent—the farmer from the land creates wealth. If anything belongs to the community, it is ground rent. If anything belongs to the individual, it is the wealth he creates by his labor.

Our man-made land laws give the ground rent produced by the community to the landowner, and not to the community to which it belongs. This has been true since the dawn of history. It might be expected that laws descending to us from thousands of years would contain mistakes and injustices. Our man-made slave laws have descended to us from the dawn of history. Up to less than one hundred years ago, they gave the legal right to the master to appropriate wealth produced by the slaves. In that way slave value appeared. When by the Emancipation Proclamation

in 1863 our man-made laws recognized the fact that what the slave produced belonged to him and not to the master, slave value disappeared.

Our man-made land laws give ground rent to the landowner. The certainty of receiving ground rent in the future, capitalized, is land value. Some day our man-made land laws will recognize the fact that what the community produces belongs to the community, and will allow the community to collect it. When this happens, ground rent will be used to pay the expenses of government for the community, and land value will disappear just as slave values disappeared less than a hundred years ago. Landowners, as landowners, do nothing to create ground rent. Landowners, as individuals, do no more to produce ground rent than any other individual. Why then should any minority be allowed to collect ground rent?

The number of people who weigh over two hundred pounds is a minority. Let us assume that this minority is of the same size as the minority who are landowners. Suppose that these two-hundred-pound individuals should ask Congress to change our land laws and give the ground rent produced by the community to the two-hundred-pound minority instead of to the landowner minority. They would say to Congress: "A minority consisting of individuals of two hundred pounds or over is not entitled to the ground rent any more than any other minority. Ground rent belongs to the community, but if ground rent is to be given to a minority—as it has been for thousands of years—we will call the attention of Congress to the fact that landowners are already a privileged class. Our land laws give the landowner the right to prevent anyone from using the land he owns. They enable him to exclude anyone from using the air and sunshine on his land. The landowners do not pay anything to the community for the privilege of owning this monopoly of something that belongs to everyone. Therefore, it is unfair to give this minority the double privilege of collecting community-created ground rent in addition to the privilege they already enjoy in having a monopoly on the land they own."

"The privilege of collecting ground rent should be given to some other minority. We ask Congress to remember that on the average we weigh two hundred and twenty-five pounds, and the minority, consisting of landowners, only weigh one hundred and fifty pounds each on the average. Therefore, on the basis of poundage we have a better right to collect ground rent than the landowners at the ratio of three to two."

We all know that if the heavyweights should make such a request of Congress they would be laughed out of the building; but if a minority is to collect ground rent, do not the heavyweights have an edge on any other minority of the same size when they call attention to the fact that landowners are a privileged class?

If the community owns anything, it owns ground rent. We all admit that the gold at Fort Knox belongs to the people of the United States, and if anyone gets any part of it without paying for it he would be guilty of theft. The natural title of the people of the United States to the ground rent they produce by their presence and activity is better than their title to the gold at Fort Knox. The people of the United States produce ground rent. Therefore, they own it and should collect it! The gold at Fort Knox was bought by money collected by taxes on the wealth of the citizens of the United States. I am trying to show that the government has no natural title to money collected in this way.

Over a hundred years ago we outgrew the notion of the Divine Right of Kings. We have outgrown the idea that torture of the accused is the proper way to conduct a criminal trial. We have outgrown the notion that imprisonment for debt is the way to collect an overdue account, and that wealth that the slave produces belongs to his master. But we have not outgrown the notion that ground rent belongs to landowners instead of to the community which produced it. Yet at one time all these ancient abuses were part of our man-made laws and people were just as much accustomed to them as they are now to the fact that there are man-made laws permitting landowners to collect ground rent to which they have no moral or natural right. At one time it was

just as radical to protest the Divine Right of Kings as it is now to assert that ground rent belongs to the community that creates it and not to the landowner. The ancient land laws gave this ground rent to the landowner. Our present land laws do the same thing.

Our present land laws compel the worker to pay ground rent to the landowner, thereby compelling the worker to pay some other man for the privilege of making a living.

This book is written to see whether the government has the moral right to collect an appreciable part of the wages of the worker in the United States to support the government. A large part of the expense of the government is paid for by a tax on wages. The law compels the employer to deduct part of the wages the worker earns and to send these deductions to the Department of Internal Revenue every month. These deductions amount to a considerable cut in take-home wages. The government takes 52 per cent of the profit of corporations and up to 90 per cent of the income of some of its citizens. Local taxing authorities levy taxes on the homes and personal property of its citizens.

This method of raising money for public purposes has been going on for thousands of years, and to question the moral right of the government to get what it has to get in order to exist by this method will sound unreasonable to many who read this. I hope to show that the government has no moral right to collect taxes on the wealth of its citizens. To most of my readers that will seem unreasonable and radical, but I will call the attention of such readers to the fact that, less than one hundred years ago, the proposition to abolish slavery seemed unreasonable and radical.

It is less than one hundred years ago, when slavery was abolished, that our man-made laws acknowledged the fact that what a man produced belonged to him because he produced it. No other man has any right to it. Slavery existed for thousands of years because it was legal for the master to appropriate what the slaves produced. Most of us would agree that natural law recog-

nizes the fact that what a man produces belongs to him and no one else has any right to it. When man-made law was changed to correspond to natural law, slavery disappeared.

At present, our man-made laws recognize the fact that every man has a right to the wealth produced by his labor from land or its products—that no one else has any moral right to what someone else has produced. But these laws assert the right of the government to take any part of what a man produces to pay for the expense of the government. The question arises: Has the government any moral right to do this?

On the surface, the position of the government, when it claims the moral right to take for government expenses part of the wealth produced by the individual, is very questionable. It is agreed that no individual in the United States has any moral or natural right to take any part of what some other individual has produced. If there are 160,000,000 people in the United States and none of them has any right to what someone else has produced, how can the government of the 160,000,000 people have any moral right to it? For 160,000,000 times zero is still zero.

I hope to show there is a fund produced by the community that is the natural source of revenue for the government, and therefore the government has no moral right to collect by taxes part of the wealth produced by its citizens.

The writer lives in a suburb of Phoenix, Arizona. I personally know of land that was bought for \$40 an acre twenty-five years ago and now is selling for \$10,000 an acre for building lots. I am told that land near 50th Street and Fifth Avenue, in New York City, on which the Rockefeller buildings stand, rents for nearly \$1,000,000 an acre per year. Everyone admits the enormous land values in New York City are due to the fact that ten million people live in that city and its vicinity.

It is generally recognized that land value is ground rent capitalized. Our man-made laws give ground rent to the landowner. Because of this fact, it is easy to get an accurate measure of the ground rent produced by the presence and activity of the community in any piece of land. The yearly ground rent is approxi-

mately 5 per cent of the land value. In any growing city land value rises faster than the population.

Our man-made laws make no distinction between property in land and property in wealth. These laws assume that a man can have the same sort of natural right to a part of the solar system provided by the Creator that he has in wealth he creates by labor on the land. Our man-made laws do not recognize the fact when someone bought land at \$40 an acre twenty-five years ago and sells it for \$10,000 today, thereby making \$9,960, someone else must furnish that \$9,960 without getting anything for it. If some men get *something for nothing*, some other men must get *nothing for something* to the same amount.

We will not have justice until our man-made laws recognize these facts. When our man-made laws fail to recognize these facts, they exhibit the same sort of legal blindness that made slavery possible. Our man-made laws do not recognize facts about profits on land sales, because people in general do not recognize these facts about profits on land sales. People in general think about land values, and when someone makes a profit on the sale of land they consider him fortunate. People in general are honest, and when they realize that what makes the profit possible is a capitalized increase in ground rent, they would see that ground rent—produced by the community—belongs to the community, and if it is collected by landowners the community is defrauded.

Our land laws do not recognize the fundamental difference between property in land and property in wealth. Our auditors, however, recognize the difference. In setting up a set of books, the auditor enters the value of the land at what it costs and it is carried at this cost for years. Property in all kinds of wealth is entered at what it costs the first year, and after that it is carried at a smaller value every year on account of depreciation. In a few years it has all been written off as of no value. Land does not depreciate, *because it is not wealth*.

For this inquiry, let us limit the community to the United States, with a population of about 160,000,000. This community has a Federal Government, forty-eight state governments, and a

great many school districts—all of which require money. The federal income tax is largely paid by people with comparatively small incomes, because such people constitute the great majority.

Most of the states and cities have sales taxes, which are paid by everyone; and since most of us are poor, they are paid largely by the poor. It is clear that the taxes that support the government at the present time are taken largely from the wealth produced by the worker, and do not come from any fund that is community-produced rather than individually-produced. It may be a surprise to some of my readers to be told *there is a fund produced by the community, as a community, separate from any fund that the individual produced for himself*. This fund is GROUND RENT. This fund is produced clearly by the community and not by an individual.

Over eighty years ago I was a boy in Illinois and watched the "prairie schooners" going from Illinois to Iowa to take up government land, practically free. Much of the free land of eighty years ago is now worth \$500 an acre. We all recognize the fact that this increase in land value is due to the increase in population. As population increases, people tend to live in towns and cities, and city land becomes worth more for building sites than for farming. Land in a large city is worth thousands of dollars per front foot as sites of office buildings.

Land value arises not only from increase in population but from discoveries and inventions. The invention of the cotton gin before the Civil War enormously increased the value of land in the South, where cotton would be raised, thereby making slavery profitable.

The invention of the flotation process has made valuable mines, now worth millions of dollars, of low-grade copper deposits which were worth nothing seventy-five years ago. Discovery of the fact that uranium can be fissioned to give off an enormous amount of heat has made uranium mines worth many hundreds of millions of dollars within the last ten years in the United States.

The building of the railroads a hundred years ago has added



billions of dollars to the land values in the United States; therefore, one-twentieth of the same billions of dollars added to the yearly ground rent. The development of the automobile and good roads has made possible the delivery of farm products to the cities at a fraction of the cost of doing it with horse and wagon, thereby greatly increasing the value of farmland.

The discovery of hybrid corn has greatly increased the crops from corn land, thereby correspondingly increasing the ground rent resulting in a correspondingly increased land value. When our man-made laws permit a minority of the landowners to collect the ground rent produced by the community as a whole, they defraud all of the members of the community, because it makes it necessary for the government to collect from its citizens for the cost of government wealth produced by its citizens.

In our conversation we speak of "land values." Land value is an effect. Land values arise because ground rents arise. What we really should think of is ground rent, which is produced by the presence and activity of the community. The cotton gin enabled the land in the South to produce more cotton—which is another way of saying the ground rent was increased and, therefore, the land value increased. In the case of the flotation process, it makes it possible to make copper from land that could not produce copper before the invention was made. Ground rent appeared. Therefore, land value appeared that was about twenty times the yearly ground rent. The community uses land to produce ground rent in much the same way as the individual uses land to produce wealth. *Ground rent is distinctly a community product and not an individual product.*

When a number of individuals get together, ground rent (which, capitalized, is land value) automatically appears.

The larger the group in a given case, the greater the ground rent and, therefore, the greater the land value. If the community uses land to produce ground rent, is it not clear that the ground rent so produced belongs to the community which produced it? Since it requires a group of individuals in a given area to produce ground rent, is it not clear that the ground rent that the

group produced belongs to the group and not to any particular individual of the group? If the ground rent is produced by the presence and activity of the community, is not this ground rent the natural source of revenue for the community? Should not this ground rent be used for the expenses of the community—namely, the expenses of government? When a large group of individuals gets together in a given area, the necessity for government arises. At the same time, the ground rent arises. What is more reasonable than to use the ground rent produced by the presence and activity of the community to pay for the expenses of government of the community?

Our man-made laws pretend to give the landowner the same rights to the land he owns that he would naturally have *if he had made the land* he is said to own. He legally owns any mineral that may be under the land, even though no one knew that the minerals, gas or oil were there when the land was sold.

If the government had made all land, our man-made laws would be reasonable and natural; but since the land was provided by the Creator for the benefit of all of His children, should not our land laws recognize the fundamental fact that everyone has the same equal right to land, as they have to air? All that the land laws can justly and naturally do is to give a deed that recognizes the fact that land is by its nature common property.

It is perfectly clear that the landowner does no more to produce ground rent than any other member of the community. Everyone knows that if only landowners existed in a city of the United States today, the number of people living in the city would be so small there would be practically no land value. The age-old customs and man-made laws which give community-created ground rent to the landowner—instead of the community to be used for community expenses—is a relic of ancient injustice, like slavery.

We are so used to it that we do not appreciate its injustice. Before the Civil War the slaveholders of the South were used to slavery because it had existed for thousands of years from the dawn of history, and they did not appreciate its injustice. The

Bible was written over a period of nearly a thousand years by the most forward-looking men of their time, and yet nowhere in the Bible is an attack made on slavery as an institution. The writers of the Bible were so used to it that they did not appreciate its injustice.

The fact that there have existed for thousands of years customs and man-made laws that made it legal for the master to appropriate what the slave produced did not make it right. How many more years is it going to take before man-made laws agree with natural law, *which declares that the ground rent produced by the presence and activity of the community belongs to the community as a whole, and not to a selected few in the community?* Is it not clear that the landowner, as a landowner, does nothing to produce the ground rent he collects from the community? If there are a thousand people in the group and ten landowners, these ten landowners produce 1 per cent of the ground rent that the community produces. If the community collected its ground rent and used it for community expenses, the landowner would share with other members of the community in what actually belongs to each.

I understand the Astor family are British subjects. At the present time they collect millions of dollars each year in ground rent on land they own in New York City, which they clearly do nothing to produce.

Landowners, as a class, are collectors of ground rent and not producers of it. Is it not reasonable, in conclusion, to say that *ground rent belongs to the community, should be collected by the community, and is the natural source of revenue to pay for government expenses?* Only so can the natural rights of the community be recognized.

What conclusions can we draw from this discussion?

1. Ground rent belongs to the community because the community creates it.
2. Our man-made laws give this ground rent to the landowners who, as landowners, do nothing to produce it.

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3. When this is done, artificial, unnatural property is created.

4. This artificial, unnatural property is land value.

5. A considerable part of what many of us possess consists of land value.

6. A considerable part of what many persons in the South before the Civil War possessed consisted of slave value. Slave value is artificial and unnatural, and is the result of unjust man-made laws.

7. When land values appear, a very important right of the individual to use land the Creator provided free for everyone is denied. He has to pay high prices to some other man for the use of land.

8. The chief natural right of the community is to collect ground rent that belongs to it and to use it for the expenses of government. When our man-made laws give ground rent to the landowner instead of allowing the community to collect it for the expenses of government, the community is *denied its most important natural right*.

9. We all admit that man-made laws that permitted the master to appropriate most of the wealth the slave produced were unnatural and wrong. We see that our man-made laws which permit land values to arise enable the landowner to appropriate a considerable part of what his tenant produces. Why are not laws that permit a man to get something for nothing from his land tenant just as wrong as those that allowed a man one hundred years ago to get something for nothing from his slave?

10. When man-made law does not recognize fundamental natural relations, it is possible for a powerful minority to appropriate a large part of the wealth produced by other parts of the community. Less than one hundred years ago our man-made law failed to recognize the fact that man belongs to himself and made slavery legal. When slavery was legal, slave value appeared. Before the Civil War slave value in the South was a considerable part of total property value. Slave value was artificial, unnatural and founded on injustice.

11. Today our man-made law fails to recognize the fact that ground rent belongs to the community and gives it to the landowners who, as landowners, do nothing to produce it. This ground rent, estimated at over seventy-five billion dollars per year and given to a minority which does nothing to produce it, causes land value to arise. Land values are artificial, unnatural, and are founded on injustice, as slave values were.

12. When our man-made law gives ground rent to the landowners, the community is defrauded of its natural source of revenue for government expenses and has to levy taxes on the wealth of its citizens, to which it has no natural or moral right.

13. When our man-made law recognizes the fact that *ground rent belongs to the community and allows the community to collect it, land value will disappear and the necessity for collecting taxes on the wealth of its citizens will disappear.*