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ZIONIST PUBLICATIONS

*Zionism aims to create a publicly secured, legally
assured home for the Jewish People
in Palestine.*

BASLE PROGRAM

Land Tenure in the Jewish Commonwealth

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The subject matter of this pamphlet which is intended to elucidate the land tenure principles of the Pittsburgh Program, is as follows:

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Land Tenure in the Jewish Commonwealth.

The Zionist Purpose

COMMON ownership and control of their land is the Zionist purpose with reference to the people of Palestine.

As a principle, this purpose is involved in the declaration of the Zionist Congress at Basle in 1897, which announced the object of Zionism to be "the establishment of a publicly recognized and legally secured homeland for the Jewish people." As a policy, the purpose was specifically declared by the Pittsburgh convention of the American organization in 1918, which committed the movement for a Jewish national home in Palestine to "ownership and control of the land and of all natural resources by the whole people."

This specific policy and that general object are inseparable. A homeland for the Jewish people in Palestine cannot continue, no matter how auspicious its beginnings, unless the whole people of Palestine are to own and control the land of Palestine. Merely to say this should be enough to prove it. But confusions of thought spring from misapprehensions of the meaning of "land," and these are too frequent to be passed by with a simple statement of the common-sense truth.

The Pittsburgh declaration undertakes to forestall such misapprehensions by coupling the terms "land" and "natural resources." But the mind that does not think instinctively of those two terms as synonymous is subject to still other misleading confusions. Such a mind would be likely to think not only of land and natural resources as different from each other, but of building sites, for instance, as different from both. Yet all are natural and all are resources. So I shall adopt "natural resources" as the comprehensive term.

Resources

The maintenance and betterment of human life necessitates human industry, and human industry must have resources in order to bring forth consumable products. If we classify those resources we shall find that there are two general kinds, and only two; one kind is artificial, the other is natural. Scrupulously to distinguish these radically different kinds of industrial resources is vital to all sound judgment with reference to their ownership, their utilization and their control.

Artificial Resources

Industrial resources such as cannot exist except as a result of the industrial arts are appropriately distinguished as artificial resources. They include buildings, machinery, fences, ditches, growing crops, mills, factories, vehicles, and so on through an almost endless catalogue. Whatever be the mechanism which serves as a resource for farming, mining, manufacturing, transporting, merchandizing or any other of the myriad variations of industrial activity, such mechanism is for that activity an artificial resource if it be of human construction. This generalization should be obvious.

Not so obvious is it, possibly, that the artificial-resource class includes such alterations of natural conditions as clearings of agricultural areas for farming, pits dug and equipped for extracting mineral deposits, or cellars dug for houses. Yet it is evident upon reflection that they also are in the artificial class. Any natural thing which human effort adapts to human use for the satisfaction of human wants must be an artificial resource to that extent. That it is a resource of some kind is certain; that it could not be the kind of resource it is without human art, is equally certain. Moreover, it continues to be an artificial resource until, from decay or having been worn out or abandoned, it loses its artificial utility and passes back into the reservoir of natural resources whence it came.

Still less obvious may it be that live stock is an artificial resource. But is it not clear, upon reflection, that an animal artificially adapted to human uses is as truly artificial as a machine is? Though both are natural in origin, each is artificial in its adaptation to human use.

The reasonable test as to any industrial resource is whether it is in its natural condition or not. If its natural condition has been altered in character or place by human agencies so as to adapt it the better to human uses, it is incontestably an artificial resource to the extent of that alteration.

Natural Resources

Natural resources, on the other hand, owe nothing to human agency. They are in no respect *from* man; they are altogether *for* man.

It may, indeed, not be easy always to distinguish natural from artificial resources, where advanced civilization has found its way. The same cloudiness of judgment that would make agricultural clearings or coal pits seem to be natural resources because they are functionally blended with agricultural soil or with deposits of coal, is quite likely to reverse itself by making the soil and the deposits seem to be artificial resources because they are functionally blended with agricultural clearings or coal pits. But the difference between nature and art remains and the distinction must be made.

Some natural resources may be altered by human art so completely as to lose their identity as natural resources while their artificial status continues. This is the case when trees and ores are transmuted into machines. But without some such complete transmutation, natural resources never lose their identity as such even temporarily.

They do not lose it, for instance, when human art adapts mining structures to the utilization of mineral deposits, nor when it transforms raw land into productive farms, nor when it rears a house upon a building site. In market value even

when not in physical form, the natural soil and site of the farm are distinguishable and separable from its improvements, the natural mineral deposit from artificial mining structures, the natural building site from the artificial house.

As to primitive forests, natural streams, undeveloped mineral deposits, unimproved agricultural areas and the vacant building lots of towns and cities, the identity of natural resources is not only not lost in artificial alterations, it is not even obscured.

The Essential Difference

Between natural and artificial resources the essential difference must be clearly understood in order to appreciate the land tenure policy proposed for the Jewish homeland under the Jewish Commonwealth.

For the Zionist program, in its demand for ownership and control by the whole people, does not include artificial resources. These resources, produced from natural resources by human art and industry, are assumed to be the rightful property of their producers or of honest purchasers from their producers.

What that program does include, and all that it includes with reference to the land of Palestine, is that the whole people of Palestine shall own and control the natural resources of that historic country. This is both wise and just. Natural resources are the sole source of artificial resources. They are the sole source of all industrial production, the imperative condition of every human art, the absolute prerequisite and continuous support of human life. To leave them in the ownership and control of some of the people is to maintain privileges for those favored ones at the expense of the rights of the rest. It is to obstruct the production and utilization of artificial resources; it is to give to one class most of the advantages of improvement in the industrial arts; it is to condemn the disinherited to underpaid labor for life for the profit of those who own or control the common birthright. We cannot bar anyone from an

equal share in the benefits which natural resources offer to all the people, without to that extent denying him a right as natural as his right to liberty and life.

Ownership

Yet there must be some kind of ownership of natural resources—some kind of tenure, holding or control—for the sake of securing the best utilization and the most generally distributed benefits of the resources which nature lavishly offers us.

Some natural resources may be utilized best and most beneficially to all as an open common. The sea is of this type. But with most natural resources the authority of some kind of ownership is necessary, in an advanced civilization, to any beneficial use at all. Farming areas and building lots are illustrative. What is really important is not that there shall be no ownership of natural resources, nor any private tenures, but that the ownership shall be by all and that private tenures shall be regulated for the benefit of all.

In earlier times this principle of common ownership with private tenure was secured to the Jews by Jubilee-year reversions. But in periods of intense specialization and worldwide industrial activity, exquisitely interrelated and furiously speeded up, such as this age in which Palestine is expected to revert to the Jewish people as their national home, the Jubilee custom is inadequate as a corrective of land monopoly. Its principle is as sound today as it was three thousand years ago. All principles are from everlasting unto everlasting. But the method is obsolete.

Some system harmonizing with the Jubilee reversions in principle, but better adapted in method to modern industrial conditions, is necessary in order to secure to all the people of Palestine a substantial equality of rights with reference to natural resources, and to each a share in the industrial output approximately in proportion to his usefulness.

Such is the system proposed by the American Zionists at Pittsburgh. Since this system would vest the ownership and

control of all natural resources in the whole people, its primary tenure of natural resources would be ownership in common. But its secondary tenure would be private possession under lease "on such conditions as will insure the fullest opportunity for development and continuity of possession." Every benefit which private ownership of natural resources gives, except what it gives to land monopolists and land speculators, would thus be preserved. Its only variation from existing systems resides in the control which under this system all the people would have over all their natural resources all the time.

That control would doubtless be improved by a progressively fairer and better administration of the natural resources of the Commonwealth, due to an advancing popular realization of the truth that while artificial resources are the individual property of the producer, his heirs and assigns, natural resources are of sacred right forever the common property of all the people. The psychological influence of that improving social consciousness would in itself be civilizing.

Concurrently, the people as owners would have equitable powers of control over occupancy for use. No occupant would be arbitrarily ejected from land which he was putting to its proper use, nor would he have any of his improvements or other artificial resources confiscated. Neither would any occupant be long left in obstructive control of natural resources which had become shifted in function from one kind of use to a more profitable use, such as agricultural uses to mineral or urban uses. Nor would any occupant be long allowed to profit by high rentals from actual users while himself paying low rentals to the people.

Development

Yet the natural resources, whatever their kind—agricultural, silvicultural, mineral or urban—would be developed and operated under the spur of individual enterprise. A sharper spur, it would be, than if the individuals responsible for development and operation could shift their duty of

development and operation while profiting by the special value of ownership or control of the natural resource, as is so notable a fact where natural resources are monopolized by individual or corporation owners. Still sharper would be the spur to beneficial use where monopolized natural resources would otherwise be barred from use by prohibitive terms imposed by monopolizers. To keep needed natural resources out of use for any but the common benefit would be impossible.

Ownership of the natural resources of the Jewish Commonwealth in Palestine by all the people with equitable leasing for use would secure the beneficial operation of every such resource for the common good. There could be no "dog in the manger" contrary to the public welfare. No parasitical interests could infest the body politic through monopolization of natural resources. As the Commonwealth flourished, all the people and not merely a favored or fortunate few would flourish with it.

Exemption from Taxation

This program would not only operate beneficially to all the inhabitants in respect of their industrial interests, but it would also relieve the Commonwealth of every necessity for taxing any of the people.

As the Commonwealth flourished, demands for access to its natural resources would increase and these demands would increase the money value of those resources. It is always so everywhere. If, then, the people as owners regulated their leases equitably, those money values would go to the whole people instead of going into private bank accounts. There would consequently be no need for taxes.

Nor would the public income from that source burden anybody. Advancing rentals paid to the people would certainly add no burden to the occupant. He would pay out of the increased value of his tenure. They would add nothing to prices paid by the consuming public, for production would cost less rather than more under those circumstances. Under this system of natural-resource tenure,

then, the Jewish Commonwealth could be not only a prosperous nation, a true commonwealth—that is to say a community in which the prosperity of all is prosperity for each. It could also be a commonwealth untaxed.

Existing Rights

And the fact must not be ignored that this land tenure program makes a reservation in favor of existing rights. There is, of course, no essential equity in compensating monopolists of natural resources for loss of monopoly profits through a policy of revesting all natural resources in all the people. Equity does not require compensation in such cases. If this were not so, equal rights to natural resources would be postponed perpetually unless those rights were ransomed. In other words, the people would have to remain disinherited unless they bought back their confiscated birthright, which would be an iniquitous requirement.

Nevertheless, compensation might well be made as a matter of policy. It is often wiser to buy off an adverse claimant than to engage in any kind of contest with him. This is something which circumstances must determine. The practical question, therefore, with reference to the terms of release to the whole people of the natural resources of Palestine is not whether in equity anything ought to be paid to present owners, but how much it would be wise to pay rather than contest or even dispute their claim.

And while equity does not require compensation for restoration of natural resources from private monopolists to the whole people, equity does require compensation for expropriated artificial resources. As title to these comes from their producers, they are in the moral category of private property. The fact must therefore be considered that artificial resources are often so intimately related to natural resources as to identify them as one in common thought—the building site for instance with the house, or the farm area with the farm clearing. Consequently the condition of the Pittsburgh declaration that the policy of establishing ownership and control in the whole people shall be effected

with "due regard to existing rights," would be too narrowly construed if it were interpreted as applying only to private ownership of natural resources. It evidently applies to property rights in artificial resources.

Justice of the Zionist Purpose

Interpreted according to its spirit, and substantially according to its express terms, the Zionist purpose is even-handed justice. No injury to anyone is contemplated. The rights of all are to be conserved. And this with reference alike to individual interests in the artificial resources of the Commonwealth and to common interests in all its natural resources.

To that end the natural resources of Palestine, inclusive of city centers and agricultural areas, together with forest growths and every other resource that nature yields or may hereafter yield, would be leased by the whole people, as primary owners, to users as tenants of the Commonwealth, on such conditions as would induce the fullest development and secure continuity of useful possession while giving the strongest assurance of security for earnings and equality of opportunity to earn.

Taxation in the Jewish Commonwealth

CONSISTENTLY with its land tenure policy of ownership of their natural resources by the whole people, the Zionist fiscal policy contemplates protection of the people of Palestine from speculation in those resources. To quote the Pittsburgh resolutions of 1918, "the fiscal policy is to be framed so as to protect the people from the evils of land speculation."

It is necessary, therefore, since land speculation flourishes in terms of value, to understand the causes and characteristics of land value in order to appreciate the fiscal policy of the Jewish Commonwealth.

Land Value

The market prices, rentals, or royalties which monopolistic control of natural resources commands for permission to put those resources to appropriate uses, is land value.

Land value differs with reference to particular natural resources according to differences in intensity of demand.

Intensity of demand is determined by two factors. One is the inherent quality of the particular natural resource; the other is its location. A richly endowed natural resource might have but little value, because inaccessible for profitable use; whereas a natural resource of comparatively poor quality might have considerable value if situated so conveniently as to make its use profitable. One combining the poorest quality with the least convenient location would of course have no value at all, while one combining the best quality with the most convenient location would have extraordinarily high value.

Consider, for illustration, a plot of ground which has good natural qualities as a site for dwellings or other buildings. The intensity of demand for it, and, consequently its value, will differ according to its place on the map.

If in a place where no one wants a building, the plot will be in no present demand and will therefore have no present value as a building site. That fact would be expressed in terms of money, as that the plot is "not worth a dollar"; but fully interpreted this means that no one will give labor or the results of labor for permission to erect a building upon the plot.

Yet if the plot be in a place where a good many persons want buildings, it will be in considerable present demand for building purposes and therefore have a considerable value. This means that many persons will give a good deal of labor or its results for permission to use the plot as a building site. And if it be in a place where a vast throng of persons want buildings—the center of a great city, for instance—the same natural resource will have gigantic market value, be worth fabulous sums of money, command enormous labor-power or its results for permission to build upon it.

An impressive example of gigantic market values for building lots is afforded by the site of New York City. That area is officially reported to be worth twice as much as all the buildings within its boundaries. Some of its most costly buildings, structures rising tower-like to the sky with foundations sunk deep down in the rock, have less value than the few feet of earth and air they occupy. This example illustrates the general principle that building sites have market values in highest degree where populations are large, where business activities are concentrated and vigorous, and where the comforts and enjoyments of life which the whole world offers are most accessible. In such places inherent qualities are almost negligible as a value factor. Let there be solid bottom somewhere below the surface, and whether the surface be swamp or rock makes comparatively little difference. It is location that counts.

But location is relative. If we compare the natural resources for building sites in New York City with one another, and with natural resources equally good or even better for that purpose as to their inherent qualities but situated in smaller cities, or in towns or villages or hamlets, or out on the open prairie, in primeval forests or on inaccessible mountain sides, we shall see that location is not only a highly influential factor in determining the value of building lots, but that the consequent values differ amazingly.

In money terms they differ in a sliding scale from \$15,000,000 or more an acre in New York City all the way down to two or three dollars or less an acre in sparsely settled places. In terms of labor, those differential values of natural resources rise all the way per acre from one man's work for one day at very low wages, to 5,000 men's work for a year at very high wages.

What is thus true of natural resources for building sites, is true for like reasons of natural resources for every other purpose.

Prodigious market values go with ownership of mineral deposits. In varying degree values go with ownership of highway concessions, water fronts, water power, timber

tracts and agricultural areas. And as to every kind the prime factors which differentiate values are inherent quality for one thing and convenience of location for another.

The value of a mining site depends upon the inherent richness of the mineral deposit modified by cost of transportation. The value of an agricultural tract depends upon its natural fertility modified by cost of marketing. The value of building sites depends but slightly upon anything but proximity to centers of business and social life.

With building sites, therefore, location is the principal factor of value; with mining sites, especially of the less bulky minerals relatively to their values when extracted, the principal factor of value is richness of the deposit; with agricultural areas both natural fertility and convenient location combine to determine value. With each of the three, however, and with every other natural resource as well, its differential value springs out of its relative usefulness and scarcity.

Of course the dependence of differential values upon relative usefulness and scarcity is not peculiar to natural resources. It is characteristic also of artificial resources.

But there is a difference of great import between the effect of demand for artificial resources and of demand for natural resources. Demand for artificial resources tends to decrease their scarcity by stimulating their production and thereby to diminish their value. But demand for natural resources operates in the other direction. It tends to increase their scarcity and thereby to increase their value.

This difference is a simple matter of common observation. Everybody knows it if he observes business phenomena at all.

Is it not true that increased demand for artificial products—for houses, machinery and the like—stimulates their production? And does not this stimulation increase the supply and tend to an equilibrium of value at the level of production cost? And then, item for item and quality for quality, does not the value of products tend to be less than before?

On the other hand, is it not clear that increased demand for natural resources cannot stimulate their production? Their supply being limited by nature, they are not producible. All that increased demand for natural resources does or can do, which at all resembles stimulating production, is to stimulate extension of use. It tends to bring into the field of use such unused natural resources as are inherently poorer than the poorest in use, or such as are less known or not known at all, or such as are less accessible than the least accessible in use.

This extension of use increases instead of diminishing the values of natural resources. Those that had no value because not in demand take on some value in response to an extension of demand. Concurrently, those that were in demand and continue in demand, take on additional value because they continue to be more desirable than the inferior locations to which demand has extended. It is to be considered also that while extension of production of artificial resources tends to lessen their value by increasing the supply, it contributes to extension of use of natural resources and so tends to increase their value by lessening the supply.

Ample material for study of those phenomena—as intensive a study as you please—may be found in the experience of the United States. Whereas artificial resources have increased in supply, and—item for item, quality for quality—have diminished miraculously in value since the foundation of our government, our natural resources have diminished in supply, and—item for item, quality for quality—have increased enormously in value. By value, it is not money but labor that is taken for the measure—money fluctuates.

The whole range of value phenomena with reference to natural resources is exhibited microscopically in the history of city-lot values. As a city grows, new areas come within the building zone; and as they come, former acreage values turn into front-foot values while former front-foot values rise. It is the same as to natural resources of every kind and everywhere.

Speculative Land Values

Those differential land values, those varying values of natural resources, come within a law of human association as natural as the law of gravitation in physics. It is a beneficent law, too, as we are slowly learning that all natural laws are; for it offers a gauge for securing equal rights for each in the use of the natural resources of all. If some are driven from superior natural resources because those of that grade are all in use, the difference would be equalized if the excluded ones were compensated according to differential land values. In those circumstances the people as a whole would be enriched by the normal values of their natural resources. What is more, the values of natural resources would not be inflated. They would represent only the differences in usefulness between highly desirable natural resources and the less desirable down to the least.

But by permitting owners of natural resources to own also their respective differential values, we generate and foster speculation in land. There is thus an incentive to extend the area of unproductive ownership of natural resources, which reduces the supply in advance of demand for use. Consequently, when the demand for use comes, it faces speculative prices so high as to menace the possibilities of profitable use.

Nor is land speculation limited to market places or to groups of land gamblers. "We all do it." Let any of us have a title to natural resources—a building lot, a farm, a hillside plot in a mineral region, no matter what—and we hold to it with a death grip. Why? Because we hope that the lot may be boomed by the city's growth, or the farm may be taken over for building lots, or be brought nearer to market by a new railway or a better highway, or that minerals may be uncovered near by, or that something else may happen to enable us to exact, through commercial channels, a choice share of labor products which we do not earn but get in exchange for mere permission, to fellow voyagers on this "good ship Earth," to build or till or mine or otherwise utilize that little domain of ours. Others get rich by thus exacting tribute, and why not we?

If the tribute were all, the system would be bad enough. It means that huge shares in the products of human industry are diverted from industrial to parasitical interests, from persons who produce to persons who permit them to produce. But the tribute is comparatively a trifle. Beyond the tribute is the fact that much needed natural resources are kept out of use because industrial interests cannot afford the exorbitant tribute which speculation in future values exacts. This tribute is exorbitant because calculated not upon what the needed natural resource will yield now, but upon what it may be expected to yield when industry shall have been driven to natural resources of lower productiveness, or invention and population shall have brought out new capabilities in old places. The tribute demanded discounts the future.

Cities again offer illustrative facts.

The present normal value of a city lot would afford a certain tribute to its monopolizer for permission to use it. He refuses permission on those terms, because he observes that the city is growing so as probably to enable him to exact a higher tribute a few years hence. He therefore exacts the higher tribute now. If the user submits, he carries an unprofitable and possibly a bankrupting load; if he does not submit, the building lot remains out of use. It may pass from one speculator to another, gathering speculative value as it goes, and thereby adding to the value of lots in use until industry can no longer bear the load and the land-value bubble bursts.

What is thus true of building lots, is true of all other natural resources. Speculation in natural resources, with their tendency to rise in value as population increases and improvement goes on, is a universal evil. The traceable results of this simple but effective robber of industry and check upon production are appalling. As a string bound tightly around a finger will disease the whole physical body if left there, so this natural-resource ligature diseases the whole social body.

To those evils every social benefit contributes.

The fact that social benefits have a tendency to increase

the values of the natural resources which they bring into the field of use or of greater use, is a business commonplace. The intelligent business man knows it and the unintelligent one feels it. Both realize that the discovery and opening of a mineral deposit give to its site a land value it did not have. They realize that the settlement and improvement of an agricultural area give to that area a land value which it did not have. They realize that building operations in a city add to the land value of its location. They realize that better roads, better streets, railway extensions, improved transit in cities, larger populations, all add to the value of the natural resources which have consequently come into greater demand. They also realize that wherever such progress is manifest or even probable, an expectation of still higher values of the natural resources it needs or otherwise affects, is a reasonable expectation. And because they realize those things they join the army of speculators in the future values of natural resources, thereby contributing to the arbitrary lessening of the supply and the consequent robbing of producers and check upon production.

The extent to which this speculation has lessened the supply of natural resources in the United States may be somewhat appreciated if we consider that with a population of hardly more than 100,000,000—less than seven families to the square mile, cities included—the United States is already crowded to the point of industrial suffocation.

The Fiscal Remedy

Since differential values of natural resources result from a natural social law, and since its perversion through making those values proprietary is the cause of the evils of land speculation, the remedy is obvious. It is to turn the annual differential values of natural resources into the common treasury.

This would be just, because the natural resources to which such values attach are a common heritage and the values themselves are expressions of social activities. It would be practicable, because such values are easily and fairly assessable, and could be collected through existing

mechanisms of taxation. It would speed up production by relieving industry of taxation. And by taking away all incentive to land speculation—for the forestaller of natural resources could hope for no profit if the public treasury took over land values—it would still further speed up production by freeing the necessary natural opportunities.

The Zionist purpose of ownership of all the natural resources of Palestine by all the people is one way of abolishing land speculation. Its purpose of so framing its fiscal policy as to protect the people from the evils of land speculation is another.

The two purposes might well be made to co-operate to the general good. Through ownership by the whole people of such natural resources as mineral deposits and forest areas, common rights could be secured. Through annual taxation, a reasonable percentage of the values of private ownership of such natural resources as farms and home sites, coupled with exemption of all improvements, the same security of common rights could be achieved. In all probability land value taxation alone, improvements and operation being exempt, would achieve the desired result with reference to all kinds of natural resources.

This fiscal proposal is the one to which Henry George gave vogue some forty years ago, and which since then has progressively increased its hold upon the thought of conservatively progressive people everywhere. Its essential principle holds natural resources to be Nature's gifts to all and therefore common property; their annual values to be expressions of social progress and therefore a social income; and their abuse, by making them private property and capitalizing their values, as tending to divert private earnings to non-earners and to foster social evils by excluding producers from the natural resources they need. Its specific methods are to tax land ownership in proportion to the market value of the land taxed, and at a percentage so high as to discourage the owning of land for any other purpose than to use it, yet low enough to encourage that purpose, thereby making possible the total exemption from taxation of all improvements and products.

In other words, his own words, Henry George proposed "to abolish all taxation save that upon land values."

By adopting this policy for their Commonwealth in Palestine the Jews would secure to each of their people there the full value of his own earnings, and to all the people of the Commonwealth the normal usufruct value of their natural resources; they would discourage land speculation, encourage production, reward industry, and make their Commonwealth prosperous. They would restore in principle and effective operation the Jubilee reversion policy in a form suited to the political and industrial complexities of our day.

A Warning and a Promise

Revival of a Dead Faith

"**A** FAITH that was dead revives." The writer of those words had been reared where faith in an omniscient, omnipotent and beneficent Creator was confessed and taught. He had accepted that faith without hesitation through boyhood and into early manhood; but a working-man's life and an inquiring mind prompted him to question and drove him on to doubt. He could not reconcile the grinding inequalities of the world with beneficent intelligence in its creator; and pious promises of postmortem joys seemed to him irrelevant. The more widely he observed and the more deeply he thought, the more certain he became, for a time, that no intelligence at all rules the universe.

Further consideration, however, revealed to him evidences of some kind of intelligence as a ruling force. But this revelation only made the matter worse; for the Intelligence he thought he recognized was wholly lacking in benevolence. Instead of a beneficent God it seemed a malignant Devil.

Such was Henry George's spiritual outlook when in the middle 70's of the Nineteenth Century he began his inquiry into the cause of increase of want with increase of wealth, into the reason for persistence of poverty among the in-

dustrious multitudes in spite of progress in productive power—his momentous inquiry of which "Progress and Poverty" was the published outcome.

In the course of that inquiry he came to see that the force which created and governs the universe is benevolent as well as intelligent. He began to discern a wisely loving Father in place of an insanely satanic practical joker. So his old faith in the Fatherhood of God and the consequent brotherhood of man came back to him, and he made his confession in the concluding chapter of "Progress and Poverty." "Out of this inquiry," he wrote, "has come to me something I did not think to find, and a faith that was dead revives."

The Law of Rent

This revival of Henry George's original faith was caused by his growing apprehension of the familiar phenomena of rent for land, of those varying premiums for the various natural resources of the earth with which exploiting corporations, all dealers in real estate, and most socially intelligent people are familiar.

Rent, let it be understood, is that part of industrial production which flows from producers to owners of natural resources in varying shares. The economic law that measures those shares in the distribution of products is known as the law of economic rent. George described it in these terms: "The ownership of a natural agent of production will give the power of appropriating so much of the wealth produced by the exertion of labor and capital upon it as exceeds the return which the same application of labor and capital could secure in the least productive occupation in which they freely engage." As no one can engage in any occupation without access to natural resources, this is the same as saying that the rent of any natural resource is determined by the excess of its produce over that which the same application can secure from the least productive natural resource in use. The accuracy of that definition of economic rent, the rent or price of land, the rent or price

of all kinds of natural resources, will be apparent to whoever takes the pains to grasp it.

In its normal operation the law of rent leaves to producers their entire produce from such natural resources as are so abundant and so freely available that no producer will pay for the privilege of using them. For instances of such extreme availability we must look to sparsely settled countries. Karl Marx notes an impressive Australian instance in the 33rd chapter of his "Capital," where he tells the true story of an "unhappy Mr. Peel." But in well settled countries there are spots where rents are low enough to serve as "no rent" locations for all the purposes of understanding and illustrating or exemplifying the law of rent. From a natural resource that is free or commands only a small rental or price, the whole produce or virtually the whole is retained by the producer. No one but the producer can appropriate any of it, because opportunities for free or approximately free production are easily available. The totality of his own product therefore constitutes his own earnings. But for the use of natural resources superior to those that are free or almost free, the producer can retain only so much of his product as equals what he could retain if he had produced from free or nearly free resources. The rest, varying from a small share to an enormously large share according to the inherent richness and convenient location of the natural resource, is rent. It is the price of the privilege of producing. For illustration: If a producer can produce 10 units from natural resources of a grade that is abundant enough to command no rent, and 20 units from better natural resources of a grade that is monopolized, the extra 10 units will be rent for the better natural resources.

Evidently, therefore, while rent varies with the differential usefulness of natural resources, the producer's own share in production is approximately the same everywhere for the same effort and skill. This is true regardless of whether the producer owns the natural resources he uses, or pays rent to a landlord, or works for stipulated wages. If he

is the owner he will probably confuse his rent with his earnings instead of separating the two; if he is a wage earner the rent will be deducted in his contract of employment—probably without his knowing it. But the difference between earnings as the share of producers, and rent as the price of permission to use monopolized natural opportunities for production, is essentially the same in all industrial relationships.

Beneficence of the Law of Rent

One's first impression upon grasping the principle of rent may be that it is a shrewd "capitalistic device" for diverting products from producers to labor exploiters. That is indeed the way in which it operates when social institutions recognize abuses of land ownership as legitimate. But the law of rent is no such device. It is a beneficent natural law for distinguishing individual earnings from social earnings. When not perverted, it tends to enrich both individual producers and society as a whole, with every advance in productive power.¹

His realization of that characteristic of the law of rent is what revived Henry George's dead faith in a beneficent Creator. He saw that under the normal operation of that law material progress would augment the incomes of individual producers as absolute quantities even though reducing them as proportions, while augmenting the income of society both absolutely and proportionally. For illustration: Suppose that any number of individuals are producing 20 units each, of which each retains 15 units as earnings and turns over for common purposes, under the normal operation of the law of rent, 5 units as rent for the natural resources he uses; suppose then that a labor-saving device is introduced by means of which, without any increased exertion or with even less exertion, the production of each individual is increased to 30 units; suppose also that under the normal operation of the law of rent each producer now retains 18 units instead of 15 as earnings, turning over as rent for social purposes 12 units instead of 5. In those

circumstances material progress would have increased their respective shares as producers from 15 to 18, which, though a proportional increase of only 20 per cent, would be an absolute or actual enrichment of 3 units; at the same time the same material progress would have increased the share devoted to common uses (rent) from 5 units to 12 for each producer—a proportional increase of 140 per cent and an absolute increase of 7 units. In other terms, the results of advances in productive power, distributed by the normal operation of the law of rent, would go in increasing proportion as well as quantity to the common uses of producers as a whole, and in diminishing proportion but increasing quantity to individual producers.

The principle thus illustrated would constantly tend—improvements in the arts, increase of population and advances in general refinement continuing to make further and further demands upon natural resources—to enlarge social income for common uses in greater and greater proportion while substantially increasing the actual incomes of individual producers. Society would thus be able to do more and more for the improvement and comfort of all its members, and each individual would be able to do more and more for his own comfort and improvement. Poverty would no longer accompany progress.

There is, therefore, in the natural law of rent evidence of an Intelligence in the universe which recognizes individual independence and social solidarity in human nature, each with a sphere of its own, and provides wisely and beneficently for both. At any rate, Henry George found this law of social progress that convincing proof of beneficent design of which other evidences had been to him unconvincing. For here he grasped a natural law which in its normal operations would stimulate individual faculties, and reward the individual equitably according to his degree of usefulness, while providing for society a fund no part of which any one could reasonably claim as his very own, but which would increasingly serve the social needs of all. He realized that in the normal operation of this beneficent natural law, "society would approach the ideal of Jeffersonian democracy,

the promised land of Herbert Spencer, the abolition of government, but of government only as a directing and repressive power"; and that "at the same time and in the same degree . . . we should reach the ideal of the socialist, but not through government repression," for "a government would change its character and would become the administration of a great co-operative society . . . the agency by which the common property was administered for the common benefit," while individual property was left to individual administration and enjoyment.

It was to that natural law that George referred in the free trade and socialism chapter of his "Protection or Free Trade," where he said in a note: "I neither claim nor repudiate the name" of socialist; "and, realizing as I do the correlative truth of both principles, can no more call myself an individualist or a socialist than one who considers the forces by which the planets are held to their orbits could call himself a centrifugalist or a centripetalist."

Natural Law in the Social World

There have been social scientists who denied natural law in the social world, who limited the reign of natural law to the realm of physics. But surely no real scientist at this day holds to that discredited fad of German "kultur." Man seeks the line of least resistance as persistently as the rifle-bullet does. It is his nature to. He acts according to a natural law, a law of human nature. And out of this human characteristic of the individual spring all the economic phenomena of human association. One of those phenomena is the law of rent. Using it, society prospers; permitting its abuse, society suffers.

Can one possibly reflect upon social phenomena without realizing that social life is governed no less by characteristics of human nature than by characteristics of physical nature and animal nature? With the one as with the other, like causes tend uniformly to produce like effects. No more true can it be that a column will tend to fall if it

loses its center of gravity, than that social tendencies are generated by laws of human nature.

That physical hunger stimulates the will to apply intellectual and physical faculties to external objects in order to procure food is a law of all animal nature, human nature included. It is a natural law of the human animal. But man is more than an animal, and the boundaries of natural law do not end at the outer edges of his nature, leaving the interior areas lawless. In all the realm of human nature, social as well as physical, natural laws must hold sway.

It would not be reasonable to suppose that man's social life is haphazard, while natural law reigns below that level all the way down to crystals. To reflect rationally upon the history of human experience is to infer that natural laws of human society, springing out of laws of human nature, are as certainly existent and inerrant in their tendencies as laws of matter.

We recognize, for instance, a law of human nature which corresponds to the physical law that motion follows the line of least resistance. Henry George formulated it in these words: "Men seek to gratify their desires with the least exertion." Its social validity may be tested by the phenomena of prices, values, labor saving inventions, predatory crimes, predatory legislation, predatory institutions. "By comparing societies in which different conditions exist, or by in imagination separating, combining, adding, or eliminating forces or factors of known direction," as George did, the operation of that law of human nature may be clearly traced. Whatever the desire, human efforts to gratify it proceed along the line of least resistance. It is the same law of human nature which on the one hand has clouded history with shadow-pictures of lawless robbery and institutional privilege, but on the other has enriched civilization with inventions of marvelous utility.

This law of human nature, which inspires men to produce satisfactions from natural resources with the least exertion, leads on with irresistible logic to revelations of a moral law which confirms in producers the natural title to their

products—that of maker. Of this title they cannot be fairly divested except as they transfer their products in the course of voluntary exchange. They do transfer part of their products in the course of voluntary exchange when they surrender that part to their communities for the privilege of using natural resources of greater utility than those to which any of their brethren are compelled to resort for lack of better. This they do under the operation of the natural law of rent. If they pay the rent into a common pool for the good of all, and as morally the natural property of all, an equilibrium of fairness is maintained. Whoever produces more, not because his working ability and achievement are better but because his allotment of natural resources is more productive, compensates the rest in proportion to the advantage he secures through monopolization of natural resources which in fairness are no more his than theirs.

The Warning

If those payments do not go to common use, the equitable operation of the law of rent is disturbed and its potential good becomes potential evil. Therein is to be found the warning which Zion must heed or pay the natural penalty.

Let the forthcoming Jewish Commonwealth divert its differential rents to monopolists of its natural resources, and some of its citizens will revel in unearned riches while others, robbed of their natural birthright and their natural earnings, will struggle like serfs for a bare living.

If Zion patterns after other peoples in giving rent to individuals or corporations or private groups of any kind, as their private property, the social evils that have befallen those peoples will assuredly befall her. For her material progress, keeping pace with that of the rest of the world, will make greater and greater demands upon her natural resources. This will increase the unearned incomes of the private owners of those resources, both proportionally and absolutely. Consequent expectation of still greater demand for her natural resources, through confidence in continued

material progress, will increase rent abnormally at the expense of individual earnings. The outcome will be excessive rent, both absolutely and as a proportion of produce, and consequent reduction of earnings to the margin of a bare living. Material progress then will but perpetuate and intensify poverty.

The natural law of rent, like every other natural law, brings disaster when defied or ignored.

The Promise

But in that rational vision of Henry George's there is the promise of a splendid future for Zion. If she conforms her property institutions and her fiscal policies to the natural law of rent, material progress will spell material prosperity for all her people, individually and collectively. By leaving to individual producers their share of production, which the law of rent in normal operation measures equitably, and taking for common uses the resultant social increment, which also the law of rent in normal operation measures equitably, Zion shall flourish as no other nation ever has. She shall flourish as no nation can which disinherits the working masses and gives their natural birthright and their natural share in social wealth to a privileged few.

Let this Commonwealth, with its historic background, acknowledge and enforce the natural law which prescribes earnings for the earner and rent for all, and an ugly warning becomes a generous promise.