DEFINITIONS[1]

LAND. The material universe outside man himself. It is the storehouse of nature from which man draws all his supplies, and the one foundation upon which he rests all his structures. Not only the soil, the water, the atmosphere, the sunlight, building sites, railroad sites, mineral deposits, forests and even the birds of the air, the fishes of the sea and the wild animals that roam the earth are included in this economic category.

RENT. What land is worth for use. The rent of any piece is the excess of value that can be produced upon it over what can be produced upon the poorest land in use with the same exertion (or, as we say, with the same expenditure of labor and capital). It is an annual value of location. The selling value of land, on the average is this yearly value capitalized at twenty years purchase, at the current rate of interest. Thus a piece of land the rent of which is $100 a year can be sold somewhere about two thousand dollars.

WEALTH. Anything created by human labor that ministers to human desire. It is, in the last analysis, produced entirely from land. No matter how many the intermediate steps in the process, the finished product will, in every instance, be found to be composed of materials obtained in their raw state directly from nature by the exertions of human beings. Labor and land are thus the primary and essential factors in all wealth-production. Capital is itself a compound of these primary factors, and plays an important role in accelerating the later steps in the process. Evidences of debt are not wealth, nor is land, which is simply the common source of the raw materials which are to be transmuted by labor into objects of human desire.

[1]See Index for subjects not embraced under this head.

LABOR. The human element in the production of wealth. It consists in all human energy, whether mental or physical, expended in the process of wealth-production. Mere idle expenditure of muscular energy is not labor in the economic sense.

WAGES. The reward of labor for its share in wealth-production. It is that portion of wealth which falls to labor in the general distribution. Not only the daily, weekly or monthly sums paid by an employer to an employee, and all salaries, fees and *honorariums*, which represent the payment for service rendered in any form, but the wealth produced and retained by the individual, constitute wages. Thus the fish of the lone fisherman form his wages. That part of the value of the farmer's crop which remains to him after the payment of rent and all other expenses is his wages, except in so far as it represents the interest on his capital in the form of tools. In the savage state, where land is common property, and rent does not arise, labor receives the natural wage, which represents the full product. Under land monopoly, independent labor receives the value of the product less the tribute extorted by the owners of natural opportunities. Under the Single Tax, the wages of labor will be the equivalent of the full product of land at the margin of cultivation or production under the application of a like degree of efficient exertion. The excess over this return represents the superior opportunity afforded by society in imparting increased value to land above the margin, and will therefore be properly collected by society under the forms of taxation.

CAPITAL. That part of wealth used in the production of other wealth. It is not merely or primarily money, but in its simplest and original form is the primitive tool by which labor is assisted in production. It is, therefore, simply stored-up labor, having the specialized function of increasing the efficiency of simple labor. It is a secondary factor in production, but is introduced at so early a stage as to be indispensable as an auxiliary in all but the simplest processes. Since it is the tool of labor, capable of indefinite multiplication as well as of deterioration and destruction, and can be constantly reproduced by labor wherever access is open to natural opportunities, it cannot in itself be the means of oppression or exploitation of labor, but may be used for the purpose by the monopolistic element in society, whenever, as throughout the world at present, the private appropriation of rent renders it possible and profitable to withhold the land from the use of all on equal terms.

INTEREST. That portion of wealth received by capital for its share in production. It may be regarded as deferred wages for the labor employed in the production of the capital. The justification of interest has long been a moot question, being confused in many minds by the exclusive use of the term in the narrow sense of a premium on money loaned. Its rate under given conditions is determined by the average return to capital in the different accessible opportunites for investment.

PRODUCTION. The process by which labor converts the raw materials of nature to means of satisfying human desires. Strictly speaking, it consists simply in changing the position of objects or portions of matter. It is adaptation, rather than creation. The savage, who pulls a root from the ground in order to eat it, performs an act of production no less than the workmen who unite to employ the most elaborate machinery in the manufacture of the most intricately contrived article.

VALUE. The measure of the relation of commodities to one another for purposes of exchange. As to its exact nature and source, no general agreement exists among economists; and many conflicting theories have been put forward. The price of goods is regarded as simply a rough reflex of their economic value. The theory of Karl Marx, that value is to be determined simply by a calculation of labor power exerted within a given time, has little support at the present day. Modern economists tend, though by no means unanimously, to support in general the so-called Austrian theory of value, which is a somewhat intricate conception to which has been given the name of marginal utility, or the degree of desire for an object attributed to the least eager of a series of possible purchasers.

MONEY. A device for facilitating exchange—the obtaining or rendering of service for service. By the use of money this equation of service may be deferred rather than immediate, and it is of prime importance that money should neither appreciate nor depreciate as a measure of service during any interval between giving and receiving service. That is the best money, therefore, which is the most stable as a measure of service—or labor.

The standard dollar of the United States at present contains 25.8 grains of gold, nine-tenths fine. This is a definite quantity of a certain commodity. To decrease the size or fineness of the standard dollar would be to decrease the service it would measure; to increase the size or add to the fineness of the standard dollar would be to add to the labor or service it would measure.

It appears to be inherently necessary to select as a measure of service some quantity of some commodity to serve as a unit of value, and this necessity limits the possibility of any money at any time or place being absolutely a stable measure of service. As a measure of service any commodity may vary at different times. All that can be said of gold, in this respect, is that it varies but slowly and within moderate bounds. Once a commodity is selected as furnishing a unit of value, however, it is difficult it not impossible to determine whether it appreciates or depreciates. It is always an accurate measure of itself. A dollar's worth—25.8 grains of standard gold—is always worth a dollar and must be so as long as gold is the standard.

Strictly speaking, money may be said to be standard coins only. Gold or silver certificates, greenbacks, bank notes and subsidiary coins may be said to be currency rather than money—representatives of or substitutes for money, rather than money itself.

TAXATION. The method by which public revenue is collected from the individual members of society who are held liable for the support of collective activities. Taxes may be direct or indirect. Direct taxes are those levied upon persons either *per capita* or in proportion to all or some species of their possessions or activities. Indirect taxes are those levied upon the production or importation of certain articles, and are promptly passed on to the consumer. Excise and tariff duties are the principle forms of indirect taxation. Their tendency is to raise the cost of living, and to bear far more heavily in proportion upon persons of moderate means than upon the possessors of great wealth. Direct taxes, in turn, fall into two classes. They are levied either upon special privilege or upon the products of labor. A tax upon land values falls directly on special privilege, while practically all others strike the products of labor. The Single Tax, which involves the collection for social uses of the entire rental value of land, is the precise analogue of the methods by which legitimate private revenues are obtained by the individual. The sum total of social services rendered to the occupant of a given location by organized society is exactly reflected in the value of occupancy. The collection of this value, by means of taxation, is merely the enforcement of the proper payment for service rendered, which is the precise measure of payment to private individuals in non-monopolized industry. Of no other form of taxation can the same be said. A tax on incomes or one on inheritances, whether graduated or not, may be a step toward the artificial equalization of fortunes; but as it takes no account of the source of acquisition, it has no tendency to destroy special privilege or monopoly. As it makes no distinction between earned and unearned wealth, it has no value as a solution of the problem of social injustice, and by obliterating the distinction between superior industry and mere exploitation, it actually tends to discourage the former and to remove the incentive toward efficency.

PROTECTION. The system under which tariff duties are imposed upon importations. It is supported by many manufacturing interests on the alleged ground that the free influx of foreign goods would create a competition against which American manufacturers would be powerless. Advocates of protection also credit it with the maintenance of high wage standards in this country, although evidence to support the statement is utterly lacking. In the earlier stages of the development of a protective policy in the United States, the chief contention was that the infant industries of our young nation demanded an artificial bolstering up, until they should be fairly established and able to stand alone. Now that the industries are full grown, the ground is shifted, and protection advocated as a permanent policy. The claim that "the foreigner pays the tax" is not now heard so frequently as in the past, since the increasing prices of goods in protected industries have proved even to the dullest minds that every dollar of the tax is shifted to the consumer, who is made to bear the whole burden, while the protected manufacturer multiplies profits at the expense of the country as a whole. The burden of the protective tariff has become so great that the modern tendency is entirely in the direction of its downward revision.

FREE TRADE. The antithesis of protection. It is the removal of restraint from competitive industry. In its narrower sense, it is applied to the abolition of all tariff duties; but in its broader aspect it is the complete unshackling of industry from all forms of privilege, monopoly or governmental interference. The mere entry of foreign competition, while having a tendency to compel the lowering of prices and to limit the profits of certain manufacturers to a reasonable return, would in general only widen the range of exploitation of the consumer. True free trade can be brought about only by freeing the land by taxation of land values in the fullest degree.

MONOPOLY. The exclusive control of a given economic opportunity or activity. Natural monopolies are such as exist by the nature of things. For example, the waterworks system by which a city is supplied is usually incapable of effective duplication by a competitive system. Railroads are in a measure natural monopolies, as the extent to which a given line can be parallelled by a competitor is necessarily limited; and in some cases, such competitive paralleling is physically impossible. Artificial monopolies are those created by law. A patent is a limited artificial monopoly, granted for a term of years to stimulate invention. The exclusive right to manufacture or sell a given article has at times been awarded by governments to certain favored persons without limitation of time. Such a right would constitute a complete artificial monopoly. Monopolies of every character necessarily benefit the few who are thus given an advantage over the many. The more nearly they deal with opportunities or substances of general use, the more oppressive they become. Land monopoly, or the right to fence off unused and needed portions of the earth from potential production, is the most basic and pernicious of all monopolies, as controlling the most vital needs of the race, and rendering the great body of mankind completely subject to the fortunate owners of natural opportunities.

PRIVILEGE. The unearned advantage granted to one member of society above another. In the Single Tax philosophy, it is the chief enemy of social justice; and its removal is the primary *desideratum*. The equal political rights of human beings form the cardinal principle of the democratic theory of government. It is held by Single Taxers that equality of economic opportunity is the logical corollary of political democracy, and that equal access to the land is its cornerstone.

COMPETITION. Rivalry in production or trade. Where semi-monopolized, it loses its real nature, and begets resort to unwholesome combinations in fraud of the general public. In its essence, however, it acts as a beneficial stimulus to business efficiency and as a corrective to excessive profits at the expense of the consumer. Where entirely free, it stabilizes prices by what Adam Smith referred to as "the higgling of the market."

BALANCE OF TRADE. A term used to indicate the balance of the profits of the exports and the imports of a country. It was popular with the ancient or mercantile system of political economy to reckon the wealth of a country wholly in gold, and to regard an excess of imports over exports as an unfavorable balance, and an excess of exports over imports a favorable one, as the difference must be paid in gold to the exporting country.

Since the days of Adam Smith, the theory has been an exploded fallacy; but it recurs at times in the arguments of certain advocates of the protective tariff.

ECONOMICS. Formerly known more frequently as political economy. The science of the production and distribution of wealth. It is based on the principle of the law of the line of least resistance in physics and finds its application in the tendency of human beings in relation with one another to gratify their wants in the most direct available manner and with the least exertion. The meeting of many wills directed to the same end, each for itself, causes certain relations to arise, which may be defined and classified. Academic economics is concerned largely with the analysis of the many intricate ways in which the economic relations of our complex society express themselves. Single Taxers and other radical economists devote themselves more particularly to searching out and expounding the basic laws that govern these relations, thus making economics not a cold and abstract science but the handmaid of social progress.

ANARCHY OR ANARCHISM. A philosophy of individualism carried to an extreme, and involving the absence of all repression. It is often confused in the popular mind with the overthrow of government and the destruction of social order. This popular conception of Anarchism is partly justified by the teachings of Bakunin. Anarchism, however, as held by its foremost teachers, is a non-resistant philosophy, and of this school Tolstoy is perhaps the foremost apostle. Peter Kropotkin, another eminent Russian, has been called a "Communist-Anarchist"; but when we read his recommendations for social reform, we find this designation misleading. Jefferson's dictum, that "that government is best which governs least", is generally taken to summarize the philosophy of democratic individualism.

Between the two extremes of Socialism and Anarchism the Single Tax philosophy occupies a middle ground, accepting the individualistic philosophy, but rejecting the extreme claims of Anarchism and recognizing the limited but important functions of State activity.—J. F. M., JR.