

tion of the victim. For instance, when translated to the calling known as relief work, capacity-to-pay adds unto itself the plaintive "Give until it hurts." That it hurts a \$15 a week wage earner to contribute a day's pay to a Community Chest campaign is painfully true, *but* do we find any such practicing of what they preach by the beneficiaries of institutions primarily responsible for the necessity of alms-giving. To be sure, the latter sometimes make the front pages in the apparent generosity suggested by four and five figured contributions. They have done well, in a fashion. Yet it is hardly to be supposed that the small contribution of our workman is matched, in spirit, by the merely larger ones of his "betters." Only a smug "philanthropist" would pretend to believe that one-hundredth of a millionaire's income (and how few can, in the true sense, honestly make a million dollars a year) is worthy of notice alongside one-hundredth of a factory girl's wages contributed to the needs of the less fortunate.

Perhaps we have been placing too much emphasis on *voluntary* contributions from the low scale income groups. More might be said about the additional burdens they bear, under the institution of "capacity-to-pay" as applied to taxes. Anyone who has studied the incidence of "capacity-to-pay" taxation knows that it bears most heavily on the poor.

Capacity-to-pay! We wish that those who most benefit from the coining of this misleading catchphrase could themselves abide by it. If only they could lawfully return to the community's rent chest what they have been allowed by law to appropriate from it, there would then be no excuse for the makeshift Community Chests we have with us today.

Attention, *Saturday Evening Post*

"THE values along a highway are so obviously created by that highway that the rights in them belong to the people who created and use the highway, and *not to the private property abutting*, so the scenery of the state is an asset belonging to the people of the state and the country as a whole."—Editorial in *Saturday Evening Post*.

One of our subscribers wrote to the *Post*, as follows:

If land values belong to those who make them and not to the site owners, then, it seems to me, the people own a good deal more than "the scenery" and Henry George was right in demanding that all this value be collected by taxation for the use of the people who made it.

I am having a bill introduced in the Legislature to collect these public-made values in Philadelphia for the use of the people. May I have your help in passing it?

Yours sincerely,

HAROLD SUDELL.

NOTICE

ON account of the continued confinement of the Editor, Joseph Dana Miller, resulting from an accident as reported in the last issue of LAND AND FREEDOM, we ask the indulgence of our readers for the delay in getting out this number.

We take this opportunity to thank our subscribers for their cooperation. We also wish to make grateful acknowledgment of the financial help which is being accorded LAND AND FREEDOM, regretting the inability at this time to personally acknowledge receipt of remittances.—ASSOCIATE EDITORS.

Ricardo's "Law of Rent" Invalid

By W. R. B. WILLCOX

IN his article, "Land Owners Pay No Taxes," in the January-February, 1939, LAND AND FREEDOM, Mr. Harrington predicates his argument on the generally accepted soundness of Ricardo's "Law of Rent." The present writer denies the validity of this "Law." If to do so be deemed the consequence of a subtlety of which he happens to be enamoured, may he be forgiven; but he ventures the assertion that this "Law" has served, chiefly, to thicken the economic fog through which civilization would appear to be stumbling to destruction.

Mr. Harrington states this law as follows: "Rent is the *excess* product or value of any land over that of the poorest land in common use." From this he draws the customary conclusions, namely: "This excess is 'rent,' or 'ground-rent'. It is a free gift of nature. It has cost nothing. It is sometimes called the 'unearned increment.'"

There is no question that the inscrutable processes of nature result in increments in certain combinations of nature's elements at no cost of human exertion, hence, are unearned so far as mankind is concerned.

For example: The transformation of a few kernels of grain into fields of wheat results in an unearned increment of wheat. So, too, the migration of fish, the growth of forests, the formation of coal, result in increments of comparable character. Some of these increments are completed in days, weeks or months; others, in hundreds or thousands of years. But whatever their nature, or whatever time has gone into their formation, these increments are independent of human exertion, hence, have cost mankind nothing.

Furthermore, if, when these transformations are completed, men do not take advantage of the increments which result from them, nature's processes will return them to the elements whence they came, and these "unearned increments," these "free gifts of nature," will have vanished.

The only gift nature makes to man, apparently, besides

life itself, is the freedom to *work*, that he may gain access to, and can get, these increments when the latter have reached a condition of usefulness to him. These increments, use of which in some form is essential to the life of every human being, are free to mankind only in the sense that they are free to be obtained. So truly are they the results of nature's processes, and of these processes alone, that no man is to be compensated for them in any state in which they are to be found in nature.

It is obvious that if these increments of nature are to be obtained, men must labor, either directly or indirectly, to get them. If directly, their compensation will be such part of these increments as they get—their wages. If indirectly, their compensation will be wages in return for the labor expended in the varied operations necessary to provide instruments and conditions to aid all human activities; or it will be interest in return for the use of these instruments and conditions. Wages and interest will be exchanged for the increments obtained directly by the labors of others.

When this labor is the labor of individuals, or groups of individuals such as partnerships or corporations having the legal status of individuals, compensations can be apportioned directly to the parties in interest. But when this labor comprises the inter-related activities of the entire population, incidental either to individuals earning their own livings or to governmental undertakings, compensations can not be apportioned directly to the parties in interest.

Therefore, these latter compensations must be made to all of the citizens through their agent the government. They will be proportioned, naturally, to the benefits which each citizen elects to obtain, by locating where such of these benefits as he needs or desires are accessible. These compensations constitute rent.

Rent is not the "excess product of land." It is not any "product of land." Wherever and however the increments mentioned appear and disappear, they are the results of nature's processes. But rent, which only appears and disappears in proportion to population, or properly speaking, in proportion to the *activities* of population, is the product of human exertion.

This is true not only where these increments are most prolific, that is, where the "land" is most productive; but it is true, also, where the "land" is "the poorest land in common use." The usefulness of these increments to mankind, hence, their value, awaits upon their procurement, and varies in proportion to the social and governmental contributions to their utility. Payment for the benefits of these contributions is rent.

That, under the existing economic system, any rent appropriated by an individual is an "unearned increment" to him, is not to be gainsaid. But so, too, would it be an "unearned increment" to *society*, if the latter did not compensate those whose individual labors are expended in making the social and governmental contributions

mentioned. Mankind cannot get anything in this world without labor.

However, under a scientific economic system, rent would not be an "unearned increment," a "free gift of nature," to any one, either to individuals or to mankind. Rent would consist of compensatory payments made by individuals to society, through the latter's agent the government, "for the advantages of social and governmental contributions to the utility of provisions of nature." Its disbursement by the government, in providing society with these social and governmental advantages, would consist of compensatory payments to individuals for their labor in providing these advantages.

Ricardo's "Law of Rent," therefore, is invalid, since it is based on a false assumption, namely: that, since the processes of nature are independent of human exertion, mankind *acquires the results* of these processes independent of human exertion. This, of course, is not true. Mankind's acquirement of these results "costs" human exertion; and rent, which is compensation for the human exertion required to provide social and governmental advantages, cannot be a "free gift of nature."

EDITOR'S NOTE.—The above article is, of course, the opinion of Mr. Willcox. Further comment will be made in a subsequent issue of LAND AND FREEDOM.

WITHOUT ties to bind the people to the land, they have been driven, especially of late years, in ever increasing multitudes to the towns. Here, they have herded apart from the better classes, forming an atmosphere and a society marked on the one hand by an absence of all the elevating influence of wealth, education and refinement, and on the other by the depressing presence of almost a dead level poverty, ignorance and squalor. They are not owners either of the scrap of land on which they live nor of the tenements which contain them; but they are rack-rented by the agents of absentee landlords, who know less of them than Dives knew of Lazarus.

Address of Cardinal Vaughan
to Catholic Truth Society, New York.

Here's A Thought

THE Perry County *Times*, of New Bloomfield, Pa., says editorially:

To suggest that it is our duty to save the democracies of Europe when we have not saved the workers of our own republic is absurd. To suggest that we as a government should go to the rescue of peoples beyond the sea when we have not saved the property of our own nationals in Mexico is hypocritical.

THERE can be no real progress unless there is a moral development with every mechanical aid.

EMERSON.