

Economics, With a Warning

by URQUHART ADAMS

ECONOMICS is a fundamental influence in the life of every person, yet it remains a vague and indefinite term. Practically all political policy is based, directly or indirectly, on economics — especially on political economy, which has to do with the business of government — so it bears sober reflection.

The term is restricted to human affairs, but in a sense there is an economy of all forms of life. True, economics deals with the production and distribution of wealth and the way people make their living. And they make it even as all other creatures do, by the application of labor to land. Capital enters the picture too, among men and among certain other creatures. But since capital is a product of labor (that part of what man produces from land to assist him in further production), we can regard it as simply another form of labor.

All wealth is produced by labor from land. Now you know what economics is all about. Of course having acquired this knowledge, and being concerned, as enlightened HGN readers are, with the solutions to economic problems, such as unemployment, our dwindling gold reserve, how we're going to contain communism, etc., you do quite a little thinking. Wealth, for instance, is produced by labor from land — anything that prevents labor from applying itself to land prevents the production of wealth and the employment of labor; just as, if you spray your begonias with pesticide, you will prevent the honey bee from making honey from those flowers.

The man who works for a living is continually being fleeced of far more than his take-home pay amounts to but

he stumbles through life blissfully unaware of the fact. He has, perhaps, the great virtue of humility. When he hears of a man possessed of one billion dollars worth of worldly goods he shrugs his shoulders and admits the rich man must be smarter than he. Rent and taxes take the most of his income, but he doesn't know it because he never sees his full earnings.

Once an expert came up with the statement that there are 128 items of taxation on a package of corn flakes. Each was increased considerably by the necessity of having to collect interest and profits on the prepaid taxes. Now you can figure that there will also be as many items representing *rent* on the package of cereal, with interest and profits added. That makes 256 items of unnecessary cost on that commodity. And so with every article that the working man buys in the store. No wonder he has a hard time making ends meet and is haunted by fears of unemployment, illness, old age and automation.

In all populated parts of the earth there are large tracts of unused land. The one single tax on land values would force such land into use and give employment to all who wished to work at productive labor. Governments would be financed by a levy on ground rents. Labor would receive its full reward and so would capital. The worker's take-home pay would be doubled, at least, and his dollar would buy more than it does today.

Yet all over the world there are obstacles that prevent the application of labor to land.

In the free world the great obstacle is the private monopoly of land and taxation that puts it out of the reach

of many workers. And in the communist countries the obstacle is the bureaucratic control of nationalized land. We cannot do anything about the communist control of its land and workers, but we can do something about the barriers in our own system. That is, we can make the land accessible to labor by allowing it to pay its full share to society or the government according to its value based on its location. Any reasonable, simplified government could be supported wholly by this tax alone. No tariff, sales taxes or income taxes would be necessary — but it would be a government — not a bloated welfare state.

Adoption of this method would dis-

tribute the rental value of land among all, forcing the land into use and offering employment at the highest possible wages, while affording capitalists the highest possible interest. The wicked speculator and the mean slumlord would have to work for a living like everybody else, but it would be a good idea for them to step down before they are knocked down, as they will be if communism takes over.

In less than fifty years communism has covered a third of the earth. Unless we face up to serious economic principles, and reform our economy so that our land, labor and capital can move into full production, it *can* happen here.

Land Use Clinics

William E. Clement, author of *Winston Churchill's Anti-Depression Proposal*, long a student of political economy, sees land value taxation as offsetting communist "agrarian reforms," but he is well aware of certain drawbacks. A much overlooked danger, he says, is covered by the late Albert Jay Nock in his *Memoirs of a Superfluous Man*. While Nock stood firmly for land value taxation, and believed men could never be socially or politically free outside of a free economy, he recognized the failure of LVT adepts to "evolve administrative machinery." Even the best system has to be administered — and Nock believed "the trade of governing has always been a monopoly of the most ignorant and most vicious of mankind."

Mr. Clement, having studied this deficiency, suggests in his book the institution of Land Use Clinics, to be drawn from local representatives of capital, labor and landowners.

Erick S. Hansch of Portland, Oregon, echoes this suggestion for "something closer to the people," and feels "the necessity of having an organ functioning in such a way that it would be an adjunct to the office of tax assessor."

Whatever may be said for the "bold and creative" charter of the Alliance for Progress, "we cannot hope for the badly needed complete success unless we implement land and taxation reform with land utilization committees in each community," says William E. Clement of New Orleans.

The Wall Street Journal featured on May 19th a long news roundup of "Lofty Land Prices," stating that the cost of property for new home building has tripled since 1950, and noting the apartment house boom caused by the gain in population. The price of land "leaps skyward across the nation" whereas the average wholesale price level of portable products has remained stagnant. FHA figures are quoted in this report to indicate the increase in the price of land but evidence points to an even steeper rise. Home-building experts believe prices will still continue upward.