

"THE DUTY OF THE HOUR"

By Henry George in "The Land Question"

These great aggregations of wealth are like great trees, which strike deep roots and spread wide branches, and which, by sucking up the moisture from the soil and intercepting the sunshine, stunt and kill the vegetation around them. When a capital of a million dollars comes into competition with capitals of thousands of dollars, the smaller capitalists must be driven out of the business or destroyed. With great capital nothing can compete save great capital. Hence, every aggregation of wealth increases the tendency to the aggregation of wealth, and decreases the possibility of the employee ever becoming more than an employee, compelling him to compete with his fellows as to who will work cheapest for the great capitalist—a competition that can have but one result, that of forcing wages to the minimum at which the supply of labour can be kept up. Where we are is not so important as in what direction we are going, and in the United States all tendencies are clearly in this direction. A while ago, and any journeyman shoemaker could set up in business for himself with the savings of a few months. But now the operative shoemaker could not in a lifetime save enough from his wages to go into business for himself. And, now that great capital has entered agriculture, it must be with the same results. The large farmer, who can buy the latest machinery at the lowest cash prices and use it to the best advantage, who can run a straight furrow for miles, who can make special rates with railroad companies, take advantage of the market, and sell in large lots for the least commission, must drive out the small farmer of the early American type just as the shoe factory has driven out the journeyman shoemaker. And this is going on to-day.

There is nothing unnatural in this. On the contrary, it is in the highest degree natural. Social development is in accordance with certain immutable laws. And the law of development, whether it be the development of a solar system, of the tiniest organism, or of a human society, is the law of integration. It is in obedience to this law—a law evidently as all-compelling as the law of gravitation—that these new agencies, which so powerfully stimulate social growth, tend to the specialization and interdependence of industry. It is in obedience to this law that the factory is superseding the independent mechanic, the large farm is swallowing up the little one, the big store shutting up the small one, that corporations are arising that dwarf the State, and that population tends more and more to concentrate in cities. Men must work together in larger and in more closely-related groups. Production must be on a greater scale. The only question is, whether the relation in which men are thus drawn together and compelled to act together shall be the natural relation of interdependence in equality, or in the unnatural relation of dependence upon a master. If the one, then may civilization advance in what is evidently the natural order, each step leading to a higher step. If the other, then what Nature has intended as a blessing becomes a curse, and a condition of inequality is produced which will inevitably destroy civilization. Every new invention but hastens the catastrophe.

Now, all this we may deduce from natural laws as fixed and certain as the law of gravitation. And all this we may see going on to-day. This is the reason why modern progress, great as it has been, fails to relieve poverty; this is the secret of the increasing discontent which pervades every civilized country. Under present conditions, with land treated as private property, material progress is developing two diverse

tendencies, two opposing currents. On the one side, the tendency of increasing population and of all improvement in the arts of production is to build up enormous fortunes, to wipe out the intermediate classes, and to crowd down the masses to a level of lower wages and greater dependence. On the other hand, by bringing men closer together, by stimulating thought, by creating new wants, by arousing new ambitions, the tendency of modern progress is to make the masses discontented with their condition, to feel bitterly its injustice. The result can be predicted just as certainly as the result can be predicted when two trains are rushing toward each other on the same track.

This thing is absolutely certain. Private property in land blocks the way of advancing civilization. The two cannot long co-exist. Either private property in land must be abolished, or as has happened again and again in the history of mankind civilization must again turn back in anarchy and bloodshed. Let the remaining years of the nineteenth century bear me witness. Even now, I believe, the inevitable struggle has begun. It is not conservatism which would ignore such a tremendous fact. It is the blindness that invites destruction. He that is truly conservative let him look the facts in the face; let him speak frankly and dispassionately. This is *the* duty of the hour. For when a great social question presses for settlement, it is only for a little while that the voice of Reason can be heard. The masses of men hardly think at any time. It is difficult even in sober moments to get them to calmly reason. But when passion is roused, then they are like a herd of stampeded bulls. I do not fear that present social adjustments can continue. That is impossible. What I fear is that the dams may hold till the flood rises to fury. What I fear is that dogged resistance on the one side may kindle a passionate sense of wrong on the other. What I fear are the demagogues and the accidents.

The present condition of all civilized countries is that of increasingly unstable equilibrium. In steam and electricity, and all the countless inventions which they typify, mighty forces have entered the world. If rightly used they are our servants more potent to do our bidding than the genii of Arabian story. If wrongly used, they, too, must turn to monsters of destruction. They require, and will compel, great social changes. That we may already see. Operating under social institutions which are based on natural justice, which acknowledge the equal rights of all to the material opportunities of nature, their elevating power will be equally exerted and industrial organization will pass naturally into that of vast co-operative society. Operating under social institutions which deny natural justice by treating land as private property their power is unequally exerted, and tends, by producing inequality, to engender forces that will tear and rend and shatter. The old bottles cannot hold the new wine. This is the ferment which throughout the civilized world is everywhere beginning.

The Republic, the *true* Republic is not yet here. But her birth struggle must soon begin. Already with the hope of her, men's thoughts are stirring.

Not a republic of landlords and peasants; not a republic of millionaires and tramps; not a republic in which some are masters and some serve. But a republic of equal citizens, where competition becomes co-operation, and the interdependence of all gives true independence to each; where moral progress goes hand-in-hand with intellectual progress, and material progress elevates and enfranchises even the poorest and weakest and lowliest.

And the gospel of deliverance, let us not forget it; it is the gospel of love, not of hate. He whom it

emancipates will know neither Jew nor Gentile, nor Irishman nor Englishman, nor German nor Frenchman, nor European nor American, nor difference of colour nor of race, nor animosities of class nor condition. Let us set our feet on old prejudices, let us bury the old hates. There have been "Holy Alliances" of kings. Let us strive for the Holy Alliance of the people.

Liberty, equality, fraternity! Write them on the banners. Let them be for sign and countersign. Without equality, liberty cannot be; without fraternity, neither equality nor liberty can be achieved.

Liberty—the full freedom of each bounded only by the equal freedom of every other.

Equality—the equal right of each to the use and enjoyment of all natural opportunities; to all the essentials of happy, healthful, human life!

Fraternity—that sympathy which links together those who struggle in a noble cause; that would live and let live; that would help as well as be helped; that, in seeking the good of all, finds the highest good of each!

SECURING PAYMENT FOR PRIVILEGE

By John Sturgis Codman

(Being Chapter III. of Mr. Codman's "Unemployment and Our Revenue Problem."*)

The preceding discussion has, I hope, made it clear that unemployment is an artificial phenomenon, and that it is certain to exist in a society which invites the restriction of opportunity by permitting private possession of land without adequate compensation to the community for the privilege. It has also, I hope, been made sufficiently clear that the institution of private possession of land, with its many advantages, is not in itself the cause of unemployment, and that a system of leasing by the State would have the same result if the privilege of possession were granted for an inadequate rental. In either case the use of valuable opportunities would be denied to industry and chronic unemployment would result. Since, therefore, there are in the United States enormously valuable economic opportunities lying idle, and since unemployment is chronic, is it not possible that this condition may be the result of inadequate payment for the privilege of possessing land and natural resources? It would be well to consider just how, if at all, landowners pay for their privileges; and whether the payments, if any are made, are adequate and in proportion to value.

It is true that landowners in the United States do make, in the form of taxes, a payment to the community. Nevertheless it is also true that for the privilege of land-ownership as such, no compensation is required by any government, federal, state or municipal, and that, therefore, whatever payment is made to these governments is merely incidental to the needs of revenue for governmental purposes. If no revenue were required, or if revenue were supplied from some outside source, then no taxes would be levied, and the owners of the land would hold their privileges without compensating the community and would therefore be in a position to monopolize opportunity and thus control the lives of others. That some tax is levied upon landowners may be looked upon as a sort of happy accident. Since, however, it is not required as a payment for privilege, but is levied as part of a general tax on property, there results a great disproportion in the relation of the amount of tax to the value of opportunity. Those landowners who fail to utilize their opportunities pay relatively very little for their privileges, while others, who with no greater opportunities make use of them in

industry or for home purposes, are required to pay very much more. Thus the enterprising and industrious are sacrificed to the forestallers of opportunity.

For example, in Massachusetts the holder of unused land is required to pay only the municipal tax on the supposed market-value of his holdings, which value, moreover, is usually assessed at too low a figure for the very reason that the land is unused. On the other hand, if the owner erects buildings and makes other improvements on his land, he is taxed by the municipality on all this property as well as on his land, and at the same rate. Should the owner be a corporation endeavouring to enter into productive industry, not only does the corporation have to pay taxes to the municipality on its buildings, improvements and machinery, but in addition it must pay to the Commonwealth another property-tax on its "corporate excess," which is the market-value of its capital stock in excess of the value of its property locally taxed; and it must also pay to the federal government a "capital-stock tax" on the market-value of its capital stock in excess of \$5,000. If in spite of these penalties on doing business the corporation can still make a profit and therefore can continue its productive activities, it becomes subject to still further exactions levied by the state and federal governments. Principal among these last are the taxes, state and federal, on net income.

The following illustration is submitted in order to give some idea of the amount of these various taxes which a corporation is called upon to pay as a penalty for using its land for productive purposes, as compared with the amount it is required to pay if it makes no use of its opportunity. Let us assume, first, a plot of suburban land valued at \$10,000 and entirely unused, being held perhaps to secure a profit from its rise in value as the city grows in population. The only tax levied upon it would be the local tax of perhaps twenty-five dollars in \$1,000, or a total of \$250 annually. Next let us assume a similar plot of land of equal value, and therefore representing an equal opportunity, but in use by a corporation for manufacturing purposes. We may, in regard to the corporation's business, make the following additional assumptions which seem fairly reasonable:

Value of buildings	\$20,000
Value of machinery	5,000
Value of capital stock (market value) ..	60,000
Net income	5,000

On these assumptions taxes will be as follows:

Municipal tax on land at twenty-five dollars per thousand (the average rate in Massachusetts)	\$250.00
Ditto on buildings	500.00
Ditto on machinery	125.00
State tax on "corporate excess" of \$25,000 (\$60,000 minus \$35,000*) at five dollars per \$1,000	125.00
Federal tax on capital stock over \$5,000, at one dollar per \$1,000	55.00
State tax on net income at 2½ per cent.	125.00
Federal tax on net income over \$2,000 at 12½ per cent.	375.00
Total	\$1,555.00

In this illustration, the tax on the land without regard to use, which may be considered the tax on the privilege of possession, is only \$250. The additional taxes levied because of the use of the land in industry amount to \$1,305, or more than five times as much. Thus the practice of withholding land from industry for speculative purposes is directly encouraged while its use in industry is heavily penalized.

* B. W. Huebsch, New York. Price \$1. Reprinted by permission.

* Land, buildings and machinery, \$35,000.