

The American Farmer

By JOHN HARRINGTON

RECENT generations of American farmers have seen their farms getting away from themselves and their children, into the hands of money lenders, banks, insurance and trust companies, to such an extent that in the middle West, at present, nearly one-half the farms are operated by tenants. Year by year the percentage of tenancy is growing. Over a single generation the change comes almost unnoticed; but it may involve ten to twenty percent of the farms in a county. The census now under way should shed important light on the subject.

The prevailing conditions are important to those farmers and others who would like to look forward to future generations, not as a serflike tenantry of the European pattern, but as a nation of independent, upstanding American farmers, each owning and operating his farm home, and asking no favors nor charity from government, national, state or local—such farmers as were common when land was relatively free not many generations past.

Can our present farmers assure their children and grandchildren of such a future? Is it not more likely that three-fourths of middle western farms will be operated by tenants in less than three generations? Or can our farmers learn how to hold their farms away from money lenders, investors, banks, trusts and insurance companies?

My answer is that it can be done. Not only can, but must be done; and that there is only one way; and the brief answer is to take "Investment for Income" value out of the farm, and keep it out.

All incomes are derived from three sources—from the three factors of production: Land, Labor and Capital. The respective incomes are Rent, Wages and Interest. Any other incomes are negligible. Of these, wages and interest are earned incomes; rent, more accurately, ground rent, is an unearned income. Because it is unearned it is ruining the business of farming. It is the bait held out to all those seeking "something for nothing." Every investor, every banker, trust company, insurance company, land speculator, landlord, is combing the countryside for a good piece of land to produce him an "income without effort" on his part—an unearned income, or as he would call it, an "investment."

The operating farmer is also loaded down with taxes. The only tax he does not earn before paying is his land tax, payable out of ground rent. Taxes on his buildings, livestock, machinery and equipment are paid out of his earnings, wages, or interest on capital. Out of his earnings he must also pay numerous auto, gas, income, sales and other taxes—taxes on everything he purchases, and on most things he sells—direct and indirect taxes, import taxes and transport taxes.

Let the farmer wake up and abolish some taxes he now pays, and add the amount to his land value tax. Let him exempt from taxation his livestock, farm machinery and equipment, improvements and buildings, and make it up by an increased tax on land value. Let him repeal his income, sales, transportation taxes and add to his land value taxes. Thus he will in time have shifted all his taxes to his land value—that is, to ground rent—the unearned income—until all ground rent is taken. Being unearned, it has cost him nothing. His land will have paid taxes—less in most cases than his present taxes.

But his land tax will have done more; it will have paid his public expenses—his schools, highways, courts, public offices, parks, playgrounds, libraries, hospitals. And it will not have paid incomes to money lenders, banks, and investment companies. His earnings from his labor, and from his buildings and other capital equipment will be

secured to himself from the tax gatherer as well as from the investor. When ground rent is reserved for his taxes and public expenses his land is safe from the "investor for income." Land has no purchase price when it will produce no ground rent for an investor. But it has retained all its fine value for a home and for the production of crops and stock.

A note should be added here to forestall the question of assessment as commercial value disappears: At an early stage, land must be valued in terms of annual ground rent production instead of sales value.

Farmers have not had time to analyze the different forms of their income. It might seem to make little difference out of which pocket their taxes are paid. But it actually makes the difference between ownership and tenancy. If the farmer pays out of wages, ground rent is left for the landlord. If the farmer will stop and think awhile he can easily separate ground rent from wages. Rent is the part which a landlord will take when there is a landlord. Any farmer can apply it to his own land if he knows its value. If the law compels him to set ground rent aside for taxes, he saves his earnings, and more important, he saves his farm from investors.

Consider the expense to be saved. Tens of thousands of men and women are now engaged in administering and collecting all the different varieties of taxes with which we are oppressed. A few men in the towns and villages assess, collect and disburse the land taxes; and in the cities the number is still smaller in proportion to population. Increasing the tax on land value will increase not much the number of officials required for its administration.

Our statesmen, our politicians and our "scholars" waste their time on the mock battle of "capital and labor". There is no conflict of interests between labor and capital except as caused by shutting men out from land. There are only two fundamental factors in production, Man and Land. Capital, the third factor, is only the tool of production—the factory and the machine, from the axe and sickle of our ancestors to the laboratory with a hundred smoke-stacks of today.

The "capital-labor" problem must be settled by the farmer who knows and loves the land. He must make it free to himself, his children and grandchildren down through the generations, and to all who want to live on and from the land. It is not that we need more farmers to support the population; but that we need more farmers to support themselves and their families; to make homes that cannot be mortgaged and which cannot be sold against their will; that hold out no inducement to the landlord, speculator or investor. When the farmer begins by exempting his buildings and improvements from taxation, and replacing that tax by a two or three percent surtax on land value, or as much more as may be needed to absorb all ground rent, he will never turn back. He will never again leave land as an open bait for the investor, who wants an unearned income. There will be no land owners except land users. But this work must be done, not by farmers who want to make money from farm work done by tenants, but by farmers who want to see tenancy an institution of the past, or at worst, of lands beyond the sea.

A Request

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