

stand in the way of reform in these matters. "God is not mocked." "No man can serve two masters."

Twenty-five years ago an American political economist and author was introduced in London to Cardinal Manning by a man who thus describes the occasion:

"I have a vision of the two profiles facing each other in the growing dusk, and I have recalled the emotion of tone in which each man made frankly to the other a sort of profession of faith. They had traveled to the same goal from opposite directions. 'I loved the people,' said the American, 'and that brought me to Christ as their best friend and teacher.' 'And I,' said the Cardinal, 'loved Christ, and so learned to love the people for whom He died.' They faced each other in silence for a moment—in silence more eloquent than words."

Let me leave these thoughts with you. If you are a sincere Christian, love your fellow-men at least enough to give them a full opportunity. Help rather than hinder this desirable condition. And if you up to this time, love your fellow-men only, love them as earnestly as the American I have referred to, Henry George, who has yet to be fully honored in his own country, and to you shall come the love of Christ which, together with your work for humanity, will bring the peace which surpasseth understanding. In either case you will seek God and His righteousness, and make way for the coming of His Kingdom, when His will shall be done on earth as it is in Heaven.

THE DISTRIBUTION OF LABOR AND CAPITAL.

(For the Review.)

By PAUL F. JOHANNING.

To the student of economics it is always interesting to note the changes that are taking place in the field of industry and to trace effect to cause. The causes that are leading some men to engage in the production of food, shelter or clothing and others to manufacture touring cars, steam yachts or homes and palaces, are manifold.

Under perfectly natural and just conditions, giving to all equal right and access to natural opportunities, Labor would produce food, shelter and clothing on the one hand, and luxuries on the other, according to the ability, physical and mental, of the worker. After he had provided himself with all the necessities of life and stored up some of these for a future rainy day the laborer would, no doubt, produce some luxuries if he still felt inclined to exert himself.

The desire of the worker to get the things he wants with less exertion or to get more with the same exertion has in early times been responsible for one of the first changes in the distribution of the results of his efforts; that is, it

caused the first production of capital. For capital is simply that part of wealth that is used for the further production of wealth, wealth, of course, being all those things that are made out of land by human labor, usually with the assistance of capital and for the direct satisfaction of human desires. The return to capital, which economically is called interest is really the reward of frugality. Even our man-made law, though often incorrect in definitions, gives that explanation.

In early days all wealth was divided between laborers and capitalists, a laborer often being a capitalist, and vice versa. The nature of all industries was more or less influenced, then even more than now, by brute force, intimidation, superstition and other curses with which or through which some human beings oppress others.

There is, however, a third and most important factor which enters into the production of all wealth, namely land. Let us repeat: All wealth is produced by land, labor and capital, and divided between landowners, whose share of the wealth produced is called rent, laborers, whose share is called wages, and capitalists whose share is called interest. One can easily see that where land has no value all wealth produced upon it is divided between Capital and Labor. However, as soon as the density of population or the scarcity of land (now often artificial) increases the demand for the use of land causes land values and rent to spring into existence and a vital change in the distribution of labor and capital takes place. It is a curious phenomenon that the natural value of land is always equal to the amount of public improvements needed, and this alone, outside of many other reasons, indicates the use that should be made of land values.

If the value of land were collected by the community in the shape of a tax, it could be used for the construction of roads, for protection against fire and other dangers, public parks, etc. As land values are entirely the creation of the community and are in no way produced by individuals, there is no reason why they should not be so collected and used. If, however, the community permits the private ownership of land and the taking of land values by individuals, it will have an entirely different effect on the distribution of labor and capital. For landowners do not provide us with public improvements, though here and there a man may give land for public purposes as an act of philanthropy. Landowners cause laborers and capitalists not only to supply them with all the necessities of life, but also make them indirectly produce steam yachts, touring cars and other high class luxuries for their benefit and pleasure. The necessity for public improvements burdens Labor and Capital still further. If access to natural opportunities is less difficult and things in general are favorable, (no wars, floods or other interferences) Labor and Capital will produce more of the things they themselves want, and will retain them. But the landowner, observing how prosperous his tenant is, will do the natural thing (i. e. natural for him) viz., raise rents. He will do this if land is sufficiently scarce to increase the value of it. This increase of rent will cause an immediate change in the distribution of labor

and capital from the things the laborer and capitalists need to the things the landowner wants; and this will continue until Labor and Capital can stand it no longer, when production halts.

If the increase in land values is a gradual one, it will cause a gradual and general reduction in the standard of living as it has in most European countries and in India. But a frantic and sudden boom of land values will cause a sudden increase in the wants of the landowners. The desire to get hold of land values has also caused a great many men to speculate in them, that is, to buy land on "easy" payments, expecting it to increase in value. No further increase being possible, and not being able to realize their expectations and make good their contracts, these men lose their holdings to other larger landowners. A considerable reduction in the number of landowners now takes place, causing quite a change in the distribution of labor and capital. The concentration of land values into fewer hands causes an overproduction of high class luxuries and a demand for things of a still more expensive nature. As Labor and Capital are still engaged in the production of things they themselves want (these industries being carried on, one might say, by their own momentum for some little time after the concentration of land-values has taken place, and owing to conditional and instalment sales made) it will also cause an overproduction of the common necessities of life. (At this point some necessities will turn into luxuries). Now we have the general depression of trade and the phenomenon called "Overproduction." This will continue until a redistribution of labor and capital has taken place.

If land values are not reduced materially, (the absence of a natural increase of land values on account of the increase of population being really equivalent to a reduction) then there will be a general reduction in the standard of living of the masses, accompanied by a greater expenditure for luxuries on the part of the comparatively small number of landowners. Look for example at conditions in India. It must also be remembered that capital will to a large extent flow into the hands of landowners and thus the division of rent and interest is greatly obscured, causing the popular but mistaken enmity against the Capitalist, which really ought to be directed not against him, but against land monopoly.

If land values are reduced, a less marked redistribution of labor and capital takes place. But any apparent prosperity of the laborers and capitalists will tempt the landowners again to raise rents, which increase continues until another panic occurs.

There are other but minor factors that influence the distribution of labor and capital, the most important of these being special privileges granted by Government. The tariff, for instance, will cause men in some parts of the world to produce things which without a tariff would be produced in other parts, better adapted by nature to these industries. Let us imagine, for instance the state of New Jersey to be "protected" by a tariff. Suppose there was a sufficiently high duty on bananas. Would it not cause bananas to be grown in New Jersey under glass houses and at a large expense? Provided,

of course, that some people (probably wealthy landowners residing in New Jersey) had a strong desire for this fruit. Thus would the tariff create a "home industry," causing capital to be invested in glass houses and labor to be engaged in attending them. Without a tariff the industry of raising bananas would be left to the southern countries that are by nature adapted to this industry. Look at the way the people of Canada are "protected" when they want to buy pianos. Look at the effect of any tariff. How are the people in the United States "protected" in the matter of steel? No doubt if steel were put on the free list and the U. S. Steel Corporation had to meet foreign competition, the price of steel in the United States would fall. This would cause, to the extent of the reduction in the price, a change in the distribution of labor and capital, that is a lessening of production in the things the owners of U. S. Steel securities now consume, or if fully supplied want to give away. (Libraries!) The abolition of the tariff without doing away with other interferences with labor and capital would, however, be of small material benefit to the people, save for a short period.

An occurrence which is said to have happened some years ago in the early settlement of this country, will give an excellent illustration of how strangely the distribution of labor and capital is affected, and how difficult it is to overcome the disturbing elements. At one time a lot of immigrants arrived in this country. They came mostly from a district in one of the eastern countries of Europe and were almost all farmers. Naturally they were anxious to settle together. But land was, to a large extent, in the hands of speculators, who, seeing their chance held out for a big price, which the immigrants could not pay. They finally found a tract of land in the southern part of the country which was within their means, but with one serious disadvantage; right on the border was a big, fever-breeding swamp. No other place being available the good people took the chance. They built their modest cabins and soon were busy cultivating the ground. A town grew up, but owing to the proximity of the swamp there was much sickness which brought many physicians to the town. The high death rate produced a rapidly growing cemetery, and drug stores and undertakers flourished. And so the years passed. Gradually, of course, the ownership of the site drifted into the hands of a comparatively small number of persons who also controlled the most prosperous industries. Finally some of the wealthy captains of industry obtained a franchise and built a trolley system, one line running to the large and beautiful cemetery. It is hardly necessary to say that a good deal of the watered stock of the trolley line was sold to the poor widows and orphans.

Now it so happened that one day a famous engineer passed through the town, and, observing the swamp and realizing its dangers began to consider a plan to drain it, thereby benefiting the whole neighborhood. Later he appeared before a meeting of the aldermen and laid his plan before them. The matter was referred to the next meeting to give the people a chance to be heard. No sooner was the proposed plan made public than the City Hall

was stormed by many committees. There was the committee of the doctors, the undertakers, the coffin makers, etc. "Drain the swamp," they said, "Why! it would mean ruin to our business. Think of the money we put into circulation," said the doctors, "Think of the many men to whom we give employment," said the coffin makers. "Think of the poor widows and orphans that have all their savings invested in the trolley line that runs to the cemetery. If this bill is passed we might as well stop running the cars. In other words it would mean ruin to all the most important industries in the town." So the bill was killed.

To bring about an equilibrium between land, labor and capital, the three wealth-producing factors, it is necessary to secure to the latter two, that is, to the active factor, labor, and to the factor which is the product of labor, capital, an equitable right to the first and (as far as man is concerned) passive factor, land. All functions in their nature public, needing the public highways for their maintenance and operation and not permitting of competition, should be in the hands of the public. And all functions which are in their nature private, and benefitted by competition, should not be interfered with by government except where the public safety and health make interference or regulation necessary.

Only after these first and most important steps have been taken will we be able to enact laws that will secure an equitable distribution of the products of labor and capital.

You say this is ideal and remote. Perhaps it is. Elbert Hubbard says: "We are all travelling to the beautiful city of the Ideal; we know we shall never reach it, but the suburbs are very pleasant." But Single Taxers know the road and the ultimate destination. And they know that some day they will "arrive."

WHAT IS THE SINGLE TAX?

(For the Review.)

By RAY ROBSON.

The Single Tax is a tax levied only on values of a single kind; that is, on values which result from the operation, under similar conditions, of the laws which govern value. The advantage resulting from the taxing of this one kind of values can be better understood after we consider what are the laws governing value, in what way they operate, and in what way their operation is affected by taxation.

Value depends upon supply and demand existing in certain relations to each other. The mere simultaneous existence of supply and demand does not always cause value to result. The demand for air is great, but the supply is still greater, and it has no value. And, in any instance, if supply exceeds demand, value does not exist. This may be doubted. It may be said that