
FIRST PRIZE, FIFTY DOLLARS.

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The powerful feeling among those who toil, that wealth is not being justly divided, is rapidly reaching the point where it will lead them to seek a new system of distribution. I would call their attention to the just and practicable means of accomplishing this proposed by Henry George.

Mr. George clears the way for his simple yet comprehensive principles by overthrowing two current economic dogmas; the wages fund theory and the Malthusian doctrine. The former states that wages are advanced from capital and, therefore, are determined by the ratio between the portion of capital set aside as a "wages fund" and the number of laborers. He disproves this by pointing out that labor is paid with a part of the wealth which it produces.

He not only attacks Malthus' conclusion that population tends to outrun subsistence, but also contradicts the law of diminishing returns. Yet later on he accepts a law of rent based on this very rule. The fact of diminishing returns from land is apparent to farmers everywhere. Otherwise they would use all their capital and labor on their best fields and let the rest lie idle. Yet I believe that Mr. George has good ground for considering that progress in science and invention, coupled with the decrease in the number of children per family that apparently accompanies increasing culture and education, will keep sustenance fully equal to the needs of population.

In tracing the laws of distribution, Mr. George accepts the theory of rent commonly given by economists, namely: "*The rent of land is determined by the excess of its produce over that which the same application can secure from the least productive land in use.*" He rightly says that interest and wages may be considered as one in their relation to rent; so we can state the second law of distribution as follows: *Wages and interest are that part of the produce which a given application of labor and capital can secure from the least productive land in use.* The division of this portion between wages and interest will depend upon the proportionate amounts of labor and capital used on that particular land and upon the current rate of interest. Mr. George's explanation of interest is regarded by modern economists as having entirely missed the point; but since the question has no bearing upon his subsequent conclusions, I will not stop to consider it here.

He next considers the results of these laws. He points out that growth of population increases rent not only by forcing the extent of cultivation to less productive lands, but also by increasing the efficiency of labor applied on particular land. The great increases in value of land in the business section of growing cities are examples of this tendency. He shows that labor-saving inventions tend to raise the proportion of the produce taken by rent, because the men whose labor is displaced seek employment on land below the former margin of cultivation and thus reduce wages as a whole. Mr. George is probably correct in attributing to land speculation the industrial paroxysms that from time to time sweep over the country. Land owners naturally look ahead and desire not only the full advantage of their present power to appropriate wealth, but also a share in the future increase of that power. So more and more land is held at prices which industry cannot pay. The margin of cultivation is forced down until capital and labor can barely subsist. The weaker firms become bankrupt. Their failures pull down their creditors and the ruin spreads swiftly throughout the industrial world. Only after the "water" has been squeezed out of land values can industry resume on a normal basis. Soon the process of inflation begins again, with the same final result.

Henry George now takes the next step in his argument, that the value of land or rent, must be made common property. His practical plan is this:

"What I, therefore, propose, as the simple yet sovereign remedy, which will raise wages,....abolish poverty,....afford free scope to human powers,....and carry civilization to yet nobler heights, is—to appropriate rent by taxation.

"In this way the State may become the universal landlord without calling herself so, and without assuming a single new function. In form, the ownership of land would remain just as now. No owner of land need be dispossessed, and no restriction need be placed upon the amount of land anyone could hold. For, rent being taken by the State in taxes, land, no matter in whose name it stood, or in what parcels it was held, would be really common property, and every member of the community would participate in the advantages of its ownership.

"Now, insomuch as the taxation of rent, or land values, must necessarily be increased just as we abolish other taxes, we may put the proposition into practical form by proposing—

"To abolish all taxation save that upon land values.

As we have seen, the value of land is at the beginning of society nothing, but as society develops by the increase of population and the advance of the arts, it becomes greater and greater. In every civilized country, even the newest, the value of the land taken as a whole, is sufficient to bear the entire expenses of the government. In the better developed countries it is much more than sufficient. *Hence it will not be enough merely to place all taxes upon the value of land. It will be necessary, where rent exceeds the present governmental revenues, commensurately to increase the amount demanded in taxation, and to continue this increase as society progresses and rent advances.*....* When the common right to land is so far appreciated that all taxes are abolished save those which fall upon rent, there is no danger of much more than is necessary to induce them to collect the public revenues being left to individual land holders."

The essential arguments for the Single Tax may be divided into two classes, moral and practical. For if a proposition is both just and easy to apply, there is no ground for objection.

The moral argument for the appropriation of ground rent by the State, representing all the people, rests upon two fundamental principles. The first is that God created the world for the equal benefit of each member of the human race. The second is that every human being is endowed by the Creator with absolute ownership of himself. While Christianity holds no monopoly of these doctrines, they must be accepted by all who believe in Christ as the greatest moral teacher of all time; for they are necessary corollaries of his second commandment, "Love thy neighbor as thyself." From the second principle, that every human being has absolute ownership of himself, it follows that such ownership extends to everything created by him, i. e., to every man belong the fruits of his labor. It is apparent that if this is true, its converse is true, namely, no man has a right to the fruits of another man's labor.

The present system of private ownership of land violates both these principles. If one man has the right to hold a certain piece of ground and exclude all other men from it, without rendering adequate compensation to them, the rest are deprived of their equal share in the earth. Since the ownership of the land by a portion of the people enables that portion to appropriate as rent part of the wealth produced by the rest of the people, the second principle is violated. The right of a man to all that he produces is also violated when the government forcibly takes part of the products of industry as taxes.

We see that justice demands that every person enjoy the entire product of his labor, and that all have an equal share in the bounty of nature. How can this be accomplished? Henry George claims that the Single Tax will bring about this just distribution of wealth. It requires each to pay into the common fund an amount equal to the advantage which he derives from exclusive use of his portion of the common property. By relieving industry from taxation, it gives to each the results of his labor. As Mr. George says:

*The italics are mine.

"The tax upon land values is, therefore, the most just and equal of all taxes. It falls only upon those who receive from society a peculiar and valuable benefit, and upon them in proportion to the benefit they receive. It is the taking by the community, for the use of the community, of that value which is the creation of the community. It is the application of the common property to common uses. When all rent is taken by taxation for the needs of the community, then will the equality ordained by nature be attained. No citizen will have any advantage over any other citizen save as is given by his industry, skill, and intelligence; and each will obtain what he fairly earns. Then, but not till then, will labor get its full reward, and capital its natural return."

The Single Tax is simpler than the present system. We have all the machinery for collecting it and need only to get rid of the complex machinery for collecting taxes on industry. The present real estate tax is the most certain, the most easily and cheaply collected, and lends itself least to corruption and favoritism, of all the taxes collected by the government.

Opponents of the Single Tax advance many and various arguments, but very few have the temerity to claim that the landowner earns or produces the rent which he receives. When other arguments fail, they appeal to "vested rights." They plead that landowners should be compensated, if rent is "confiscated." To require the slaves to compensate their masters for their loss through emancipation would have been considered preposterous. Yet the proposition is essentially similar. The "widows and orphans" who have relied upon rent for support, will be given an opportunity to enjoy their full earnings in the future, and if too old or too young to work, they will be supported by the State just as other widows and orphans whose earnings have gone in the payment of rent and taxes upon industry are now supported by the State. The former deserve not more but less than the latter.

Real democracy is the only form of government which can bring about justice under any economic conditions. If a class controls the government, it will get the benefit of the money turned over to the government. But the existence of corruption and class control in our government now does not indicate that such conditions would continue. Under present conditions, if graft were abolished and government rendered absolutely efficient, the average citizen would benefit little. Dimly realizing this, he loses interest in political equality and efficiency. Under the Single Tax every citizen would have a direct pecuniary interest in efficient, democratic government, and would act accordingly.

The economic and social effects of the Single Tax can merely be suggested. Greatly increased production would certainly follow the abolition of taxes upon industry and the throwing open of natural opportunities to labor and capital. The increase of wages following the same causes would reduce poverty, while the abolition of opportunities to appropriate wealth through monopoly would make the accumulation of great fortunes very rare. The deliverance from the ever-present fear of poverty would tend to lessen enormously crime, vice and corruption. The superfluous revenue at the disposal of the government would enable it to undertake undreamed-of projects for the advancement of education and science; free education could easily be extended to the universities and industrial education greatly broadened. Public utilities might be furnished free. Art and invention could be encouraged with an open hand. Civilization would advance by leaps and bounds and carry us to heights that we cannot now comprehend.

Of all the civilizations that have arisen and flourished, there remain to-day but those that have been arrested, and our own, which is not yet as old as were the Pyramids when Abraham looked upon them.—"Progress and Poverty."