

for use of the land itself. Let title ownership to land remain as at present to begin with; but let the advantages of holding such title to land except by the actual user be taken away by taxation of the location to the extent of the amount of money the highest competitor for that location is willing to pay for occupancy and use. If land were taxed on that basis, speculation in land would become practically impossible, and everybody who cared to do so could occupy land somewhere, on the basis of paying the land-value taxation to the community in which located. Free land was one of the great inducements to immigration to this country. Alas, that in giving free occupancy the government did not see the unwisdom of giving property ownership! But after all, our government was not especially at fault, as the holding of land as property of individuals goes back throughout past history, and most (if not all) titles go back eventually to conquest and the assumption of ownership by the conquerors,—titles thus beginning with force and iniquity, later bulwarked and buttressed by human law in the interests of the holding class.

"The Prophet of San Francisco,"—Mr. Post has given to his book the title that the Duke of Argyll applied to Henry George in ridicule, when his doctrine of the taxation of land values first became known in Great Britain. Though first applied in ridicule, the appellation seems a most fitting one, as Henry George manifested the true spirit of the prophet in devoting his life to the promulgation of the message the Lord had given him for the advancement of His kingdom upon earth. That many persons sensed the prophetic element in his function was especially manifest by the burst of applause when, during the funeral service, on November 1, 1897, Father McGlynn in his eulogy said at the climax of his remarks:

We can say of him as the Scriptures say, there was a man sent of God whose name was John; and I believe that I mock not those sacred Scriptures when I say, there was a man sent of God whose name was Henry George. (P. 185.) -

ACCORDING to *Progress*, Melbourne Single Tax organ, Australia, Java, a little island about as large as England, supports a population of 37,400,000, and has no unemployment menace. How do they do it? High tariff? Prohibition? Gold standard? Private operation of public utilities? Not a bit of it. "Land speculation is forbidden. Land is treated as government property and is let on hereditary lease or in communal holdings."

THE Single Tax is aimed directly against occupation by decree. It is a practical means of nullifying the advantages, absolutely extra-economic in character, which accrue to the beneficiaries of the political pre-emption of natural resources. It is a scientifically perfect pry by which the dead hand of predatory exploitation must be forced to relinquish its grip on land, and by which the wage-working class, without a single auxiliary statutory device being necessary, will be set free.

—MURRAY GODWIN in the *New Freeman*

## The Taxation of Land Values

PRIZE WINNING ESSAY, 1930 CONTEST

By R. C. WIGHT, University of Va.

THERE is little, if anything, that an ordinary layman could conceive of in the way of praise to Henry George that has not been said whole heartedly by the leaders of our civilization in all walks of life. Yet for some indefinable reason he has not been accorded the universal preeminence in the instruction of students which he deserves in the estimation of such men as John Dewey, Irving Fisher, Theodore Roosevelt, Woodrow Wilson, and numerous others. Perhaps it is because the practical or material side of his work has tended to obscure his greater study of ideals of mankind from the vision of the ordinary student. Or it may be that America in her wild enthusiasm over material progress is slow to recognize great social philosophers in her midst; or more probably that Henry George thought mostly apart from the majority of students of social theory. The fact remains that as a thinker he justly deserves a place among the few greatest.

The problem dealt with here is one which is essentially ideal; yet it is so clear and of so great moment that it must be made very real and tangible, else it will remain forever a stumbling block to the insatiable hunger of man for a better quality in each aspect of life. We have the land and all that comes from it as an eternal endowment of nature; we likewise are capable of expending much more physical labor than is necessary; our accumulation of capital has kept pace with the growth in other ways; many of us have infinitely more than is necessary to satisfy our material wants. In the face of this there are millions who starve for want of the barest essentials, and hence cannot apply themselves to the higher developments of life. With an over-production at all times in some products, millions ready to produce more and a great demand for the primary wants of mankind, there is surely something very wrong with the balance of man's spiritual, intellectual, and physical life. It has remained to the present an enigma sufficiently baffling to thwart the first move toward a solution. It is this fact that has kept it in the realm of the ideal, but there is apparently no reason to believe that there isn't definite means of correcting this maladjustment. And the means of solving the enigma must be within the province of political economy. The problem presents first the discovery and interpretation of the law associating poverty with progress.

Animal and vegetable life tend to exhaust the resources of nature, but with human life this is not the case. It is a peculiar and perhaps the greatest prerogative of man that his desires and capability of desires are dynamic and infinite. The wants of all other life are fixed, but those of man evolve with his nature. To a certain point the two seek the same ends; namely, the acquisition of a sufficient quantity of objects for sustenance and the maxi-

mum of physical pleasure. But beyond this point the two diverge. The latter not only is not satisfied; he has merely found a basis for developing his desires and seeks quality which is of an infinite nature. His intellect reaches out for facts and laws associating phenomena; for ideals and means to their realization; for a discard of the old for the new which is beyond our ken. From this analogy it is obvious that the weakness of the productive forces is not the cause of the poverty which festers in the centers of civilization. Hence poverty is not due to over-population but to maladjustment.

The factors of production are Land, Labor, and Capital. The first includes the sum total of nature's endowment to man; the second, all human exertion of which man is capable; the third, the increment derived from the application of Labor to Land which accrues for the further production of wealth. A man with any part of the world to himself is indeed very poor. He has the best of the Land as it is, yet his is a sorry lot. But suppose others surround him and all communicate with each other in soul, mind, and body. He finds that with less exertion he can not only have more of the material goods, but he is also much happier and much more capable. The evolution of his desires is accentuated after being hampered by solitude. After a while his land is really poorer in physical elements, but it has a much higher value whether or not he has changed it. Leaving aside the improvement in the tools and methods of production, we see an added increment to the value of the land, because a superior power in labor is brought out which attaches to the Land, as climate, soil, etc.

In progressive or expanding countries, notably the United States, we find the margin of production extending beyond its natural limits, or the rent line reaching beyond the margin of production. This abnormal condition is the result of speculation which is always more conspicuous among newer peoples. This speculation is actually a display of confidence in the continued enhancement of land values. It is indeed a power, concurrent with physical advancement, which tends always to cause rent to increase at a rate out of proportion to that at which production increases with progress. Hence, it reduces wages absolutely as progress continues. The only force which limits speculation in land values is that which demands a minimum for wages and interest on capital.

It seems now that we have the basic cause of poverty, the reason why labor does not realize the benefits which accrue from increased land values and material progress; namely, that rent increases with productive power and at a higher rate. Every increase in the latter forces the former to a higher level, thus effecting greater demands on labor in utilizing its powers. It is the land-owners chiefly who reap the benefits of material progress. Inequality in the ownership of land is the direct and invariable cause of inequality in the distribution of wealth. Labor and Capital are impotent without Land; their

value is not inherent, but subject to the manner in which they are applied to Land. Any remedy for the situation must flow from a consideration of this fact.

Obviously, this remedy rests in the adjustment of the tenure of land, which holds its value only from the existence of the community. Value here is the price of monopoly; that is, a measure of the difference between the land in question and the best land which may be had free. Labor justly deserves to possess the rights that spring from its exertion, and this must be the sole criterion for affixing rights according to justice. Rent represents value created by the whole community and is, therefore, what the individual owes the community as its just due. The value from which rent springs is the community's equity in land privately owned. Conceding to all equal rights to the use of the land and admitting priority of possession as a just measure, we may reconcile the fixity of tenure by taxing rent for the benefit of the community.

The means of effecting this remedy are indeed simple, but they meet very grave obstacles in prejudice and mistaken ideas of the relations between Labor and Capital and between the two and land. But these means are already ours. It remains for us to develop them by the appropriation of rent by taxation, thus asserting the right of society to the value of land. The form of ownership may remain the same. All taxation save that on land values must be abolished. Taxation of rent must increase proportionately with progress until it will eventually supply the total amount necessary for government functions.

There is some argument for equal taxation of all property, in that all species are alleged to derive their value and protection from the state equally. This, however, should apply only to land values, which vanish with the disappearance of the community. It follows that a tax on the land values is the only really just and equal tax. Any advantage which remains to a citizen must then be the result of his own effort and ability. The alleged difficulty in distinguishing land from improvements and the emphasis laid thereon precludes any further argument against the single land tax and accentuates the need of making a distinction. For if it is admitted that a wrong ensues from taxing values which labor and capital produce, it would be contradictory to state that the remedy lies in a levy on all improvements.

At present industry is badly handicapped by the manner in which taxes are levied. Taxes really amount to a penalty for realizing the gains from earnest endeavor and for bestowing benefits upon society. The wheels of exchange are also badly clogged. It is hard to conceive of the significance of releasing industry and commerce of the bonds which now hover over them. Obviously a stimulus heretofore unparalleled would be given to individual effort. Instead of being amerced for each accomplishment, he would be allowed to enjoy to the fullest extent the fruits of his labors. Naturally, with the production of wealth

stimulated the public treasury would be fattened enormously. Furthermore new opportunities would be opened. Land would be cheaper, and speculation in and monopoly of land would be extirpated, so that an abundance of land now debarred from offering man its fruits would be put to its best use. Labor would be the object of competition, demand and supply would balance, and trade, which marks paramount advantage of the social state, would be unchecked.

Man has held poverty to mean shame and degradation as well as deprivation. It is the consequent fear coupled with other emotions which urges man to guard against poverty, sometimes by the foulest means. A more positive impetus is given him in public esteem as a winner if he frees himself from poverty. Give nature its just right to distribute wealth according to capability, and take for society that which it creates, and fear and suffering will be removed. That intangible force which is immortal in man existing above the material will be given free rein.

It was stated earlier that maladjustment underlay the enigma presented by the coexistence of excessive wealth and poverty. We have found that this is due to the fact that as material progress goes on, the possession of land lends more and more force to appropriation of wealth produced by capital and labor. By relieving the two of all taxation we would counteract this tendency. Wealth produced would be divided: one share would go to the producers in wages and interest; the other would accrue to society to be distributed equitably to its members. With the disappearance of poverty the incentive for the ardent quest for wealth would be moderated: a riddance of that quality in man which is the least human and most disgraceful of all. The change would be a gain to all those who live by wages directly, and to those who live by the joint application of labor and capital. In a word, individual reward would follow the dictates of intelligence, skill and prudence.

The evils arising from the unequal distribution of wealth are not incidents of progress but rather obstacles which must halt it if not removed. They spring from the shunting of natural laws, the denial of Justice, the ultimate law. We must give to every man the liberty to live his life and enjoy the product of his labor under nature's principles. It is the liberty which invites virtue, wealth, knowledge, and strength. The course is hard and paved with obstacles of prejudice, selfishness, but there can be no cause worthy of greater sacrifice.

**T**HE masses of men, who in the midst of abundance, suffer want; who, clothed with political freedom, are condemned to the wages of slavery; to whose toil labor-saving inventions bring no relief, but rather seem to rob them of a privilege, instinctively feel that "there is something wrong." And they are right.

—HENRY GEORGE.

## Henry George Foundation To Feature Political Action

**S**INCE its inception in the summer of 1926, the Henry George Foundation of America has been devoting its efforts chiefly to the field of economic education and, while not entirely disregarding opportunities to advance legislative efforts, the Foundation has not undertaken to develop or sponsor any programme of political or legislative action. This policy has been pursued because its founders appreciated the great need for popular education in fundamental economics and sought to concentrate upon this one task. As the result, however, of longer experience and careful study of the situation in its various aspects, the officers and trustees of the Foundation have reached the conclusion that in the long run Single Tax education cannot be advantageously divorced from political expression. Accordingly at the recent meeting of the Board of Trustees the resolution as printed on page 18 was unanimously adopted.

Under the new plan it is intended that education and political action shall go hand in hand. In this way an outlet will be afforded for the talents and energies of various types of Single Tax workers who are eager for activity. It will also be possible to develop organization to a much greater extent than heretofore,—a consideration of outstanding importance.

Since the days of Henry George, who himself took advantage of every opportunity to bring the land and tax questions into the political field, a very large section of American Single Taxers has always been keenly interested in working concretely to put the Single Tax into practical operation. The decade just preceding the great war witnessed live Single Tax campaigns in many parts of the United States and, while immediate success could hardly be reasonably expected, these campaigns gave evidence of life and progress and valuable experience was gained.

Again there comes a call from many quarters for political activity and the need is recognized for a strong national agency to plan, foster and support organized campaigns directed toward the practical application of the Single Tax principle. The Henry George Foundation is now prepared to assume this responsibility and will welcome the cooperation of Georgists throughout the United States.

A policy of organized concentration is believed to be essential for the success of this plan and will be recommended by the official board of the Foundation without, of course, presuming to dictate, but simply offering its leadership and cooperation. Naturally, a beginning must be made somewhere in the United States before strong popular support can be expected for campaigns embracing a wide territory.

It is proposed as a first step to make a rather careful survey of the situation in each of the states from the Single