

ing and ignorance of the subject, or to disguise radical and revolutionary teachings which have no relation whatever to sound economic thought? . . . The true science of economics can be no more radical or conservative than the multiplication table.

Complementary to this was a question posed by the chairman of the Consolidated Edison Company:

How does it come about that upon a given set of facts one group in the population asserts that the private enterprise system can no longer expand . . . while another group asserts from the same facts that the private enterprise system, if relieved from excessive taxation and regulation, will enter a new period of tremendous expansion?

About the only thing economics has in common with true science is that its more serious-minded devotees really do try to employ sound scientific method. Their main trouble is not with their method but with their facts. Correct scientific method proceeds by working hypotheses which must be predicated on, and responsive to, facts that are absolutely and unquestionably ascertained. If a pertinent new datum happens along that does not quite square with the hypothesis, only two courses are scientifically possible: either the supposed datum must be proved not to be a fact at all, or the hypothesis must be revised to fit it in with all other pertinent facts.

When effort is made to constrain facts within the framework of a theory, instead of constraining the theory to fit all the known facts—when inaccurately observed phenomena are used to buttress argument or hypothesis—that is not scientific; it is pseudo-scientific. It is comparatively simple, for example, to ascertain facts about things that can be measured, weighed, dissolved in test tubes, counted, smelled, tasted, felt. It is not so easy to do anything of the kind with human tendencies and emotions. If you hit a nail accurately with a hammer, you should have a fairly accurate scientific idea of what that nail will do. But if you hit a stranger in the eye with your fist, you cannot be sure whether he will fall down or run away or retaliate with a blow from his own fist. Perhaps this helps explain why Karl Marx and Henry George could proceed from certain general phenomena of human experience to two startlingly different economic millenniums.

[The foregoing appeared as an editorial in the April 10, 1940 issue of *The Sun*, a leading New York daily, and is appended to the article "Science and Economics," by Paul Peach. Both these essays conjoin in a worth-while plea. Incidentally, the ideas contained in the editorial are in substantial accord with those expressed by Henry George in his "Study of Political Economy," a lecture delivered at the University of California.

While it is unfortunate that the writer of the above editorial holds aloof from any specific appraisal of the merits of George versus Marx, it is apparent that our friend on the staff of *The Sun* is well grounded in Georgan principles.—Ed.]

## Rent as a Social Product in Relation to Productivity

By W. R. B. WILLCOX

IN his rejoinder to the writer's discussion of Rent in the September-October, 1939, *LAND AND FREEDOM*, Mr. C. J. Smith rather chided the writer (with entire justification, be it said,) for not replying to his own argument that "Rent is a social product," and for failure to make "a more faithful restatement of George's position." Frankly, the writer had confined his remarks to the conceptions of Rent held by Ricardo and Henry George, and had left the points mentioned for later comment, as follows:

"Is Rent a social product?" In the sense that a social product is an outgrowth of human association (that which always appears with, and never without, human association), Rent certainly is a social product. But this fact does not warrant the deduction frequently made, that Rent belongs to, or is the property of, society. Proof of this lies elsewhere.

In the sense mentioned, many things are social products which are not, consequently, the property of society; for example, hotels, hospitals, railroads, etc. Granting that Rent is a social product, there must be some reason, some special characteristic of Rent which, differentiating it from all other social products, justifies the claim that it belongs to, or is the property of, society.

The failure of certain expressions to bring to any considerable number of people a consciousness, or conviction, of a basis for a stable social order suggests that something must be wrong with the logic of these expressions, or with the ideas they are intended to convey; expressions such as, land is a gift of nature, land costs mankind nothing, land cannot be the property of individuals; Rent is payment for the use of land, Rent is an unearned increment, Rent belongs to the people, Rent is a social product.

The following are some of the inconsistencies which characterize arguments associated with these expressions. People generally agree that land is a "gift of nature" and costs mankind nothing; but seldom are they impressed by the incongruity that some people are required to pay other people for the use of the land. It freely is admitted that, in some instances, Rent is an unearned increment, but the propriety of those who have "bought land," privately appropriating the Rent, is denied only by a few.

Many people believe that it would be an act of "confiscation" for the government to take over the land in order to get the Rent, but little objection is made to the government's getting some of the Rent by taxing the

land. This happens, apparently, from the mistaken notion that land is wealth, and that it should be taxed as are other forms of wealth. At the same time annoyance is displayed with those who want to increase the tax on land; especially, it seems, if the latter are known as Georgeists or Single Taxers. Furthermore, it seems to be impossible for the average person to conceive of land being used unless it is "owned." If it be suggested that land, properly, is not subject to individual ownership, some one is sure to ask: "Who, then, would own the land; would the *government* own it?"

Now it seems obvious that mankind in no way has been responsible for the existence of the provisions, or processes, of nature. So it seems reasonable to conclude that, naturally, one man is equally possessed with every other man of the privilege to use the land; that authority does not repose in any man or group of men (even though they be organized as a government) to charge or receive from other men anything for the use of the land. Rent, therefore, which commonly is said to be payment for the use of the land, must be payment for something else. What may this be?

On the ground that no payments are to be made for the provisions of nature, and since the latter cannot be obtained or used without labor, the only payments to be associated with the provisions of nature are those which attach to the labor, or the product of labor, used in obtaining and using them. Therefore, the only thing in connection with land (a provision of nature) for which men are obligated to compensate other men, is for the labor, or the products of labor, which the latter furnish in making use of the land. These compensations consist of Wages for labor, and Interest for the use of the products of labor, and cannot be effected with that which is *not wealth*; that is, they cannot be made with land, or with the privilege of using the land. Hence, Rent cannot be compensation for the use of the land, but must be compensation for labor, or for the use of the products of labor.

However, Rent is not payment for *all* labor, or for the use of all of the products of labor. Some labor is performed by certain individuals for other individuals; in which case, compensations can definitely be adjusted and made directly, in Wages. Some products of labor (the wealth of certain individuals) are used by other individuals; in which case, compensations can definitely be adjusted and made directly, in Interest. These compensations are not social, but individual products.

But there is certain labor, and certain products of labor (or wealth), which are at the service of society, for which compensations cannot definitely be adjusted nor directly made, between individuals furnishing these ser-

vices and the individual members of society who are served by them; hence, must be made to *society* in proportion to the use and availability of these services to individual members of society. These compensations combined constitute what is known as Rent, which, due to the impossibility of its apportionment among individuals, properly is a social product.

But the proof that Rent belongs to, or is the property of, society lies in the fact that it consists of *Wages and Interest* (Wealth), that is paid for the labor and the use of capital invested in social and governmental services; not that it is paid for the use of that which is *not* wealth, land. It should be said, that while government itself is a social service, some part of this labor and capital is furnished directly by government, while the balance is furnished indirectly by individuals, to whom payments cannot accurately be allocated.

"A more faithful restatement of George's position." If the foregoing reasoning is sound, that Rent is compensation for services and not for the "gifts of nature"—and with no idea of falsifying George—an analysis of the question whether the presence of population and social activities "affect," or as George said, "are affected by," the desirabilities of particular sites, seems to show that the statement that "Rent depends upon and varies with the different degrees of productivity" confuses two wholly unlike kinds of productivity; namely, that which is of Nature (fertility, etc.), and that which is of Man (labor).

The first kind of productivity (as it occurs in nature) is entirely independent of human labor; the second kind (from which comes all Wealth) on the other hand, is entirely dependent upon human labor. The first directs the steps of men to points of greater *natural* productivity; the second, to points of greater *artificial* productivity. Therefore, while the presence of population and social activities "are affected by" the intrinsic, natural desirabilities of particular sites, they "affect" the extrinsic, artificial desirabilities of particular sites.

But, since to benefit from the natural desirabilities of sites—(even to reach them)—men must labor, and since men strive to get what they want with the least labor possible, they are more alive to the advantages of the presence of population and social activities as these "affect" the *artificial* desirabilities of sites, than they are to these advantages as the latter "are affected by" the *natural* desirabilities of sites. This appears from the fact that it is the humanly provided facilities that make life easier (as these "affect" sites, rather than as sites "are affected by" natural advantages), which causes concentration of populations in cities. The lonely pioneer it is who seeks the frontier; the mass of the population will have none of it. It is not for the richness of nature, but



for the abundance of social services, including governmental protection, for which men pay Rent. In the nature of the case, this Rent should be paid to society which furnishes these services.

[The "productivity" mentioned in the September-October 1939 rejoinder, to which Mr. Willcox refers, pertained to the natural capacity of the land. The idea was summarized in a "food for thought" appendage, as follows:

Rent of land is payment for social services—social services are in greatest demand where presence and activities of population are greatest—presence and activities of population are greatest on lands having highest capacity for production, i. e., on lands of highest productivity or greatest fertility—therefore, rent of land depends upon and varies with the different degrees of productivity.—Ed.]

## " - And It Came to Pass - "

HENRY GEORGE IN PROPHETIC ROLE

The United States Geological Survey has made an investigation of so-called "strategic" minerals. Miss Jewell Glass, one of the very few female mineralogists, and the only woman on the investigating staff in the Division of Petrology, has made some highly interesting comments as to her idea of the causes of war. She believes that nations do not fight for ideals, nor for freedom, nor for forms of government, but for control of minerals. "Russia," she says, "wants Finland for its great nickel supply; Sweden is threatened for its iron." It is the inevitable land question which few others besides Georgeists care to admit fully. Miss Jewell insists that "as soon as one nation controls a strategic mineral, there is going to be war."

It is a well provisioned ship, this on which we sail through space. . . And very great command over the services of others comes to those who as the hatches are opened are permitted to say, "This is mine!"

—"Progress and Poverty," Book IV., Chapt. 2.

Thomas J. Watson, President of the International Business Machines, recently told the Congressional Monopoly Committee that machines and mass production have created many more jobs than they have eliminated. He pointed out that in 1890, before the typesetting machine, there were 30,000 compositors in the printing plants of the country. In 1930 there were 184,000. In 1870, before the typewriter, only 2,100 of every million persons were engaged in office work. Now, 33,000 per million follow this occupation. Mr. Watson admitted that there are specific cases in which the machine has displaced some workers, but stoutly maintained that machines "have not caused unemployment in general."

And as no possible increase in the power of his labor, or reduction in his expenses of living can benefit the slave, neither can it, where land is monopolized, benefit those who have nothing but their labor. It can only increase the value of land—the proportion of the produce that goes to the landowner. And this being the case, the greater employment of machinery, the greater division of labor, the greater contrasts in the distribution of wealth, become to the working masses positive evils—making their lot harder and more hopeless as material progress goes on.—"Social Problems," Chapt. XIV.

One of the most recent scenes of land speculation is the great and rapidly growing Borough of Queens in the City of New York. Borough President George U. Harvey has often expressed grave concern regarding the exodus of factories from his fair borough. He makes a "safe" diagnosis of the causes, by including many contributory ailments—among which are high taxes. One factor was not mentioned. Mr. Harvey addressed his remarks to an audience composed of property owners, by which, of course, is meant land owners and not mere factory owners.

The power of a special interest, though inimical to the general interest, so to influence common thought as to make fallacies pass as truths, is a great fact without which neither the political history of our own time and people nor that of other times and peoples can be understood.—"The Science of Political Economy," Book II., Chapt. 2.

A recent release of *Taxes for Democracy*, issued by the Tax Policy League, says: "If in doubt about the ethics of a practice, tax it," appears to be a time-honored American principle. Accordingly, such activities as teeter on the verge of wickedness (card playing, smoking, drinking, betting) are deemed particularly appropriate objects of taxation. Some of these seesaw across the borderline of legality, with the prospect of the tax revenues to be derived therefrom often being an argument (if not a cause) for the legalization of the practice. This has been particularly true in the case of alcoholic beverages and pari-mutuel betting. Horse-race betting is rapidly becoming legalized in the American states and its revenue potentialities are advanced as a major reason therefor."

Taxes on tobacco and spirits may be defended on the ground that the smoking of tobacco and the drinking of spirits are injurious vices, which may be lessened by making tobacco and spirits more expensive, so that (except the rich) those who smoke may be compelled to smoke poorer tobacco, and those who drink to drink viler liquor. But merely as a means of raising revenue, it is clear that indirect taxes are to be condemned, since they cost far more than they yield, bear with the greatest weight upon those least able to pay, add to corruptive influences, and lessen the control of the people over their government."

—"Protection or Free Trade," Chapt. VIII.

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