

LESSON
IV

THE EFFECT OF INCREASED POPULATIONS,
IMPROVED METHODS AND MACHINERY, AD-
VANCES IN THE ARTS AND SCIENCES, AND
LAND SPECULATION

*"The present century has been marked by a prodigious increase in wealth-producing power. *** It was natural to expect that labor-saving inventions would lighten the toil and improve the condition of the laborer. *** Now, however, *** from all parts of the civilized world come complaints of industrial depressions, of labor condemned to involuntary idleness, of pecuniary distress among businessmen. *** This can hardly be accounted for by local causes. *** Beneath all such things as these we must infer a common cause."*—HENRY GEORGE in "Progress and Poverty."

Part I—EFFECT OF INCREASED POPULATION

AS SHOWN IN THE PRECEDING LESSON, LOW WAGES, unemployment and an increasing keenness of competition in the struggle for a living are not caused by there being more people in the world, or in any given country, than can be supported comfortably. In formulating his theory, Malthus overlooked the fact (probably not so evident in his day) that as populations increase, the *rate of production* increases still more rapidly. The natural result would be to raise, not to lower, the standard of living.

To see why this is so, note these diagrams: in No. 8 we will assume that each man is working alone, producing for himself everything he has; also that there are three grades of land on which labor of a given effi

	60	60	60
	80	80	
Wages	100		
	100	80	60
Rent	0		
	20	0	
	40	20	0

No. 8

ciency can produce 100 from the best land, 80 from the second grade and 60 from the third grade. As shown in Lesson II, so long as only the best land is in use, wages will be 100 and rent 0. When the best land is all occupied and the 80 land must be used, wages will drop to 80 and the rent of the best land will rise to 20. When the 80 land is in use and settlement begins on the 60 land, wages will be reduced to 60 and the rent of the 100 and 80 land will be 40 and 20 respectively.

Judging from this, it would seem, at first thought, that Malthus was right—that wages and the standard of living *must* decline as population increases and poorer lands are brought into use. But this would be to disregard a vital fact that Malthus overlooked, i.e., the increased production resulting from co-operation, specialization and exchange among men. Man is a reasoning being, and very early in his history he learned that two people working together can produce more than can the same two working separately; that 20 men working together can

produce more than can ten groups of two; and that the man who insists on producing everything for himself will be the one who has the least.

For instance: in a primitive group, one man is an excellent farmer but a poor fisherman. By spending half the week farming he can produce an average of two bushels of potatoes; by spending the other half fishing, he can average six fish. His neighbor is a poor farmer but an excellent fisherman. By working an equal area of the same grade of land as the first man, he can average but a quarter of a bushel of potatoes by half a week's work, but by fishing the other half he can catch thirty fish. If the more capable farmer will take over both plots of land and spend all his time raising potatoes, he will average four bushels per week; if the fisherman will spend the whole week fishing, he will average sixty fish per week. Now if these two men come together and exchange, each giving the result of half of his labor for the result of half of the labor of the other, each will have for his week's work, two bushels of potatoes and thirty fish. Neither man has worked any longer, nor any harder than before, but note the difference! The wages of both men have been very greatly increased, because each has worked at the job at which he is the most efficient.

But these two men cannot spend all their time farming and fishing; they must have also clothes and shelter. When a carpenter joins the group, all can have more potatoes, more fish, and more and better buildings than if each did everything for himself. When a weaver joins the group, all can have more potatoes, more fish, better buildings and better clothing than before, with the same labor.

Reasoning from experiences such as this, mankind has learned that if each will work at the task for which he has the most skill, and then exchange all or a part of what he has produced for what others have made, at the end of any given period, each will have a greater amount of wealth than he could possibly have had without this specialization and exchange. Without the use of any improved tools or methods, the amount of wealth which Labor can produce from any given land can be very materially increased by specialization and exchange alone. If the community be small, it will not be possible for each to specialize in doing just one thing. The larger the community, the greater the specialization can be. The greater the specialization, the greater the production, and, therefore, the higher the wages.

In diagram 8, where the workers are represented as working separately, the first and second grade lands produce 100 and 80 respectively. If, when all work at the jobs for which they are best fitted, they increase their

Wages	120	120
	150	120
Rent	30	

No. 9

production 50%, the best land then will yield 150 and the second grade 120. The rent of the best land will be 30, and all wages will have increased to 120, as shown in diagram 9.

But in order for the weaver to have more cloth, more cotton or larger flocks of sheep must be raised; the carpenter will need more lumber if he is to do more build-

ing; for the shoemaker to have more leather to make more shoes, the number of, and therefore the range for, cattle must be increased. This increased demand for things gotten from the land may make it necessary to bring a poorer grade of land into use. If by specialization and exchange the productivity of the third grade of land also has been increased 50%, it will now yield 90, and the

Wages	90	90	90
	150	120	90
Rent	60	30	

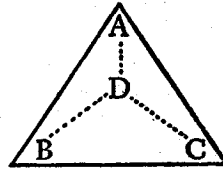
No. 10

rents of the other grades of land will rise to 60 and 30 respectively. Thus, though in any given condition (if there are no counteracting influences), as poorer lands are brought into use, rents will rise and wages fall, the natural result of the increased specialization and exchange made possible by an increased population is to counteract this tendency, making both production and wages much higher than they would have been if each worker had worked alone.

However, it is not always necessary to take up poorer grades of land to supply the needs of an increasing population. A changed method of agriculture which makes it possible to produce two crops a year instead of one on the same land will have the same effect on production as would the bringing of more land into use. A better method of refining which permits the extraction of 75% of its copper from ore which before had been yielding but 50% of its copper, would be equivalent to getting this increased amount of copper from another mine. In-

creased production made possible by improved methods or machinery does not necessarily require a poorer grade of land to be brought into use.

Likewise, by saving time and effort, a central warehouse to which people can come to make exchanges, makes possible a greater production without bringing a poorer grade of land into use. For instance: if A, B and C live



No. 11

a day's journey apart, and if each spends two days each week in traveling to exchange his goods, he will at the end of the week have a certain amount of wealth. But if they now establish a central warehouse to which each can bring his products for exchange, and if to reach this warehouse requires but half a day's journey, each can have at the end of five days of labor approximately the same amount of wealth he formerly had as the result of six days of labor.

This explains why cities grow. Here we find factories, warehouses, retail shops, markets, railroad terminals and many other facilities set side by side—here exchanges can be easily and quickly made. Because of this, energy expended in a city will produce, in many fields of activity, more than will the same effort expended elsewhere. The most valuable lands in the world are those to which have been given a vast productivity by dense populations. Land values in New York and London are

almost unbelievably high. While the fertility of farm lands is one of the elements fixing their value, the fertility of land under a city counts for nothing. The amazing productivity of these lands is caused by the number of people here working together and the ease with which exchanges are made.

Every new member of a community, whether he be a newborn child or an immigrant, increases the demand for labor products, and thereby increases the demand for labor. He brings not only two hands and a brain with which to work, but he brings also a demand for things he himself cannot make. Therefore the NATURAL result of each increase in population is to increase the demand for labor and raise wages, not lower them.

Part II—EFFECT OF ADVANCES IN THE ARTS AND SCIENCES, AND OF IMPROVEMENTS IN METHODS AND MACHINERY

Until what we might call "The Industrial Revolution," it took the full time of the greater part of the population to produce enough food, clothing and shelter to provide even a low standard of living for all. Luxuries were obtainable only by the very few. The cultures of Persia, Egypt, Greece and Rome were made possible only by the most abject slavery of the vast majority. This seemed so unavoidable that Aristotle wrote: "Human slavery must persist until the loom learns to weave itself." During the entire period prior to the Revolutionary War (which was practically coincident with the beginning of our great industrial development), famines were common, as it was not possible to produce enough to provide a surplus for use in times of drought and other disasters.

Now, in most of the world, all this is changed; largely because of improvements which have been made in methods and machinery, in the arts and sciences. In 1765 Watt developed the steam engine, and from that time industry has gone forward with greater and greater strides until today, in some fields of production, it is possible for a man to produce more in an hour than his grandfather could produce in a month.

According to a report of the Brookings Institute, in the United States, in 1830 it took the labor of 72% of our people to produce enough food for the whole country. In 1930 it took less than 23% to produce this food. This released 49% of the people from producing food and permitted them to produce other things, once counted as luxuries.

To show a concrete instance of this result: in 1900 in the United States it took 30% of our people to raise our food; in 1930 it was done by about 22%. If, in 1930, 30% of our people had been required to raise our food, 7,000,000 more men would have been required in agriculture than were so employed. Were these 7,000,000 men unemployed because of the mechanization of agriculture? Not at all! One million of them were employed in making the machines which the farmers used in agriculture, plus twines and gasoline for farmers' use. Six million were employed in the automobile industry, which before had not existed. They dug iron, copper, etc. used in automobiles; they made steel and rubber for automobiles; built the cars; built the roads and kept them repaired; ran the gasoline stations and garages, and repaired the cars. All of this in 1930 required the labor of about 6,000,000 men. Therefore, due to advances in the arts and sciences between 1900 and 1930,

it became possible to have both agricultural products and automobiles, instead of only agricultural products, with the same amount of labor.

The *first* effect of an improved machine is to save labor; that is, it makes possible the production of the same amount of wealth as before with the expenditure of less human energy. A new weaving machine which made possible the weaving of ten yards of cloth where five had been woven before, would make it possible for the weavers to live just as well as before by working half the time. But the desires of men tend to grow as the possibility of satisfying these desires increases; therefore, probably most weavers would prefer to work the same length of time as before, and so raise their standard of living; as, in this way, their wages would be doubled.

The *second* effect, then, of the new weaving machine would be to increase the production of cloth. Since the increased production of anything with the same amount of labor as before means a reduction in its cost, the *third* effect of the improved weaving machine, if the field be unmonopolized, would be a reduction in the price of cloth to consumers. This would mean that after the consumers had bought as much cloth as formerly, they would have something left to spend for more cloth, or, if they needed no more cloth, for other things. The *fourth* effect, then, of this machine would be an increased demand for, and hence an increased production of, those other things which the weavers and users of cloth would like to have, but which they were formerly unable to buy. Thus the *fifth* effect of this improved machine would be an increased employment of men to make those other things.

To illustrate from another angle: a man has produced \$10.00 worth of wealth and decides to exchange it for a hat. But since he last bought a hat, improved machines or methods have made it possible to produce a hat of the same quality for \$5.00. He buys the hat, and having \$5.00 over, he buys a couple of books he would not have bought if the price of hats had not been reduced. With this extra \$5.00 he has put men to work making books, and to this extent, these makers of books can buy things they could not buy while they were unemployed.

Thus the NATURAL result of an improved machine is to cause a ripple of increased purchasing power to spread all through society; and to increase employment, not to decrease it, as so many believe.

If, at the time of introduction of the improved weaving machine there were no prospect of an early demand for the extra amount of cloth it made possible, then its introduction might bring a temporary hardship to some individual weavers, who would be obliged to find new jobs. But more efficient machinery never decreases the desire for labor products. That desire is insatiable. The improved machine, by decreasing the cost of cloth, would make it possible for consumers of cloth to satisfy desires for goods of other kinds. This would mean that more workers would be needed to make these other goods, and therefore jobs would be waiting, or very quickly would be opened, for those displaced by the new weaving machine, if there were any such. And always, on the edge of every industry, are those who could fit into another industry as well as they fit into that in which they are now engaged, and who, therefore, would find the change no hardship. And, too, their wages would

buy more than before, because of the improved machine or method, which lowered costs.

Any improved machine or advance in the arts and sciences which makes possible the production of more wealth by the same labor on a given piece of land, will have the same effect on the rental value of that land, and on wages, as has been shown (diagram 9) must result from an increased population. If the improved machines

Wages	180	180	180
	300	240	180
Rent	120	60	0

No. 12

doubled the amount of wealth which could be produced, then, taking diagram 10 as a basis, the best land now would produce 300, the second grade 240, and the third grade 180. Wages would be 180, and rents 120 and 60 respectively, as shown in diagram 12.

Technological advances have brought into view the possibility of abundance for all, yet we do not have abundance for all. There is a very common impression that laborsaving machines and processes are to blame, because it is thought they have caused unemployment. It is true, of course, that a large number of people are out of work; and, in existing conditions, when improved machines or methods reduce the amount of labor needed to produce a given amount of wealth this often expresses itself, not in giving to each laborer the same amount of wealth for less work, or a greater amount of the produce for the same work, but in throwing some of the laborers out of work and giving them *none* of the product. The

cause of this, though, lies not in the improved machine, but in the fact that the displaced worker has no opportunity of employing himself elsewhere.

It is not logical to charge this scarcity of work to labor-saving machines unless and until every person in the world has everything he or she can possibly want that is made by the improved machine. If, by the use of improved machines, goods could be produced faster than people WANT them (mark, not faster than they can *buy* them), then the cause of unemployment might properly be said to be the improved machines; but until that time comes, any unemployment which may follow the introduction of a laborsaving machine must be attributed to whatever it is that makes it impossible for people to buy the things they would like to have.

If the benefits of technological advances were spread among producers by means of the higher wages and lower prices which the lowered cost of production makes possible, there would be no complaint regarding the introduction of improved machinery. Why is it these benefits are not so distributed? In the following lessons we will answer this question fully. But not to continue to discover and to introduce every possible improvement in machinery and methods means, to that extent, to halt progress. If progressively higher standards of living for the whole people are to be realized, there must be a constantly increasing efficiency of both Capital and Labor. There is no other way by which these higher standards can be realized.

They who argue that laborsaving machinery is an injury to the worker instead of a benefit, to be logical, should advocate the abolition of all machines.

Part III—THE EFFECT OF SPECULATION IN LAND

"Land was given by the Creator to man for improvement and cultivation by the possessor in good faith, not for speculation. Man's encouragement and security should be the great object of civil laws; and speculation in land should receive no encouragement from legislation or courts of justice."—From a decision rendered in 1851 by Louisiana Supreme Court in case of **BUROWS VS. PIERCE**.

"An individual, or company, or enterprise, acquiring land, should hold no more than is required for their home and sustenance, and never more than they have in actual use in the prudent management of their legitimate business."—**ABRAHAM LINCOLN** in "Abraham Lincoln and the Men of His Time."

Increased population, advances in the arts and sciences, improved methods and machinery—none of these, in itself, can cause low wages or unemployment. Any one of them may be, and frequently is, accompanied by low wages and unemployment, and, because of this association, unless one be familiar with economic principles, it is very easy to regard one as the cause of the other. But, as shown, the **NATURAL** result of all of these things is increased employment and higher wages. In present conditions, the increasing struggle necessary to get a living is caused by a Frankenstein which society has set up and fostered until now it threatens to destroy civilization itself.

As has been shown, increased population makes possible increased specialization and exchange, and, therefore, an increased production of wealth, per capita, from

any given land; the use of more effective methods and machinery gives the same result; therefore both tend to increase wages and employment. If, however, this tendency should be more than offset by the necessity of resorting to grades of land so low that there would be a consequent lowering of wages, wages nevertheless would still be higher than they would have been without this increased production.

But the gradual bringing into use of poorer and poorer land as actual necessity compels its use is not the process which has been followed in this country, or in any country. The original pioneers did not, nor do people now, acquire only such land as they need for actual use. When it is seen that, in spite of occasional recessions, land in any growing community tends to increase in value, quite naturally many seek to secure more land than they need for their own use, hoping that, by holding it for a future rise in price, a profit may be realized.

To see the effect of this, consider diagrams 13 and 14. Here it is supposed that six families come into a country

$$\text{Wages } 6 \times 80 = 480$$

100	80
100	80
100	
100	

$$\text{Rent } 4 \times 20 = 80$$

No. 13

to settle, and that there is enough of each grade of land to support four families. If each family takes up only such land as it can use, we will have a condition as

shown in diagram 13: four families on the 100 land, and two on the 80 land. Here the total amount of rent for the community would be 80, and the total amount of wages would be 480.

But suppose the first family to arrive pre-empt all of the best land instead of only one-quarter of it; the second family takes all of the 80 land; the third all of the 60; the fourth all of the 40, and the fifth all of the 20 land. When the sixth family arrives there is nothing free to it better than the sixth grade, which will produce but 5. Then the condition will be as in diagram 14. Three-quarters of the land will be idle. Production will be low, because many producers are forced to use the poorer grades of land; and since wages are determined by what a man can make working for himself on the best land free to him, basic wages on all grades will be down to 5, and the combined wages will amount to but 30.

$$\text{Wages } 6 \times 5 = 30$$

in use	in use	in use	in use	in use	in use
held	held	held	held	held	free
idle	idle	idle	idle	idle	
100	80	60	40	20	5

$$\text{Rent } 95 + 75 + 55 + 35 + 15 = 275$$

No. 14

In this illustration some of the six families constituting the population have been pushed out to the poor land, in about three minutes. Would the results have been any different if there had been 600 families, or 600,000, or 6,000,000—or if the process had taken three centuries instead of three minutes? When all the better grade

lands in any country are taken up, and producers are compelled to work on poor land, this result must follow: rents will absorb most of the product, with both production and wages proportionately low.

This is the condition which confronts us today. Land speculation, the holding of land out of use or but partially used, has pushed our people out to the very edge of the desert, or actually into it, in search for an opportunity to make a living, while great parts of our most productive lands are held out of use. This has raised rents all over the country enormously above what they naturally would be, and has forced wages down. This explains why, with practically unlimited resources, we have millions of unemployed, with low wages the rule and not the exception; and also why Labor, out of its own wages, cannot buy the things Labor produces.

If the six families, referred to in these illustrations, had taken up only such land as they could use, as in diagram 13, rents would not be unnaturally high. The sum of the natural rents, resulting from the needs of the people for land, would be 80. But because so much land is held out of use, as in diagram 14, a speculative rent is added to the natural rent, bringing the total to 275. *And what advantage do these increased rents, which are caused by land speculation, bring with them?*

While increased population and improved machines and methods may also raise rents, the natural effect of these is to increase production and to raise wages greatly in excess of the increase in rents; for they can never cause rents to increase until they have increased production and wages. Thus they are only a benefit. But the holding of land out of use never increases production, never raises wages—it only raises rents at the ex-

pense of production and wages. Because it pushes producers out to poorer and poorer lands where their efforts will produce less, it lowers production, lowers wages, and brings with it not one extenuating blessing—nothing but unemployment, a lowered standard of living, and a growing keenness in the struggle for existence.*

On every hand, one finds the evil results of land speculation. The writer talked with farmers located forty miles from the railroad in Saskatchewan, Canada. It required two men, four horses and four days of time to take a load of baled hay to the railroad and return, it being necessary to camp out one night in each direction. They were making the poorest kind of a living. On being asked why they had come so far into the wilderness to farm when there were thousands upon thousands of acres of fertile virgin soil near to the railroad, they made reply: "Oh, they want \$300 an acre for that land; we got this for \$10.00 and we could pay no more."

Results of land speculation are the same in town and city, where some of the most easily accessible and most valued sites are either quite vacant, or inadequately occupied by what are termed "taxpayers"—buildings which yield only enough to pay carrying charges while the site owner waits for increasing land value. The highly

*To see clearly the accuracy of the Law of Rent one must see that the law implies the application of the same amount of labor on land at the margin as on the specific land the rent of which is at issue. In comparing the shares of product of any given land that go respectively as wages and rent, the sum of all the wages going to all of the laborers must be used. In the case of an acre of farm land worked by one man, the comparison may properly be made between the rent and the wages of that one man alone; but in the case of a factory, for example, where a thousand men work, the comparison is, properly, between the share of product going as rent and the sum of the wages going to all of the thousand workers.

speculative prices at which these lands are held force business men to the outskirts, though their efforts there produce less.

It would be difficult, if not impossible, to find a locality in this, or in any other civilized country, where land speculation does not thus interfere with production.

Labor, using capital, produces all wealth; but Labor cannot create the materials out of which to produce wealth. It can get what it needs for this purpose only from the land, and then, with or without the aid of capital, change its form or location to make it fit some human desire. Labor **MUST** have land before it can employ itself. Land held out of use creates an artificial scarcity, and the greater the portion held out of use the greater the scarcity. This is why every civilized country exhibits symptoms resembling those of overpopulation. It is not that a country does not have the resources from which its people could be comfortably supported, but because so many of these resources are held out of use, Labor either must work the poorer lands, or must pay the high rents land speculation causes for permission to use the better grades. And as rents increase, Labor is forced to give up a larger and larger portion of the wealth it produces—for what?

Consider this: in 1626 the whole Island of Manhattan sold for goods said to have been worth about \$24.00. Since then land in the downtown section of Manhattan has sold at the rate of \$28,531,800 an acre. This means that a return on this stupendous sum had to come out of what was produced on this spot before the producers could have anything for themselves. But why should this be? The capitalist supplies the building and equipment; therefore, capital is necessary and useful

in production. Labor uses the capital supplied and exerts the human energy needed in production; therefore, Labor is a necessary and useful factor. If Labor, using capital, produces all wealth, what does the land-owner contribute? A moment's reflection will show that the land-owner, *as such*, does absolutely nothing to aid production; does nothing to benefit society; does nothing for which he is justified in making a charge! He does not supply the land, for Nature does that.

Suppose, by some edict, all labor were to be abolished—men were prevented from doing work of any kind. The result would be that within a relatively few days mankind would disappear from the face of the earth. It would have no food, clothing or shelter, nor any way to get any of these things. *Labor is necessary if mankind is to exist.*

Or, suppose by some such edict, all capital were permanently abolished. Though a part of mankind might continue to exist, it would be turned back to barbarism, and civilization as we know it would cease. Man's ability to produce as abundantly as he does is due to the fact that he has learned to use capital efficiently. *Capital is necessary if our civilization is to continue.*

But, suppose that by some such edict, we could abolish the system which permits a land-owner to charge another for the use of the earth which he himself cannot or will not use. Not only would neither civilization nor mankind be injured, but, to the contrary. Producers then would be free to use the enormously productive lands now held idle; speculative rents would disappear; production and wages would be enormously increased; and involuntary unemployment would be impossible. *Not only is land speculation unnecessary, but it is harm-*

*ful to mankind and retards the progress of civilization.**

Ownership of land is simply a privilege which permits the owner to take from producers without giving anything in return. When land is either sold or rented, that which is really sold or rented is an opportunity to work. The withholding of land from use means the withholding of potential jobs, and the price which will be charged for these opportunities to work will be "all the traffic will bear"—all above what producers could make working for themselves on the best land free to them; or, where there is no more free land, all above a subsistence level.

Our civilization is based on the giving of service for

*Are the harmful results of speculation in land in any way paralleled by the results of speculation in labor products? By no means! Given free competition, any ill effects from speculation in labor products must be *very* temporary. If speculation in any given labor product raises its price, this increased price will attract others to the making or the raising of that article; and this increased production, with free competition in marketing it, will bring the price back to a normal level. Then too, wealth begins to deteriorate as soon as produced. If it is not sold after being produced (often very soon after) it tends to become worthless; therefore speculation in a labor product can raise its price only for a comparatively short time—until competitors can bring similar goods, or other goods which will answer the same purpose, into the market. And, if consumers refuse to buy at the higher prices set by the speculator, even this temporary advantage is lost to him.

On the contrary, land is a fixed quantity. When *its* price advances, no one can bring the price down again by producing more land. Nor does land need to be sold at any particular time, for it does not deteriorate while being held out of use—its value may increase even while unused. Customers may refuse to buy a labor product when they believe its price is too high; but Labor cannot refuse to use land. If mankind is to continue to exist, it must use land, however high its price may be.

Therefore any hardship caused by speculation in labor products must be trivial in comparison with the hardships caused by speculation in land.

service. The more fully this principle is observed in any community, the higher the civilization in that community. When we buy an article of wealth, we exchange the results of our labor for the results of the labor of the one, or the many, who produced the article we buy. We exchange product for product and buyer and seller are benefited. But when we buy or rent land from Smith or Jones we give up the results of our labor without getting the result of the labor of another in return. Instead of benefiting by the transaction we are impoverished to the extent of the rent we pay while the landowner, to the same extent, is benefited without working. Here, instead of there being given service for service, there is service (not, of course, "personal service") given by one party but none by the other.

There is a very general impression that it is the capitalist who receives most of the benefits which come from material progress; the capitalist is blamed for low wages and unemployment; and our present industrial system often is called "capitalistic" in scorn and condemnation. But consider: the only return received by a capitalist, as a capitalist, above replacement of his capital, is interest. If under the present system, increased population, improved machinery, or anything else, were to make it possible to produce twice as much as illustrated in diagram 14, would the increase go to the capitalist? Absolutely not! Nor to Labor (which, to increase its wages, borrows capital at market rates). Practically the whole increase would go to the land-owner, because the rental and selling value of land would increase. See diagram 15.

This will be found to be true of practically every improvement made in society. If a new road is built, interest on capital does not increase, but land values do;

new schools or parks do not raise the interest rate; they increase land values. If a town improves its lighting, or police, or fire department, if it installs water, gas, sewers, or any other improvement, it is land values which rise and not interest rates. If a new factory moves to a town, or if a factory now there enlarges its plant,

$$\text{Wages } 6 \times 10 = 60$$

200	160	120	80	40	10
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$$\text{Rent } 190 + 150 + 110 + 70 + 30 = 550$$

No. 15

or by improved methods increases production, it is not the interest rate in that locality which rises, but the rents. If oil is discovered, or any other natural resource is made available to man, land values rise but not the return on capital. Thus we see that it is not the capitalist who gets the benefits of material progress—these go to those who own the land.

So long as the distinction between capital and land is not clearly recognized, it will not, cannot, be seen that the power given by the ownership of capital is very slight, while the power given by the ownership of land is exceedingly great. It is true that the same individual or corporation may be, and often is, both capitalist and land-owner; which fact is largely responsible for the confusion. Often when this economically dual individual or corporation is charged with exploiting Labor, he, or it, is denounced in the minds of the public, and in the press, as a greedy capitalist; but the power to exploit Labor resides in the ownership of land, not in the ownership of capital.

Though all the above is true, it is not proper to condemn the individual land-owners themselves who speculate in land. Land is not held out of use in order to oppress Labor. Land is held out of use for the purpose of making a profit. Few land-owners, themselves, realize that the system which permits them to profit from land holding is harmful. They were born into and brought up in the system and it does not occur to them, nor to anyone else, that the system is anything but quite proper, or that a better one is possible. The blame for the harm done by our present system cannot be laid on particular individuals. All are joined in sharing the blame because it is our laws and institutions which permit and condone the system, and which even compel ownership of land if the user is to retain for himself all he produces from the land. So long as the system itself is continued, society would not be benefited one iota if present land-owners were to abandon, or turn over to others, all the land they, themselves, were not using. This would simply mean that a new set of land-owners would take the place of the old, and thus there would be "a change but no relief." This is not the way to meet the problem. It cannot be solved by individual action; the system itself must be changed.

When we realize that so much of the increased production which material progress makes possible does not go to Labor as wages, nor to Capital as interest, but is taken as rent for land; when we realize that the high prices charged for the better grades of land either prevent producers from using these lands or take from them, in rent, much of what they produce there; then we will realize that the real antagonism in our present economic system is not between Capital on the one hand and

Labor on the other, but, instead, is between Labor and Capital together on the one side and, on the other, a system which permits one individual to charge another for the use of the earth.

QUESTIONS FOR DISCUSSION

- 1—If wages are determined by what a man can make working for himself on the best land free to him, why should wages vary as between individuals and between occupations at any given time on any given grade of land?
- 2—Is it the proprietor in any business who really employs the people working with him in that business? If not, who does?
- 3—In economics, how would one class a "middleman"? Is he a wealth producer or a parasite? If he be a wealth producer, how does he produce wealth? If he makes a profit, of what does it consist?
- 4—Can any regulation by government as to minimum or maximum wages be effectively enforced? If not, why not?
- 5—Where do we find the greatest wealth—in densely populated or in sparsely populated districts? Why?
- 6—Where do we find the greatest poverty—in densely populated or in sparsely populated districts? Is it natural for an increased population to increase poverty or to diminish it? Why?
- 7—In 1914 over one million immigrants arrived in this country. Did their coming make jobs more plentiful or scarcer for the people already here? Why?
- 8—A machine is invented which makes it possible to grind ten tons of flour by the same labor and in the same time as formerly were required to grind one ton. Will the use of this machine have any effect on the

shoe trade? If so, would the effect be any different today from what it would be if there were no land held out of use?

- 9—Supposing it were possible, what would be the effect on wages if machines were so perfected as to need no labor to operate them, and if
- (a) there were plenty of free land, or
 - (b) all land were owned by a few men?
- 10—What is it that causes a normal rise in land prices? What causes the rise in the time of a land boom?
- 11—Would a speculative rise in the price of wheat lead to an increase in wheat production? Why? Would a speculative rise in the price of wheat lands lead to an increase in wheat production? Why?
- 12—What causes commodity prices to rise or to fall? Are the results of these causes beneficial or harmful to society? Why?
- 13—Would the effect on production and wages be different if instead of one man, or one corporation holding a million acres idle, each of a million men held one acre idle? Why?