

The "Revolutionary" Answer

by JO ELLEN BRAVEMAN

THE problems of poverty in our society are many and varied — at least that is what we are led to believe. We are told that lack of capital, overpopulation, and increase of automation in industry, are the causes of poverty. Henry George, in his book *Progress and Poverty*, discounts these conclusions.

If one were to ask persons on the street what wealth is most likely they would answer that wealth is money, but according to George wealth is anything material resulting from human exertion, having an exchange value and fulfilling human desires. Paper money is only a representation of wealth, while lumber, dresses, automobiles, rugs, etc. are wealth.

There are three factors essential in the production of wealth: land, labor and capital. Land is all material things in the universe barring man's own efforts and man himself. Labor is that part of human effort, both physical and mental, which deals in the production of wealth. Capital is wealth which is used in the production of more wealth, or wealth which is in the process of exchange.

Wealth is divided into three "avenues of distribution": rent, wages and interest. Rent is the part of wealth which goes to the landowner in return for use of land. Wages compensate the laborer. Interest is the return for the use of capital.

After the production of wealth, rent must be paid first, for land is the most essential factor in the production of wealth. The margin of production is a law of nature to which land must conform under normal circumstances. It is the line at which is found the most productive land to be had without the payment of rent. The rent of land is determined by the excess of its pro-

Miss Braveman shared the memorial prize given by Mrs. Ezra Cohen in the annual essay contest commemorating her late husband who was president of the Henry George School. This is a shortened version of the second essay — the other by Allan Kashkin was in the January HGN.

duce over that which the same amount of labor and capital could secure at the margin of production. In simpler terms one could say that a man can subtract what is produced at the margin of production from what he was currently producing on his own land. The remaining wealth is divided equally between wages and interest.

Overpopulation is not the cause of poverty. Man may continue to multiply until there just is not any more room on earth, but that is as distant, according to George, as "the final extinguishment of the sun." An increase in population does not hinder production, it helps it tremendously. Normally an increase in population will tend to push the margin of production down, thus increasing rent and decreasing wages and interest. But while man increases numerically, he also increases his knowledge of the world around him. Thus we have technological advancement. Inventions increase the productivity of *all* land. Thus while the demand for land increases so does the greed of men, and we have land speculation. In other words, the good land is kept *out* of production and the margin is pushed down.

Poverty is therefore not caused by overpopulation nor by a lack of capital nor by automation in industry. The blame lies with the landowner who takes away a portion of the return to labor and capital and who purposefully indulges in land speculation.

Henry George's "revolutionary" answer is to make all land common prop-

erty — this would be neither communism nor socialism — it would be Georism—an economic theory often referred to as “single tax.” Actually George *is* sanctioning capitalism. He is even sanctioning greed, only under Georism a man would have to pay for his greed. He would have to pay for land speculation, and that would be unprofitable.

At present most taxes tend to reduce the production of wealth. These are levied because of an increased cost of production. Thus as the price of a product goes up consumers tend to buy less and this checks production.

George’s theory would rid the community of the present bothersome taxes and would establish a tax only on land values. The public, not the government, would determine the value of land, just as it always has. A man cannot charge a high rent for a plot of land unless he knows there is someone willing to pay the price, i.e., if the plot is desirable its rent will be high.

Through the single tax, or LVT, the needs of the local, state and federal governments could be met, because there would be greater economies in government since government personnel would be greatly reduced. Government would no longer interfere in the workings of industry and agriculture.

Such a system would increase production and purchasing power and raise the demand for commodities which would lead to an increased demand for labor. Thus there would be a “not so vicious cycle” spinning us freer and freer from our present despair of poverty.

Henry George proposes that “we should reach the ideal of the socialist, but not through government repression. Government would change its character, and would become the administrative of a great cooperative society. It would become merely the agency by which the common property was administered for the common benefit.”

Discriminatory Legislation

Social Security legislation exists in most of the countries of Western civilization. Thus “welfare” dispensers pretend to believe that people who are forced to provide (supposedly) for their declining years are helped even when the results are tragic and defeating.

From January first of this year both employers and employees will be taxed 4.2 percent of earnings up to \$6,600 per annum. Thus earners whose wages or salary total \$6,600 or less are taxed. But those who earn more than \$6,600 escape taxation on the excess over that amount. Low earners will be taxed

on their entire income, while high earners will pay no more than the low earners.

If Social Security were voluntary, that is, if people could join or abstain from joining, the systematic saving of a part of their earnings might prove useful. Those who could not expect to benefit would not need to participate, and for those who did participate the benefits might be determined on an actuarial insurance basis. But as presently legislated, Social Security is discriminatory against low earners and an infringement of personal liberty.

—Alexander M. Goldfinger