

caught some message from *The Public*, who got some understanding of national issues and social problems from its brilliant pages. They would be here. Ardent believers in the gospel of Henry George. Others who perhaps have not that faith in its pure form, but nevertheless need to be reminded from time to time how basic is the problem of land. Intellectuals, men of all sorts, and then would come those hosts of the foreign, of the poor, of the radical, of the bitter in spirit, bitter because of injustice, who found in him one sure defender, one of the few men who in power still believed in liberty.

What ways we shall find to honor him I do not know. How soon the unity of the spirit may unite us all I do not know. But this I do know: The country of black lists and persecutions, the country of lynching, of injunction, of the tragedy of the coal fields, of indifference to the vast millions of the unemployed, the country which has degraded democracy to the level of the Chicago fight, and Chicago is perhaps only the most conspicuous illustration of what goes on in America, that country needs profoundly not to forget its Posts, and that country in honoring its Louis Posts can only honor them by fighting on and on and on with the people and for the people. Whether we can agree altogether in the method I do not know. Whether you agree with me that the time has come in America when only a party definitely organized along these lines and for this purpose is the way, I do not know. But this I know: There is no honor to a great man which consists merely in the backward look, in mourning over one who is gone. Honor we pay only as we strive to solve the problems which challenged them, which made them great, and in facing which they served their day and generation.

The meeting ended with the reading by John J. Murphy of extracts from the last chapter of "Progress and Poverty."

England's Taxed Middle Class

IN the whole history of the world there has never been such ferocious taxation as the hard-working middle-class income taxpayer of England is now subjected to, and the atrocities of the tyrant are executed in an alien tongue unintelligible to the victim. The smallest penalty entailed by the arrival of his buff envelopes is another half a day's corvée in trying to understand the unintelligible. In all seriousness we maintain that the Englishman who has the misfortune to earn from £800 to £3,000 a year is the most oppressed person in the whole history of the world. Above that amount, he gives it up, and hands the whole problem over to the professionals in income tax; within that amount he cannot afford to do so, and has to wrestle with the problem himself. There are thousands of honest hard-working men going about under a load of debt for income tax incurred through the unintelligible complications of the income tax. They pile up their work to pay off arrears until their life is one of Egyptian bondage.

—London *Saturday Review*.

What Is The Trouble With Business Today?

An address delivered by Benjamin W. Burger, of New York City, before the Master Sign Manufacturers Association of New York.

Future historians will, I think, look upon our age distinctly as the age of business, big business.

Business is today the consuming passion of the world and particularly of the United States.

The work of satisfying human wants and needs is today being performed on a greater and more efficient scale than ever before in the history of our race.

The great mass of people, particularly in America, have more of the necessities and comforts of life than they ever before have had.

Certainly when we contrast the condition of the mass in the United States with that of the mass in Europe or Asia or Africa, we are indeed well off. Yet, no thoughtful man or woman surveying the scene can truthfully say that prosperity has yet filtered through our national life.

If it had, all of us who were industrious and able would possess as many of the good things of life as we desire and would have fine homes, good clothes, automobiles, radios, leisure to travel, etc., or if we did not care to possess these things, we would at least have the means of acquiring them.

Too many of us still live in flats or furnished rooms (less than one-half of America lives in what it is pleased to call its own home, but when you learn how small is the equity, I dare say not ten per cent. of us really live in our own homes.)

Only a small percentage of Americans read books. I believe the statistics show that less than one book per person is read in the United States annually. Even automobiles are owned only by about one half of American house holders and radios are even less common.

Our eighty-seven billion life insurance loses its impressiveness when you recall that this represents less than \$800. for every individual in this country, and as for regular leisure to travel, very few of us have the opportunity.

One of the tests of a nation's prosperity is:—What is it doing for its children, its oncoming generations.

In this country today, it is true we are educating them better than ever before, yet even here we are far behind. Only one boy in a hundred can afford to go to college. We have over 216,000 dependent children in our public institutions. Over one million children under sixteen years of age are compelled to work in factory, mine or field. In this city over 32,000 children under fifteen years of age are compelled to go to work. In this city over 690,000 women are engaged in working for wages.

In 1926, according to Professor Irving Fisher, a standard family of five in the United States (and in that category seventy-six million people in this country were included)

had an income of only \$2300. annually which was about \$200. less than they required to obtain the bare necessities of life.

So you see, the American people are a long way from having the 'decencies and comforts which industrious and efficient people are entitled to possess.

The problem of business is to supply these needs of human beings, food, shelter, clothing, etc., etc.

It is your duty as manufacturers to gather raw material from the four corners of the Earth, whether it be paint or lumber or raw food, transport it to the great centers; engage and constantly supervise labor to work up the raw material into forms in which human beings can utilize it. Then it is your duty as storekeepers to distribute these goods.

Above all, whether manufacturer, transporter, or distributor, you must get orders to keep your plant constantly going.

The life of a business man in the modern world, whether manufacturer or distributor, is one of constant worry and excitement.

Payrolls must be met, notes reduced, merchandise paid for and the landlord satisfied.

When, after, and if you have met all these heavy burdens, then, and only then, have you anything left for yourself.

In a rationally organized society, automobile manufacturers, builders, clothing manufacturers, sign painters and all classes of workers, whether by head or hand, would receive an attractive return for their services.

In our present state of disorder, very often you do not only receive nothing, but you lose your capital, your hard earnings of a lifetime. The difficulties I have just described are not peculiar to your business alone, but are true today of all business and, as I shall hereafter show, they will become increasingly acute until we establish economic order, instead of the economic disorder which today prevails.

In 1926, the latest year for which the Income Tax Bureau has tabulated figures, there were in the United States 500,000 business corporations, and over 200,000 lost money that year. Two-thirds of all the profits made by the remaining 300,000 corporations in business were made by one thousand corporations.

Among individuals, the situation is equally distressing. Statistics show that over ninety per cent. of those engaged in business with capital of \$5000. or less, go into bankruptcy within five years from the time they start.

Now, this lack of automobiles, buildings, clothing, food, educated children, signs, etc. and etc. is not due to niggardliness on the part of nature. On the contrary, wherever we look we see how generous she has been to man.

There is enough coal underground in Pennsylvania to last for over two hundred years. Only last Saturday I read in the New York *Sun* of copper deposits in Africa, capable of supplying ten billion pounds annually. This

is more than three times the entire output of the world today. One copper area is 52,000 square miles, in area (more than the entire State of New York.)

In the bituminous coal industry, we are told that all coal we now use can be mined by working three days a week, three months a year.

In the shoe industry we make 750 million pairs of shoes a year and consume only 358 million..

What then is the trouble?

Well, to understand the trouble, you must have a working knowledge of economics, which is the science that deals with the production and distribution of wealth.

What is wealth?

Wealth is anything produced by labor. Wealth is anything necessary to gratify human wants or needs. A pair of shoes, a pound of potatoes, an automobile, a building, a sign, a book, any and all of these things are wealth.

Two things characterize wealth.

- a. All wealth comes from the Earth.
- b. All wealth is a product of human labor.

That sign you paint, if made of wood, was once a part of a tree, the paint is a mixture of chemicals which have been dug out of the earth, the bristles of the brush come from off the back of a hog, which grazed on the ground.

Your milk comes from a cow who had to eat grass, your bread from wheat grown in Minnesota, your woolen suit from the back of a sheep which grazed on a Wyoming or Australian plain. Every brick, piece of lumber, bit of glass, Cadillac car, Stromberg Carlson in your home had to be got out of mother earth.

Your home stands on the earth. You yourself are composed of sixteen mineral elements that make up the dust and when you die, you are lowered back into the earth and again become part of the dust.

So you see, you are chained to the good ship earth and you cannot get away from it, if you would.

Now, this wealth, which human beings need to gratify their wants and needs, does not just grow out of the earth. It takes human labor (which includes brains) to produce it.

We must plant seed to grow wheat; we must dig ore to fashion steel; we must make nets and lines to catch fish; we must cut down trees to make beds; we must spin cotton to produce cloth; we must apply paint to make signs. In short, labor applied to land, that is, labor applied to the forces of nature, produces wealth. This is the elementary definition of wealth.

Later as society becomes more complex, a portion of wealth, instead of being consumed directly, is set aside to aid in the production of still more wealth.

In a simple society, for example, seed is dropped into the ground by hand; later someone invents a machine which is able to plant ten or twenty or fifty acres where before labor could plant only one.

This machine, however, is a product of labor. Every part of it had to be fashioned out of material dug from the

earth. Instead of the iron or wood or steel of which it is composed having been utilized as such, they have been assembled into a machine and are now used to aid in the more efficient production of wealth.

In economics the machine is classified as capital. In other words, that part of wealth which, instead of consuming, we set aside to aid in the production of more wealth, we term capital.

This machine being a product of labor in time wears out and must be replaced. We can make as many machines as we want, if only we have labor and access to the earth out of which we get the raw material to make the machine.

The owner of the machine (capital) can profit only as he uses the machine. He can receive interest for the use of his machine only as his machine makes production more fruitful than it otherwise would be.

True capital is an offshoot or product of labor.

True capital therefore can never harm society.

It is dependent on labor for its origin and can profit only as it is constructively used. This is the true definition of capital.

I know, that to both socialists and communists and to many Americans, capital is a monster. In Russia today they are teaching the children to hate capital and capitalists. The fact is they don't know what capital really is.

As I have stated, capital is that portion of wealth, which, instead of being consumed, has been set aside to aid in the production of more wealth.

It is truly a child of labor and its interests are identical with those of labor. It is subject to wear and tear as is labor. It is capable of illimitable expansion as is labor; (you can without difficulty make one thousand machines, where you now have one).

The reason that socialists and communists hate capital is that they confuse it with monopoly, particularly land monopoly. Very often a capitalist puts a part of his wealth in land speculation. He then becomes a monopolist or landlord.

It is only in his capacity as landlord that the capitalist then is open to criticism.

The same is true of the laborer. If he has surplus capital and instead of consuming it, puts it in land speculation, he becomes to that extent a monopolist.

Summary—We have seen:

1. That human beings have needs.
2. That it is the function of business to satisfy those needs.
3. That it is the application of labor to land which produces the wealth that satisfies our needs.
4. That as society becomes more complex, a certain part of wealth is set aside to assist in the production of still more wealth and that this surplus wealth is termed capital.

The product, which labor applied to land assisted by capital produces, must be distributed equitably to those who have produced it, to each according to the part he played in the producing of wealth.

In a rational society, the laws of supply and demand will regulate the return labor will receive as wages, as well as the return capital will receive as interest.

The trouble is that before these two can share the product they have produced, a third fellow comes along and says:

"Halt, before you fellows get anything, you have to pay me."

"What for?"

"Didn't you use my earth, didn't you use my land. I take my share out of your wealth you have produced. I would charge you for the wind, the sunshine, the rain and the ocean, also, if only I could devise some method to make these forces of nature private property as I have succeeded in making the earth private property. I must get rent before you fellows get anything."

(Rent as I am using it in its economic sense, is the price paid for the use of *land alone*, not what is paid for the use of buildings and improvements.)

These latter are capital. The products of labor and capital are wealth and what we term rent for their use is in reality interest.

You see, two dynamic factors, labor and capital, produce wealth when applied to the static factor, land or nature.

The essential trouble in society is that while two factors produce wealth (Labor and Capital), THREE (Land, Labor and Capital) divide the wealth.

Isn't it clear, that the more any one of the three factors gets, the less there is left for the other two to divide between themselves?

The landlord, and by landlord I refer to that class who claim to own the land, is becoming increasingly more able to appropriate in the shape of rent a greater amount of wealth.

The reason for this is that the quantity of land is limited, while the number of people who are pressing on the land is constantly becoming greater and greater. Land thus automatically and without any work on the part of the landlord, becomes more and more valuable and thus landlords are able to extract more and more wealth without rendering service.

In the United States today, the bare land is worth about 170 billion dollars. The landlords are taking as land rent, between five and six per cent. annually on this amount.

That is, between 10½ billion and 11 billion a year.

This is the first charge on industry that must be paid before labor and capital have one dollar to divide between themselves.

For this 10½ to 11 billion dollars annually (and it is constantly increasing) the landlords do not render one

dollar's service. All they do is to allow capital and labor to use the land of the United States.

The consequence is that after the landlord has taken his economic rent, labor and capital have not enough left to divide between themselves. Labor now lacks purchasing power. It is unable to purchase the products of other labor. Likewise, capital is in difficulties. It is unable to dispose of the products which it, in association with labor, has produced.

A prolonged or general condition wherein labor is unable to purchase the necessities of life, we call a panic.

THE REMEDY?

It is to establish an Economic Order wherein the land-owning class shall be unable to acquire wealth without rendering service.

It is to introduce an economic order which will recognize the earth as belonging equally to all mankind. In a word, the community shall recognize ground rent as common property and shall take it in the form of taxation.

I ask you to study this proposition more thoroughly.

The Single Tax is no palliative for our present disorders. It is a real cure, because it goes to the root of our trouble.

Let the Farmers Themselves Answer

ALTHOUGH extensive and definite statistics have not been gathered, there seems reason to believe that the removal of taxes from improvements and concentrating them on bare-land values would mean a real relief to most working farmers. This is especially the case now when we have been going through a period of agricultural depression. Why don't the farmers agitate, then, for such taxation? Well, most of them—like most other people—don't know what is meant by bare-land value. The bare-land value of a farm is what would be left after subtracting the value of buildings, of fruit trees, of fences, installed drainage, growing crops, tools and machinery, horses and cattle, and *fertility also* in so far as it has been built up or maintained by fertilization and careful cultivation. A tax on the bare-land value of a farm would therefore, be really, a tax on the "run down" value of the land, after the value of all the so-called improvements had been subtracted. Where such "run-down" value is zero, a tax on the bare-land value of the farm, no matter how high the rate of taxation, would be a zero tax! If American farmers realized this, would they not, like farmers in Denmark, try to get the tax system changed in that direction?

Another way of expressing the matter is to say that a bare-land-value tax certainly should not take more than the entire *economic* rent, and the entire *economic* rent, in the case of many farms, is *nothing*. For what is *economic* rent? Suppose a man owns a farm which he leases

to a tenant by the year. Before we know what is the *economic* rent, we must subtract from the yearly payment made for the farm by the tenant, not only enough to cover depreciation of improvements, but also a reasonable percentage of interest on the value of all improvements, including fruit trees and including the fertility value built up or maintained by fertilization, careful crop rotation, etc. Only the surplus above such interest is *economic* rent or the rent of the bare land. A tax on bare-land value could not take any thing beyond such economic rent. If it did, it would be a tax on improvements, too, and not just a tax on bare-land value. A tenant farmer, of course, doesn't receive any economic rent at all.

Let's look at the matter in still another way. If the owner runs his own farm—i.e. if he is a typical American working farmer—what really is his *economic* rent which is all that would be taxed under a bare-land-value tax? To find what is his economic rent, we must first subtract from his total income as pay for his work, all that he would make as a tenant if someone else owned the farm. Then, second, we must subtract from the remainder enough to cover not only depreciation but also a reasonable percentage return as interest on the value of all improvements. And in these improvements must be counted the fertility value built up or maintained by wise cultivation and proper fertilization. Only what is left after making these subtractions, is economic rent. A tax on this remainder would be a tax on bare-land values. And a tax on bare-land values alone could *not* take *more* than this remainder. A tax taking more than this would not be a tax on bare-land values alone but on improvements also. A bare-land value tax is a tax on the *run-down* value of the land not counting any improvements. It is important that those who submit land-value taxation measures to the public should see that their proposed changes *clearly conform to the principle of not penalizing the maintenance or improvement of fertility*.

One would think that farmers and farm leaders would devote themselves enthusiastically to putting into effect such a scheme of taxation of bare-land values. For this would be practically no tax at all on a considerable proportion of farmers. Especially in this recent period of agricultural depression when all sorts of nostrums have been advocated to cure the evil, is it not amazing that more farmers have not demanded scientific taxation which would leave them all the wages of their labor and interest on all their improvements, which would tax only their economic rent, if and when they received any, and which would *never penalize them for improving their farm*, by raising their taxes? How great is their surplus above wages for their work and interest on all their improvements? How many farmers think they get any such surplus? How much of a burden on them would be a bare-land-value tax which would not take more than such a surplus? Is it not one of the most amazing things of all the ages that