

STANDPOINTS

FROM WHICH THE

PUBLIC COLLECTION OF THE RENT OF LAND,
IN LIEU OF ALL OTHER TAXATION,
IS MOST FREQUENTLY QUESTIONED

MANNER OF INSTITUTING

State and federal laws specify what shall be taxed. To institute the reform here urged, these laws would have to be changed so as to allow or enable the increased collection of the rent of land by taxation and the exemption of the products of labor. In moving toward the application of this mode of taxation, two difference types of steps would naturally be taken, separately or in combination according to different situations (assuming "enabling" legislation in any case).

1. Across-the-board application.

This way, there would be a step by step lowering of taxation on all things eventually to be fully exempted, and a step by step increase in the amount of rent taken by taxation on all lands, all calculated to be accomplished gradually, perhaps, let us say, in one or more generations, allowing time for all things to adjust to the changes that would follow. This is essentially what has been and is being done in Pittsburgh and some other Pennsylvania cities.

2. Application to specific items.

As particular areas of land, by being speculatively held out of use, or their best use, create such intense social or economic problems as to demand the right solution, the public collection of the rent could be jumped up high at once, forcing the immediate relinquishment by those owners who have heretofore been "dogs in the manger".* An example of this should be the immediate taxation of the land in slum areas at the same rate as in well developed areas nearby. Also, as the serious destructiveness of present taxation of various products of labor finally be-

* See "Time" magazine, May 8, 1964, page 89, "Western Europe, Hungry for Land," for perfect examples of where land value taxation is desperately needed in order to curb rising prices so as to make land available for urgent use, all over Europe, especially in London, Paris, Italy, Zurich, Munich, Bonn, etc. (Exactly the same things could be said of any place in America that is in the path of progress; Europe is simply illustrating what is ahead for any growing place in the modern world.)

comes recognized for what it is, such items might be fully exempted at once. An isolated reform of this nature was made by the State of New Hampshire when standing timber was exempted. (Although virgin timber should be regarded as land, and a part of our common heritage of the gifts of Nature, on the other hand all subsequently-grown timber, of any value or maturity, must be regarded as capital, as it owes its existence to "abstinence" from immediate consumption.) Timber owners saw taxation as taking from them annually a greater value than that of the annual growth of the trees, so they cut off the woods in a manner and to an extent finally seen to be detrimental to the entire economy of the state. Another item that might likely be exempted, because of the destructiveness of taxation, is "Stock-in-trade". An example of this might be seen at my favorite garage, where the owner gave up stocking tires because the tax made that essential service unprofitable. Now, to exempt his stock would result in restoring that needed service to the community. It would lead to agitation for the exemption of all stocks in all stores, which, if successful, would improve the economy of the whole town, increasing services, leading to better living and better business.

I presume a combination of both of these manners of application of this two-part reform in taxation would be used at various times and places, as people and their legislators gradually see the advantages of it.

With each successive item of reform, no doubt a general trend, pattern, or even consciously recognized policy would emerge, making each future item easier, based, as it then would be, on a growing number of precedents and seen as logically consistent with an appropriate enlightenment of the times -- if, as we hope, our present "liberalism" or "equalitarianism" could, by the grace of God or economic common sense, be changed from a source of weakness into a source of strength.

TOO LATE

Some have agreed to the logic of this reform but felt that it is now too late to thus assert society's right to the rental value of land because we have so long regarded that value as legal private property. That is not a very courageous way to look at needed changes, is it? The true reply must be that wrong does not become right merely by long continuance. Every wrong should be abolished as soon as it is recognized for what it is, and when a fair way is seen for doing it.

JUSTICE

Enough has already been said about the logic, justice, and expediency of taking a publicly created value as public revenue and leaving in the hands of producers the full rewards of their labor and capital.

In Chapter VIII, page 71, are listed "The Common Injustices in Landholding." Though students of political economy must recognize those injustices and their evil effects, still it must also be remembered, as stated in Chapter VII, that land-holders are not personally to blame for doing what present laws and policies as to landholding allow and prompt them to do. So, in any decent plan of social reform, there cannot be any such thing as blaming or punishing -- as in the French Revolution and others -- the beneficiaries of previous unjust but legal conditions which it is now proposed be replaced with better. At the same time, no reform was ever made that did not entail at least a seeming loss to someone. This is true of progress of any kind. Now, this question, in substance, is always asked:

"If, by this change in taxation, the full rental value of land were now publicly taken, would not those owners that we have long allowed to enjoy a large share of that value as if it were a private right, suffer injustice and hardship, unless compensated?"

No, this would not be an injustice. If it has been an injustice for them to live on or enjoy a value created not by their own efforts but by the growth and progress of all society, it could not be any injustice to put an end to it.

Neither would they suffer hardship. The broadened field of economic opportunity which will result from the abolition of the incentive to hold large amounts of the best land out of use, as is now the case, will be an advantage to all society in which they will share; they will live in a more stable, less criminal, less potentially revolutionary society, because of a more equitable distribution of wealth, power, and opportunity. This reform would be accomplished gradually, with plenty of time for all people to adjust to new needs, new work, new opportunity, exactly as people in this generation are adjusting to the passing of some old industries and skills being replaced by new, all this being accepted as part of progress in which all are presumed to share. Where progress and change are today seen to work hardship on those forced to change their ways of working and living, it is for the very reason that we are not at the same time freeing land from speculation and high price nor industry from taxation, which, if done as here urged, would broaden the field of opportunity and lift the burdens of taxation and landlordism from the backs of the working, creative, productive parts of society.

For these reasons, compensation is no part of this reform. But just suppose for a moment that it were. It could only be done in this way: From public funds, payments -- in sums such that if put at interest would yield returns equivalent to the annual rental values that could have been expected to be enjoyed in the future with present conditions continuing -- would

have to be made to all landholders. This would be a colossal burden to all those taxpayers who had not previously enjoyed special privilege, a mere continuation of the same old injustices and inequalities in a different form. To do that would be exactly like requiring that the owner of stolen goods "compensate" the thief, to the extent of their value, for their return.

Justice to society would of course require that the rent of all lands be taken by taxation, whether such lands were used or unused. All the public facilities in the vicinity of vacant, unused land cost just as much and render as much potentially usable advantages as when in the vicinity of lands in intensive use. The simple result of people being taxed for lands, whether used or not used, would be that they would tend to hold only what lands they needed for their own use, making all other land available for others, especially for the new members of society. And a moment's reflection should hardly be needed to see that any complaint about being taxed for land held but not used would be as unjustified as for a man to ask that a box at the opera be permanently reserved for his family but to be paid for only according to the number of evenings they chose to attend.

It might be thought at first that the collection of the rent of land only, by taxation, would unjustifiably exempt all non-owners from their fair share of public expenses from which all are presumed to benefit. They would not be so exempted. Everyone uses land. Non-owners would pay their share of rent just as now, as a part of house rent, apartment rent, shop rent or office rent (for the moment using "rent" in its popular sense), thus sharing the payment of the taxes on the lands on which these quarters stand. Even the traveling salesman -- the classic example of a prosperous, care-free man on the loose -- uses land and would pay rent. As a member of a business organization he shares the land his company uses; staying nights in hotels, he pays, as a part of his bill, a share of the rent of the land on which the hotel stands.

SHARING THE GREAT RESOURCES

Inherent in this philosophy there is one more great element of justice. All people, wherever they are, rich or poor, old or young, by their actual or potential present or future needs for the products of the great deposits of the natural resources of oil, coal, gas, and other minerals, have each had a part in creating the immense exchange or rental values of such special offerings of nature. At present, these values flow, in large measure, into the pockets of the fortunate few who hold title to such lands; but these special lands were no more intended for their special advantage, by our Creator, than for anyone else. Every day we read of, say, some western farmer who has discovered oil. Do we think that we are thus collectively enriched? No; we say, "How lucky he is; he will never have to work again!" When will we

effectively recognize that the value of such deposits was created by all of us as a nation of consumers, therefore is our common property. When the just manner of collecting these values as public revenue is applied, and the proceeds are expended for public services used by all, then we shall have distributed to all people, in equal measure, values they have all, each in essentially equal measure, helped to create.

FUND FOR PAYMENT OF RENT

When a man, owning and using land, pays his land rent in the form of a tax, is he not taking that sum of money out of the earnings of his labor and capital? Superficially, he is. But it can be assumed that the rent represents the measure of how much more his labor and capital have returned him on that location than they would have at the "margin" -- that class of land with respect to his type of operations on which society would have conferred no advantages to his business. In other words, the rent was the measure of that part of his gross income which could be credited to all society.

EXPEDIENCY

Under this reform, taxation will be greatly simplified. As items of private wealth, tangible and intangible, are exempted, less and less personnel and machinery of collection will be needed. We already collect part of land rent now; it would be no added trouble to collect it all. If all the complications of Income and General Property taxation were replaced by a reduced

PRIVATE OWNERSHIP OF LAND TO BE PRESERVED
GOVERNMENT OWNERSHIP TO BE AVOIDED

The reform here advocated does not in any way include or anticipate government ownership and leasing of lands -- except in special cases -- and properly carried out it will avoid any such tendency. It will be necessary, therefore, while increasing taxes on land and using prices as a sort of "thermometer" for gauging effects, to stop somewhat short of reducing prices to zero, so as to leave in the hands of private owners just enough of the rent of land to maintain an incentive for private title to all lands. This would not be enough to give rise to the evils of speculation and monopoly, but would obviate the hazards of government ownership.

Naturally part of a continuing program of the land tax system here outlined would be the periodic revisions of tax levels. With the varying growth of society -- progress in most areas, retrogression in some others -- rental values would, of course vary, and taxation would have to vary accordingly, levels being raised in most areas, reduced in some others. The criterion would always be the maintenance of very low, merely nominal selling prices, and the objective would always be the establishing and holding of such a balance between the taxation of land and the price of land that neither should interfere with the use of land.

Observe that as all this is accomplished it is the only way of knowing that the proper proportion of the actual economic rent of land has been publicly collected, thus enhancing the best interests of all society and all individuals, insofar as those interests are related to land and taxes.

The entire land of the country is the common heritage of all its people. The reader should begin to appreciate how simply -- with reliance not on government with all its vagaries, but on Natural Law properly adhered to -- the maintenance of the common enjoyment of that heritage can be reconciled with the expediency and practical necessity of the private tenure and use of land, these being among the most basic of American ideals.

ACQUISITION OF LAND FOR PUBLIC PURPOSES

At present, when land is needed for a highway, school, library, parking lot, or other public use, the public has to tax itself to buy back a value which it, by its own growth and progress, has itself created. In its purely physical aspect, such a purchase is exactly like paying for the return of stolen goods.

With the reform in land holding and taxation here urged, the public, after paying as it does now the fair assessed valuation of any improvements on the land, would buy the land, not at a speculative price based on the future growth and progress of society but at a small nominal valuation resulting from the public collection of the major portion of its rental value, as

noted in the last paragraph. Put simply: Property would be acquired for public purposes just as now but at low prices resulting from our having eliminated the present injustices in land-holding.

Incidentally, all private parties would purchase property on exactly the same terms.

THE EFFECT ON THE FARMER

Many have thought that the farmer, necessarily using much land, as compared to his city cousins, would be hit unfairly by taxation taking only the rent of land. He would not be. Farm land is in the country, not among the concentrations of progressive society; it is in "low-rent" areas, having low "site-value," so to speak, so that taxation on such land is naturally low. Also, it must be emphasized that the farmer is a capitalist and a laborer in even greater measure than he is the owner of valuable land. Under the reform here urged, he would be freed of all present accumulated taxes included in the costs of his capital purchases, and freed of all taxes on his buildings, stock, machinery and personal income. He would be getting the sort of relief he deserves, rather than the protective regulations, aids, and subsidies, furnished at the expense of the taxpayers, which have, up to now and against his will, brought chaos to his business -- chaos due greatly to government supports that have misdirected the natural action of the law of supply, demand and price, leading to overproduction and political corruption. The collection of the rent of land in the manner described earlier would equalize the opportunity for farmers to make a living on the wide range of qualities of land -- beginning with the best -- necessarily brought into production to produce a total crop equal to the demand.

By breaking up the tendency toward monopoly, land ownership would be more widely distributed among actual working farmers, rather than narrowly, among rich land-holders, large plantation owners or "agricultural business men." Farms would be far more numerous, medium in size, and not requiring the ridiculously high capital investment needed in many lines today to be competitive. Farming might not necessarily be more technologically efficient than now, but in the end would be cheaper for taxpayers and consumers, taken as a group; and, for the farmer himself, farming would be a more stable employment, a more orderly manner of making a living -- one of those types of living meaning most to those engaged in it.

We should think of the farmer as a human being, of a personal type most versatile, in a work most essential. Large, flat, fertile acres are not the only requirement for his full living. Reasonable proximity to rich variety in society and human culture are equally important factors in realizing the values that are the

ultimate object of all human endeavor -- objects far above and beyond mere "dollars per hour" or "bushels per acre." From the isolated farms in northern New York state, Vermont and New Hampshire, milk is hauled hundreds of miles over the road in tank trucks, passing thousands of square miles of idle, neglected land as it approaches the great markets of Boston and New York. Some effort is made to equalize the varying costs due to varying distances of farmers from market; but nothing could compensate society as a whole for the fact that land costs and speculation keep producers far from markets and deny potential users access to vast amounts of desirably located land; nor for the general tendency, here, as in every line of production, to keep producer and consumer far apart, physically, economically and spiritually. You, the reader, may not agree with these judgments of mine, but you must agree that the widest possible freedom of choice of location for farmers is a desirable ideal, though not attainable under present land-tenure and tax policies.

It is an advantage to society, for numerous other reasons, to have farming widely distributed among other uses of land -- residence, commerce, and manufacturing, culture, and service -- throughout regions as small as counties and townships. In weathering the variations in the business cycle (described and graphically shown in Chapter III) a wide diversification of economic activity has always reduced the strain of depression and change for areas so favored, as seen by a comparison of their general well-being with that of the one-crop, one-industry regions. Personal life and culture is more varied. There is greater economy in transportation over the country as a whole when all areas are reasonably diversified. Farming, by using, cropping, de-brushing, and pasturing areas near to, but not used by, other land-using activities, improves the looks of the countryside. Many new England machinists live on subsistence farms whose significance is not to be sneezed at, usefully taking up, as they do, much otherwise lost time; supplementing the work and diet of the family; furnishing a physical, emotional, and nervous outlet for the man himself, being a less expensive and better home than would be a city apartment. But, with the speculative price of land being what it is, these idle, increasingly-unsightly areas in the vicinity of other activities are priced out of reach of prospective farmers -- an economic detriment to all society, a disfigurement to the landscape.

The natural law of wages states that where land is subject to ownership and rent has arisen -- as in all countries now -- wages, throughout the economy, depend on the margin of cultivation, or upon the produce which labor can obtain on the poorest land in use, where rent is zero. Therefore it is socially desirable that the poorest land to which people are forced to resort shall be of as high a class as possible. Therefore any factor, such as speculation, that holds much of the better and

the best lands out of use, as is the case in all our growing areas, is a bad thing, forcing resort to lands much poorer than necessary, holding wages down. Thus we can see that the full-time farmer, the subsistence farmer, and the potential refugee from urban pressures, along with all workers everywhere, would all benefit from the application of the reform here urged, rendering speculation unprofitable.

For the sake of emphasis and to put an end to any lingering thought that the reform in taxation herein described would bear heavily on the farmer, be it remembered that the single tax he would pay would be based, not on his area of land, which is relatively extensive, but on its site-value which, being rurally located, is relatively low; and he would be relieved of all taxation of his income, capital, and products of labor.

THE PROBLEM OF SLUMS

"Slumlords" are speculators, holding lands and buildings, expecting the values of their lands to increase. Theirs is a partial use of land, differing only in degree from the holding of land completely vacant. An owner's total income from slum quarters, though perhaps not large, is usually enough to meet what taxes he does have to pay, enabling him to hold his land longer than he could otherwise, and so reap an even greater reward, as land values and prices are being increased in the area surrounding his land by the active factors in society.

Humanitarians curse owners of slums. I do not hold such owners in the very highest esteem, either, but, is any one of them actually to blame for general conditions of poverty -- conditions under which the alternative to occupancy of his quarters might be to move to worse? Now, what if such an owner tore down his reeking old fire-trap and put up a new, safe, clean apartment building, modern in every respect? Having read this far, you know the answer already: taxation of his investment and added income would hit him hard for the first time, like a fine for the good he had done, except, differing from an ordinary fine, the charge would be imposed on him year after year after year!

Therefore, the slumlord should not be individually blamed for his neglect under a public policy of taxation that offers him little if any incentive to make appropriate improvements.

To clean up any particular slum, the land should be taxed just as heavily as all nearby lands that are being put to their best and fullest use, and the improvements should not be taxed. This done, the owner would improve the property or relinquish it to somebody who would.

Some believe that private enterprise is "not equal to the task" of housing and that, therefore, there should be public housing.

Private enterprise requires economic motivation, that is true; such motivation it often does not have, as in the case of the aforementioned slumlord. Now, public housing requires political and socialistic motivation and plenty of money; public authorities have those. So, they can proceed under uneconomic, unregenerate public policies where private enterprise will not venture, leading many to think public housing is the answer to the needs of housing.

Evidence is accumulating that public housing creates many social and economic problems inherent in any socialistic effort to meet the needs, desires, and perversities of human nature. If developments or projects are not to drive the poor out -- and hence to poorer quarters and areas -- people must be screened as to income, a procedure necessarily limiting the general level of moral and personal responsibility in tenants to a low or mediocre stratum of society, because, should ordinary personal ambition to progress raise a tenant into a higher income bracket than allowed in the project, he would be put out. The resulting type of tenants is likely to be commercially undesirable, disorderly, destructive to real estate, depressing to the atmosphere of areas supposedly recently improved. Tenants have no responsibility or pride of ownership, and managerial personnel has no pride or concern as owners, is probably not free to evict tenants for good cause, and is under no competitive pressure to keep property up in good attractive condition. No doubt there are some very well run, successful public housing projects, but the above are the general economic and social forces tending to deteriorate them, and are sufficiently serious to make urgent the need to give natural stimulation and opportunity to free enterprise and the need to solve the problem of a depressed citizenry.

"EXPLOITATION OF LABOR BY CAPITAL"

This presumed phenomenon has long been a preoccupation of cynics, humanitarians and reformers, and some have asked if the reform in taxation here advocated would help solve that problem.

The ownership of capital alone confers no power on anyone to exploit anyone else. In the great classic examples of the appearance of such exploitation, brought to public attention by strikes and violence, where employees' low wages and poor conditions of living and working were revealed, in coal fields, factories, and other huge works, it was often true that employers treated labor badly while profiting themselves. But, merely as capitalists these employers had no power to make their employees work for them. We do not draft labor in this country; we do not chain

workers to their jobs like Roman empire galley oarsmen. We have no legal statutes compelling men to work for Ford, Chrysler, G.M., G.E., U.S. Steel, Bethlehem Steel, Pullman, Herrin Coal Co. or any other employer large or small, for as much as one day longer than they personally decide to. The force that does compel men to work under conditions they view as unsatisfactory is to be found among the transcendent factors of economic life surrounding them and their employers alike -- most specifically the lack of broad economic opportunity for an expanding, progressive society, which ready access to land of all classes would furnish if available to all men on equal terms. But under present conditions land is not so available. A chronic condition of insipient unemployment constantly exists; any prospective employee, as he approaches a prospective employer, has a weakness of bargaining power due to lack of broad alternatives. But employers -- who may or may not be capitalists also -- are, on their side, also victims of chronic depression, and so are entitled to our consideration. And neither labor unions as now directed and led, nor government measures as now conceived, can do anything at all to correct these general conditions of restricted natural opportunity for employers and employees, who, under the circumstances, resemble a bunch of dogs, ordinarily friendly but rendered desperate by hunger, in a quarrel, over too few bones, in which the small are most likely to suffer.

In this connection, consideration should be given to the talents embodied in the entire number of people who are, at any given time, desirous of satisfactory, remunerative opportunity. It includes all the following three classes:

1. The young, who are just embarking on active adult life;
2. Those who have worked but who are at this time out of work;
3. Some uncertain proportion of those who are at present employed, but would like to make a change; among these are to be found all talents -- manual, technical, scientific, managerial, and executive -- constituting the brawn and brains necessary to initiate and carry on all sorts of economic enterprise from the simplest to the most extensive and complex.

All the people included in these three classes are, as a part of society, prospectively available to prospective employment in industry already established on lands already in use; also, they constantly compare that field of established industry with what possibilities there may be for establishing themselves in new industry on new land they might acquire and put to use.

Now, I say, the degree of availability of new land determines the degree of bargaining power these people have when confronting established industry and "looking for a job," so to speak. If land were readily available, as conceived in my philosophy, then land would constitute, as an unlimited field of employment, a constant competitor to established industry,

forcing all industry to offer to all employees wages and conditions equal to what such people could create for themselves independently. Under this condition, not only would the present semblance of "exploitation of labor by capital" disappear, but so also would the very real stagnation of industry and society now resulting from present landholding practices.

When we consider the latent talents of all Americans and the great natural opportunities in this country which will some day be released from bondage to present land-holding policies, there is seen a great vista of ULTIMATE HOPE for our prosperity and domestic peace, however long human ignorance may postpone the realization of that release.

SUFFICIENCY OF THE RENT OF LAND FOR PUBLIC EXPENSES

This has always been questioned whenever this tax reform was considered purely from the standpoint of raising revenue.

Obviously the amount that lands today would have to be taxed, in order very largely to abolish selling price, would be very great. An enormous amount of money would be collected in this way, without in any way affecting the value of land for use. Various economists claim to have calculated that the rent of land would alone support all public expenses. Whether they are right or not, in any case some qualifications must be made when formulating an answer to this question of sufficiency.

In trying to visualize how much of the earnings of the people should be collected for public expenses, we must also try to visualize what public projects would naturally be carried on in a normal state of society. The costs of relief in all forms, overgrown government, subsidization of the economy, public waste, crime, insanity, foreign aid, and war would all naturally be abolished or reduced in a normal society. Obviously we cannot get free of these unnatural burdens for a long time if ever, world conditions and our own ignorance being what they are.

But in any study of ideals, we must see what our present conditions and practices are compared to what they should be so as to see the proper direction that reform should take.

If the elements of tax reform here urged are clear, then it should be seen that an increasing proportion of the rent of land should be taken as public revenue and that taxation of the products of private enterprise should be reduced. At the same time, all good citizens should do all they can for justice, peace, and self-sufficiency so as to reduce unnecessary drains on the public treasury, thus reducing the needs for public revenue. This sort of reform and that in taxation all should

be promoted just as much as possible, so as to help bring society's legitimate revenue and necessary expenses into balance. Private citizens are supposed to do this, for economic and moral reasons; groups of people, constituting a town, state, or nation should do the same. It would be a very salutary thing for legislative and administrative leaders to have to feel that there was some natural limit to the total of public expenditures they might propose. At present there is no economic criterion or moral guide whatever, except possibly an immediate political expediency.

Again, the direction of reform is clear. Improving society and its policies and institutions should be pursued as vigorously as public understanding and unity of purpose make this possible, with no illusions about the magnitude of the task! If an ideal extent of desirable change is not possible in any one generation, that is no reason for the people in each generation not to resolutely do all they can toward the ultimate objectives.

HAS THIS PLAN OF TAXATION EVER BEEN TRIED?

In varying degrees and various places, it has been applied, notably abroad in Australia, New Zealand, Denmark and other countries, and in America, in Pittsburgh, numerous "colonies" or "enclaves of economic rent", the reclamation districts of California, and so on. But in no place that I know of has it ever been tried -- nor would it have been possible to try it -- to the complete extent of application which I envision and have described. It has not been possible -- or those of influence have not seen fit -- to apply it as a truly "controlled experiment", which, if that had been done, might tend to show its effects disengaged from those of the varying measures of socialism and welfarism which have also been applied. Nor has it been possible to shield the people or the economy of any place large or small from the burdens of war and world-wide tensions which, directly or indirectly, affect the lives and affairs of everyone everywhere.

Though the results of the partial applications of this philosophy have been proclaimed good, still, they have, at best, had only a qualitative, not a quantitative, significance -- that is, they show it is good, but not how good. I would refer readers to a small volume, Land Value Taxation Around the World, published by the Robert Schalkenbach Foundation, 50 East 69th Street, New York. But I would not for one moment accept the findings of that study as a true picture of the potentialities of the entire philosophy as I have estimated them and described them in this essay, nor do I think its authors would either. However, the general tenor of the findings could be said to be encouraging and favorable, at least.

To a very limited extent, and by a few teachers, it is taught and advocated on the true basis of its justice and expediency.

Also, one fact -- basic to the validity of this philosophy as a just mode of taxation, though not usually brought up on grounds of justice -- which is generally stated in text books on economics, is that the public collection of the rent of land actually and ultimately is paid by land owners as a tax which they cannot "shift" on to tenants. The reduction of land price due to increased taxation of land is also generally conceded. But they state these things with the dispassionate impartiality of a gunsmith, who may show you how your revolver works but does not question what nefarious use for it you may have in mind.

One reason, which I know applies in several cases, is that this philosophy was never really studied. Many economics majors I have met have never even heard of it; if they had heard of the name of the man most famous for its promotion, Henry George, it was merely to hear him relegated to history, a man of ridiculously simple ideas of questionable justification, altogether irrelevant in the modern age.

One opinion, once widely held by people interested in social questions, as to the reason why colleges avoided the advocacy of changes in our laws or public policies having anything to do with the present distribution of wealth, was the fear, on the part of those responsible for the financial support of colleges, that any such advocacy would arouse the antagonism of wealthy benefactors. That view was, and is, obviously of some importance. Regardless of how significant this reason is as compared to other reasons, it is easy to see in which direction college management and policy would be moved by caution and wisdom regarding such delicate matters, when we realize the increasing extent to which all institutions of learning are beholden to wealthy, influential foundations, corporations and the like, and the decreasing proportion in which they are supported by parents and students merely interested in an education.

Colleges may claim that there is little demand for courses outlining abstract matters like justice and ethics, saying that today students want to study economics, if at all, for vocational or business reasons. It is a pity that young people are given far less stimulation for the idealism that is natural at their ages than for the desire to get ahead in a material way. But who, more appropriately than those of college age, could ask why, amid progress and plenty should there be poverty, depression, crime, and war? What could be more important to their futures than the character of society in which they are

to live? They will be asked to fight against their country's enemies from without; why not train them in study of our internal problems as well? When, if ever, are they to be introduced to a rational fusing of economic science and human rights and values, by which to maintain their idealism and their hope of a better society? I think, in these matters, that young people get badly short-changed, especially in college, which, though it is not the source of knowledge, is one of the storehouses of knowledge and ideas, with supposedly able assistants to help in the search for relevant truths, the guides to a better life. But teachers of philosophy continue to rake over the diggings in abstruse theories of the past, while economists, like the gunsmith minding his own business, stick to their graphs and mechanics.

I am sure, too, that college people think it wrong to take definite stands on ethical or controversial issues, which might be construed as "indoctrination." Also, many think it more broadminded, less naive, to make no claims to knowledge of answers to great problems of long standing, but more sophisticated to imply that of course if answers existed they would have been found long ago. To me, such attitudes are not courageous, helpful, or scientific.

WHY IS THIS PHILOSOPHY NOT SUPPORTED BY
"ORGANIZED LABOR?"

There is no reason to expect such pressure groups to understand or care about the general welfare of society any more than any other groups involved in production and distribution of wealth, all of which are here listed, with their philosophies:

Landowners: "To get all lands adjoining ours"
Capitalists: "Growth"
Laborers: "More"

Collecting the scars of thousands of years of work, war, injustice, poverty, desperation, and ignorance has given nearly all society this general grim attitude of "self-interest, regardless".

"Labor", along with its opportunistic leadership, has erroneously thought of "capital", represented by its henchman, management, as its natural adversary in a permanent contest over the proceeds of industry. Underlying this is the socialistic error of considering land to be a part of capital, the rewards of both of whose owners are both seen as the robbery of labor. With labor alone being thought of as the sole creator of wealth, how could its members care less how the ill-gotten gains of the owners of land and of capital were divided?

Most labor leaders are primarily interested, not in better conditions in general for all society, but in their own personal

positions and status, which, in turn, depend on gains directly attributable to them personally and specifically. And men in the "rank and file", because of their usually narrow education and their ignorance of the laws of political economy, take the short view and see management -- obviously working for the allied owners of land and capital -- as having a power in the division of the proceeds of industry that can be matched only by a counterforce of their own. In the preoccupation of everybody with the test of strength thus perpetuated, the very real power of land-ownership over both labor and the owners of capital would be thought of, if at all, as either insignificant or irrelevant.

However, we cannot blame the average man for not knowing any more than is known by most educated people, including college professors, about the true relationships between land, labor, and capital.

Many more questions can of course still be raised regarding the mode of taxation here urged and regarding the entire social philosophy of which it is an essential.

Not all questions can be answered to the immediate satisfaction of anyone having read of the matter here for the first time. In fact it should be added that at best this philosophy itself is not the answer to all social and economic questions; it is here claimed that it is only the foundation of a free society and its appropriate institutions. This is intended as a philosophical essay, written with full realization that no one has all the answers, but with the hope that its readers will, with fresh interest and hope, continue the study of social questions from a new viewpoint.

Society's problems are recognized as vast in number and complexity. Our tendency is to think of a remedy or a palliative for each and every separate item of social illness, just as a narrow-minded doctor might prescribe a medication for each and every symptom recited by a patient. But a good doctor considers them all as a whole to see what is the matter with the patient, often concluding that he does not live right; then, instead of prescribing pain-killers, stimulants, or other mere aids, he will make broad suggestions consistent with the body's normal functions and self-regulation, and conducive to self-sufficient strength, health, peace-of-mind, and forward-looking hope and ambition.

As an economic society, we "do not live right."

We can, in the aggregate, produce enough wealth in all forms for our entire population; there is no problem in the physical battle with Nature. Distribution is the problem. And not simply distribution of wealth, but, as the basis of doing that correctly,

distribution of the right to natural opportunity to produce wealth.

Our institutions connected with land tenure are such that land, the basis of all wealth production, is the property of a privileged proportion of society, leaving all others as tenants. This basic element of monopoly and maldistribution of wealth is indeed the Mother of most all other injustices and special advantages which are the very negation of our American Ideals of equality and democracy.

And so I contend that the reform in taxation described in these pages, -- destructive as it would be to land monopoly and constructive as it would be to the possession of the products of labor, -- is the most fundamentally important change in our public institutions that could be made.

Mr. E. C. Harwood, Director of the American Institute for Economic Research, at Great Barrington, Massachusetts, after reading the second edition of this work, has written me, expressing general agreement as to the evils of land monopoly and as to its cause: the undertaxing of land values. "However," he says, "you seem to attribute all economic maladjustments to this problem, as Henry George did". He then gives his own "short description or name for the situation to which virtually all economic maladjustments can be attributed": "interference with free markets." Under that, as a heading, he lists government interference with the money-credit mechanism, abolition of currency redeemability, creation of excess purchasing media by monetizing debt, arbitrary management of the amount of purchasing media in use, and the maintenance of artificially low interest rates. The result, he says, has been a host of maladjustments, including a depreciated currency, an imbalance of U.S. international payments, and other effects that accompany inflating. He goes on to say that government interference with the market for agricultural products accounts for the distortions in that market; that minimum wage laws make the cost of some unskilled labor greater than its market value; thereby creating unemployment; that natural resources including air wave and site monopolies are granted arbitrarily instead of to the highest bidder; and that other special privileges, including subsidies, the undertaxing of site values, and the maintenance of the monopoly power of industry-wide labor unions, also interfere with free markets.

I agree with Mr. Harwood as to the importance of the various faults of our economy, listed by him in addition to those connected with land ownership and taxation. (Of course some of them are already mentioned in Chapter III.) And I appreciate being allowed to include them here as his contribution to sound thinking so tragically needed in America today in a field of

study too greatly dominated by mushy sentiment and the fantastic faith in government intervention in all phases of economic life.

If the emphasis herein placed, by me, on taxation and land tenure seems, to Mr. Harwood or anyone else, out of proportion to their importance, why, of course I am sorry; but in my regrets I will go no further than did the Vermont farmer who, when the board of deacons of his church demanded his public confession of regret for his sinfulness in having sold a pair of oxen on the previous sabbath, said

"I am sorry it was Sunday when I sold them cattle".

And I would add this note: even if we had a perfect monetary system, and were free of all governmental "interference with free markets", still, without the correct solution to the land question, society would continue to suffer the evils of land speculation and monopoly, would continue divided into privileged and unprivileged, and, in the aggregate, poorer, more restless, more revolutionary.

But it is not essential now that we agree as to the primacy of those particular problems. However, regarding the needs of studying all human problems, I would venture to say that for every thousand wise and astute men, who recognize those faults in the economy listed by Mr. Harwood, not a dozen have any clear concept of our crude ways of treating land and taxation. And so I would like to end with the recollection of a relevant word by one of my greatest teachers, Prof. D. W. Mead of Wisconsin. At the end of a lecture on the numerous economic aspects of engineering (in the design and construction of hydro-electric stations), he was asked by one student to say which of these various considerations was the most important. He said: "Not one is most important until neglected".