



# Progress

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**OUR  
PHILOSOPHY**

*We believe* that the Earth is the birthright of ALL MANKIND.

*We recognise* that for most purposes it is essential for individuals to have exclusive possession and security of tenure of land.

*We believe* that those who have exclusive possession of land should COMPENSATE SOCIETY for being excluded therefrom.

*We believe* that such compensation paid annually would meet the costs of Government and permit Society to abolish all taxes on LABOUR and on goods produced by labour.

## LAND RIGHTS, RENT, COMPENSATION

By W. A. Dowe

1. The whole Georgist social philosophy and proposals are based on *equal human rights*, including pre-eminently (a) the right to live, (b) in free and equal association with all others, (c) the right to occupy and use the earth, and (d) the right of property (i.e. individual, family, group, company and community ownership) in things produced by labour.

There is no right of property in anything not produced by labour, i.e. in land or human beings.

2. The rights imply corresponding obligations: (a) to respect the rights of all other people equally, and (b) to use, care for and preserve both the earth and all forms of life which are the environment and common heritage of our present and all future generations.

3. The earth (i.e. the land and everything provided by nature except man and the products of his labour) overflows with everything that man needs. Notwithstanding certain unavoidable natural partial disasters, and others which are avoidable, there is general abundance for all. Many great human disasters, due to man's inhumanity to man, are avoidable. Nature is not niggardly, and the Malthusian theory is totally false.

**The Margin in Economics**

4. When settlement begins there is always ample good land, which

anyone may use and occupy exclusively. This is not a privilege but a natural social right. Newcomers are welcomed, to the great benefit of all.

5. At the first stage everything produced by labour is *wages*; there is no *rent* (and no taxes).

6. When all available land of the first area has been claimed and taken up (even if it is still idle and unused), newcomers must now go beyond it to an area where more labour is needed to produce the same result; physically the fertility and other features are the same, but more transport and travelling are now necessary, so *economically* the new grade is inferior. The latest grade to be used is, in economics, termed the *margin*.

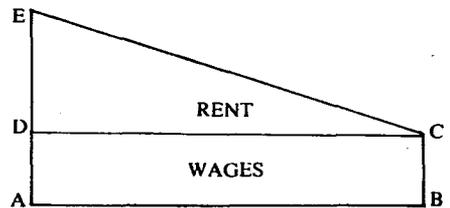
7. As the population of every settlement grows the margin is pushed out further and further, so that the margin (at the edge) always remains the most inferior land in use, but more and more superior grades appear, and the inner central sites are always the most superior, distinguished by the highest rent.

Ricardo's Law of Rent must now be carefully studied and mastered: see the Chart following.

**CHART**

(greatly simplified)

8. Showing the economic distribution of wealth and services, and illustrating Ricardo's Law.



*A-B* is the total land of any country or economic unit.

*A* is the place, or places, of greatest population and the greatest production.

*B* is the margin of production, i.e. any area of the lowest productive quality in use.

*B-C* is the total production by labour and capital at the margin. All of it is *wages*.

*A-B-C-E-A-B* is the total production of wealth and services over the country or unit.

*D-C-E* is the total excess production, i.e. excess over wages, or surplus production, called *rent*. It

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is produced on every site by the progress of the community. A site is any situation above the level of the margin.

**Notes:** Rent and wages divide, by economic law, the total production of wealth and services in any country.

Wages are the share of the individual producers. Rent is the share of the community.

**Ricardo's Law** (*as generally accepted*): "The rent of land is determined by the excess of its produce over that which the same application (of labour and capital) can secure from the least productive land in use" (i.e. the margin).

**This chart is illustrative only.** It is not an actual map of production or distribution, but shows only how production is distributed between rent and wages.

9. The definition of Ricardo's Law may be slightly improved as follows: "Rent is the *excess* product on any site over the product of the same application per person of labour (including capital) applied at the margin, i.e. the least productive land in use."
10. At all times and places *production* consists of labour (using capital) applied to land or to the unfinished products of labour. The labour applied to the unfinished products goes on through the innumerable processes (including exchange, transport and improvement) until it *ends* (usually with the labour of the retailer) in the hands of the consumer.

#### Distribution of Wealth

11. the final product is *wealth* (material objects which satisfy desire) and *services* (labour-products applied directly from person to person) the next division in economics is:

#### The Distribution of Wealth

From the foregoing explanations it can be plainly seen that on every area of land which is economically superior to the margin, the whole product is economically and automatically *distributed* into rent and wages, while at the margin there is no rent but only wages.

12. The whole natural process arises from the pressure of the expanding population of producers (labourers) on land. Non-producers produce neither wages nor rent, because all wealth (and services) is produced by labour. Both rent and wages

therefore rightfully belong to the producers; rent is a community product which ethically belongs to the community, and wages are individual products and belong to the wage-earners individually.

#### Compensation

13. It follows that when land-"owners" lose the legal but inequitable right to pocket the rent as their private incomes they have no serious claim for compensation. They will retain for themselves the income or benefit from their improvements. Rather they should pay compensation for the crimes and robberies of the past. But unfortunately the past must be forgotten. In future the injustices can be rectified and the future can be made prosperous. This is the best possible compensation for the people.
14. Whether it will happen depends on whether the people will shake off their present apathy and ignorance and acquire the quite small necessary *knowledge*.