

ARTICLE IV.

THE LAW THAT GOVERNS RENT ON LAND, INTEREST ON CAPITAL, AND WAGES TO LABOR.

THE tenant farmer rents 160 acres of land; as rent, the landlord takes two rows of corn, and the tenant keeps two. The same rule applies to wheat, oats and other crops—half and half, harvested and delivered, in crib, bin or elevator. This is about the customary proportion for rental of good fair land in the middle and western states, and it has been the proportion for many years. Let us suppose that the tenant produces \$2,000.00 worth of crops. The division takes place in the following manner:

TENANT FARM TABLE.

The landlord takes as rent (which to him is net).....	\$1,000.00
The tenant keeps (which to him is gross).....	1,000.00
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Total crops	\$2,000.00
The tenant's portion (which is the gross).....	\$1,000.00
Subtract 33 $\frac{1}{3}$ % on the dollar, the cost of production.....	666.66
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What he has left after costs of crops.....	\$ 333.34
Regular taxes and wear-out of tools, which is interest.....	45.00
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What he has left, and is again split into half when he buys goods	\$ 288.34
High land rents, consumptive taxes on goods he buys at stores.	144.17
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	\$ 144.47
All the wages he receives, from the \$2,000.00 crops. And that is consumed. Which shows that wages is the last portion received in the division of wealth, in the process of production.	
All the wages he received went to land rent, consumptive taxes and freight.....	
	\$144.47

Land rent, interest and wages are all the factors that enter into the costs of production of wealth and completely divides the whole in this first division of the wealth produced.

The landlord takes as rent \$1,000.00, the tenant keeps \$1,000.00, which is the gross. Averaging one season with another, and one location with another, crops can hardly be produced for less than 50% on the dollar. In fact, costs are often more than that, but to be safe and conservative let us suppose it costs 33 1/3c on the dollar to produce crops. The tenant has to deduct from his share this amount, \$666.66, which leaves him \$333.34, from which he must yet deduct interest on capital, the wear-out, and the regular annual tax. Say he has two teams, a wagon, machinery, two cows, pigs and household furniture worth about \$2,000.00; say his taxes and interest on his tools are about \$45.00. He has left \$288.34 on which to live and buy necessities. All the goods he buys must pass through several hands, in the process of manufacturing and exchange, factories, elevators, wholesale and retail, each of which must pay high land rents, which is from 3 to 6 different times; and each of which pays consumptive taxes, city taxes, occupation and merchants' licenses, altogether somewhere from 30 to 50 times, from producer to consumer, besides excessive freight rates. Adding them all together, it is evident that his earnings are again reduced fully 50% on the dollar, so that when he buys goods he has to pay \$288.34 for goods that should sell for about \$144.17.

Don't lose sight of the fact that the product of labor is, properly, wealth; that when taxes

are raised indirectly from personal property and goods for consumption, the division of wealth takes place in the following manner:

The first portion taken is **land rent**; the second portion is **interest**, then annual taxes; and what is left goes to wages; but under wrong methods of taxation the wages are again reduced, from 35% to 65% on the dollar, when the producer buys necessities, as may be seen from the foregoing table.

Let us suppose that the tenant owned the farm on which he raised his crops; and that he received the whole of the \$2,000.00 crop, to see whether he does much better.

TABLE WHERE THE FARMER OWNS HIS FARM.

We begin by crediting him with the whole of the crops.....	\$2,000.00
We first deduct the cost of crop production.....	666.66
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Which leaves him.....	\$1,333.34
Regular annual taxes.....	125.00
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What he has left.....	\$1,208.34
Deduct interest, the wear-out of machinery and improvements.	250.00
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What he has left.....	\$ 958.34
Land rents, consumptive taxes, excess freight, on what he must buy	479.17
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What he has left, as his wages, out of his \$2,000.00 crop.....	\$ 479.17

Here he has a \$2,000.00 crop to his credit. The first deduction is the cost of crop production, 33 1/3% on the dollar, which is \$666.66; this leaves him \$1,333.34.

Say he has a farm, two teams, a few cattle and hogs, a house and barn and machinery and household furniture. Say he has his regular annual taxes, \$125.00; this deduction leaves him with \$1,208.34; the next deduction, is interest

on capital, which is the wear-out on his personal property. Tools and personal property wear out, and require a higher rate of interest than the rate required on borrowed money, since the personal property wears out quickly, for instance, farm implements, usually placed at 15%. But to be conservative, say he has \$2,500 worth of personal property, and we make the rate only 10%. Leaving out insurance, we say the amount is \$250.00; when this is deducted the amount left is \$958.34.

This may appear to be his wages to those who are not able to reason clearly, but it is not, because of the fact that all the things he must buy with this \$958.34 reduce it fully 50% or more, on account of abnormally high land rents and consumptive taxes, which each dealer must pay through whose hands the necessities must pass; and all of which are added to the price of goods he buys. Therefore, his wages are reduced again from 35% to 65% on the dollar, in the process of manufacturing and exchange from producer to consumer, in the course from producer, factory, wholesale and retail. Each of these must pay abnormally high land rent, and from three to six different kinds of consumptive taxes from 20 to 45 times, tax and land rents, which leaves him, as wages, only \$479.67 from his \$2,000.00 crop. Besides, every now and then, he has a horse, cow or some hogs that die; he also has losses from drought or other losses

which cannot be accurately calculated. This shows that he does not get 20% on the dollar of what he produces, even though he owns his farm clear and out of debt.

To think! that is the trouble! To think! that is a woman's job. Most men are only physical. To them, harvesting, plowing corn, grumbling, and throwing brick-bats are easy. Women are more mentally inclined—more inclined to reason. Will they turn the joke, and merit the glory? The blank pages of history are waiting for records.

The above estimate is still too low; but I wish to be on safe footing and conservative. What is shown in the estimate is as true a barometer and measure as can well be arranged, for the average farm, factory, railroad, mines, packing plant, lumber business, and all industry of every nature. This same division takes place in all—in every line, as shown in this farm table. In each case land rents come first, and second come indirect consumptive taxes and interest on capital; third come wages, which are again split in half when spent for necessities of life. Then we are told to keep smiling!

Wages, properly, are the quantity of goods received, in comparison with the quantity of products given in exchange. That is the true measure of wages.

This law is so exact that the God of Nature cannot raise wages and earnings to the producers

one cent, except by lowering land rents one cent, and wages will correspondingly raise to the same and exact proportion, no more or no less.

Now, let us go back and take up the tenant farmer again. For the reasons above given it is no wonder that men are driven from the farms to the cities, where they seek employment, in the already over-stocked labor markets. But necessity and love of home and family drive the farmer on—a hope that cannot die. In the city he finds employment, in shops, on railways, in stores or factories; there he again produces wealth, but in another form. But the division of the wealth which he produces is just the same as it was on the farm, except that in the city the wealth he produces falls into the hands of his employer, therefore it is not so easy to see that the same proportion is taken, by abnormal land rents, and indirect consumptive taxes are deducted from the proceeds of what he produces in the factory. What is left after the deduction is handed to him as his wages. And when he spends the wages for necessities the split is again fully 50%, by reason of the high land rents and taxes added to the cost of the goods he must buy.

On the farm he was a party to the division, an eye-witness, but in the factory the division takes place in an obscure way, behind closed doors, by the other fellow.

In the city, also, the farmer finds it hard to make ends meet; he joins a union; a strike takes place; the increase of wages brought to the group of successful strikers must be paid by the group that consumes the goods that the striking group is producing, even though the pay checks do come from the employers. But the consumers are really the ones who pay the bills.

Increasing wages by striking is only taking wages from the pockets of one group and transferring the money to the pockets of another group, which is not an equitable remedy, because this method does not have the effect of lowering land rents, which is the only remedy and goal of the situation.

Abnormally high land rents are automatically absorbing the wages of the workers, farmers and of all other industries. Increasing wages by striking is only making war on effect and not on the cause of low wages. Striking is futile, and is a waste of energy in the counter-action of itself, and is lowering and endangering civilization. Striking injures the strikers, themselves. We may strike until the crack of doom and never get beyond the point from which we started. When we win, we lose. Spend a few hours studying the mystery and science of taxation; then we shall be able to see how just and equitable wages may be brought about, in a civil democratic way—by the ballot.

If we are not wise enough to vote men into office to do this for us, we are not wise enough to organize a party, and do it ourselves. We are fooled now, because we do not know how to combat the evil. Would we not then be equally deceived, if we do not understand the natural law that governs wages, which will cause them to be equitable?

We should look to principles and not parties since the same group that deceives us now dominates the parties and controls the candidates of both parties? What good can we do by voting either of their ballots? We are more than nine to one in strength and numbers. But not mentally, oh, no! We need to have only two planks in our platform. Stop with two. Then there will be something doing. First, get united on equity; then either party will be more than pleased to fulfill the desire of the majority. Politicians will then cut loose from party bosses, as soon as they see that the producers get wise. Now, they fear the boss organization.

The two planks are: **First, taxation of land values, only; second, government ownership and operation of all natural public utilities.** When we get those two things, banking and speculation will be in the same position that Samson was when he had his hair clipped.

All of the chambers of commerce, chambers of deputies, reichstags, parliaments, congresses

and the holy host of heaven may then join together and work in collusion, but they will be unable to raise wages one cent, except by bringing down land rents. When land rent falls one cent, wages will rise one cent. If land rent falls $36\frac{1}{4}c$, wages will rise, exactly $36\frac{1}{4}c$. That is, when land rent rises, wages will fall in the same proportion, and **vice versa**.

Thus we find that the whole product of wealth is divided into three parts, only: The first part taken, **land rent**, which is about 50% of the whole; the second part, **interest on capital**, which is the wear-out of tools, of productions, only. What is left is what goes to **wages**, which is again reduced 50% when spent.

Therefore, we are confronted by the proposition: If wages are to be increased, it can be done only by bringing down the land rent, as interest is only the wear-out of capital—of the tools and machinery used in the course of production of wealth, and as there is no way of making tools that do not wear out; consequently interest cannot be lowered. Then there is no way of raising wages equitably, except by lowering land rents, which even the Almighty cannot do, except by counter-action of its own power and law, and it will never be done that way as there is nothing to increase wages from except land rent.

When this is realized by farmers, laborers, factory and business men, then it will be under-

stood that whatever is to the interest of one, is to the interest of all; that the interests of the various groups are identical. In matters of voluntary co-operation, the more the better and the higher will civilization mount. Selfishness is unnecessary, in this high state of science, as there is more than enough for all when reason rules.

This change cannot be brought about by faith, hope and the lipping of prayers, alone. Real prayer is acting and doing—"Thy will be done on earth, as it is in heaven." And the change cannot be brought about by waiting for others to do what is needful. The shepherds have long fooled the sheep. In order to remedy conditions, honesty, meditation and action on the part of the plain people, themselves, are needed, when the shepherds refuse to do right. We need not call on God to do these things for us, as He has already told us that He will not do for us what we can do for ourselves. All God can do is to furnish the natural law and give us reasoning powers, so that we may see what and how to do. And if we fail in this the same natural law would automatically reverse itself and burn us up by its consuming fires. Are you able to see the necessity of equity and natural law of constructive competition? It is the natural, automatic governor of both men and nations.

Taxation of land values, only, can increase wages to the workers; that is just and equitable, from the fact that by that method each is rewarded justly, and in exact proportion to services rendered. Then the producer will not have to pay land rents for the right to work. Nor will he be compelled to pay consumptive taxes added to the cost of goods which he consumes. With these two items completely removed wages will rise fully from 50% to 65% higher than they now are, automatically and spontaneously. When the matter is settled by this method it will remain settled forever. Then labor will not have to bid against one another for jobs, industries will then be obliged to bid against one another for men.

Unions may think they set the price of labor. But what they do is only temporary. The man out of a job is the real factor that determines wages, from the fact that he is sentenced to starve, beg or steal. When modern machinery and chemistry have reached the point where one man's labor is equal to 300 men of 100 years ago, a great surplus of labor is created, which makes it easy for captains of big business to pit half of this surplus labor against the other half. Striking is futile, silly and hurtful to the laborers, themselves, as well as to the economic condition of the entire nation, of which all are members.

No doubt wages are too low. The way to raise them to an equitable proportion is to bring into play the science of equitable taxation; then wages will rise in the same proportion as land rents fall, free from all indirect and consumptive taxes. Wages will then rise from 50% to 65%, which will increase the earnings of all working farmers and those employed in ordinary business, proportionately, as each must depend upon those who buy their products.

We are being guided by leaders who can talk well and loudly, making promises, fire spitting, spell-binding and jazz, to get good jobs; making threats and attempting to show others where to get on or off. By such methods we are overcome and carried away. There is no argument in that, they appear to be our friends, though they are not; they are seeking jobs for themselves, and are oftentimes our worst enemies, regardless of the fact that they are affable and, seemingly, wise.

There are many farmers who have been prejudiced against equitable taxation by the large combines, who raise millions of dollars to scare farmers out of one fit into a thousand. These combines often hire lawyers and newspapers to misrepresent the truth about equitable science of taxation. Uninformed persons are made to think that they would be paying more than their proper share of the taxes, which is not true. The fact is that equitable taxation removes all of

the tax from the real farmer and places it all on privilege, which the holders of privilege rightly owe to the public; and when privileges are held by an operative working farmer equitable taxation will be greatly to his benefit, as it will raise his earnings or wages from 50% to 65% above what they now are, on an average. And it will put a kink in big banking and speculating in land, also in market control of what the farmer must either sell or buy. This must come, or civilization cannot live, since, under wrong methods of taxation the division of wealth cannot take place in accordance with the services rendered.

Working farmers sometimes think that because they own the largest bulk in acreage they would be paying more than their proper portion of the taxes; but that is not true. They have by far the largest amount in acreage, but by far the smallest amount in land values, as may be seen by turning to table No. 2. The real large and most valuable lands are in the great cities, water fronts, mineral lands, including iron, copper, coal, zinc, oil; great timber holdings, natural water power, railways and many other holdings too numerous to mention.

As reported in the Kansas City Star, one lot in New York City, $\frac{1}{5}$ of an acre, which 15 years ago sold for \$9,000,000.00 would be equal in value to a farm of 90,000 acres at \$100.00 per acre,

would make a farm one mile wide by $153\frac{1}{8}$ miles long.

Now we will suppose that this one-fifth of an acre is rented so as to realize a profit of 5% a year. How much labor would it take to pay it? At \$2.50 a day it would require the services of one man working continuously, for a period of 575 years, 4 months and 13 days, with nothing left to spend for his own necessities; or, in other words, it would require 500 men, working each day to pay each day's rent. But this is not the only lot there. There are thousands of them in each large city. Who is it that pays this abnormal land rent in these cities which is added to the price of goods they buy? The farmers and workers. As long as one can get pay without work, others must work without pay. There is no wealth, except what is made by labor.

What makes the lot referred to so valuable? It is valuable because it marks a great center of population. The people collectively make its value. Then does not this value belong to its makers, the people who created it as a commonwealth value, for public use? It falls into the possessor's hands without effort on his part. This is a debt that he owes to the public for the privilege in which the public guarantees and defends him; this is the ground rent, only, not that of the buildings, that is a different matter. Buildings are built by man; land is made by the

God of Nature, and is a free gift to us on equitable terms for its use by all.

The first and most sacred duty of the nation is to obey fully the natural ethical rights of private property, and to take only for the public use the natural public-created values which attach to land, because the holding of this is a privilege, of itself.

Values attach to land by reason of its being a special privilege, with the growth and need of society, and which the God of Nature provided for the public use. To fail in carrying out the injunction of the God of Nature is to deny individual life, itself, on equal terms, one with another. On equitable terms, only, must the whole life of the individual depend.

This denial is what debauched the entire world, from road overseer to king, and placed every life in a position of self-defense. Even the king must play masked, and use legerdemain to hold his job. It is only a very few, high-towered, who wield the magic wand of rule, that are at fault for all of this woe and distress. Such conditions create both master and slave, and the masters themselves are but the slaves of their own creating. Then we wonder why man is not good!

In "The High Cost of Living," a work gotten out by Mr. Frederick C. Howe, Ph.LLD., the question is asked: "How can we break up the 200,000,000 acres held in great estates and throw

open to use the 400,000,000 acres enclosed in farms, but not cultivated by the owners, and making a total of 600,000,000 acres?"

The more we tax goods the higher they go. The more we tax land values the cheaper land will be; that is the solution of the whole problem.

Statisticians tell us that 65% of the wealth of the country is in the possession of 3% of the people. This is the group that is getting nearly all of the high land rentals. This group is able to get what it does from the owners of the land in an almost invisible way. Few land owners are able to see how it is done, but they can feel it readily. The method is absolutely invisible to those who do not understand the natural law of taxation, which shows clearly that 95% of the people will be benefited by the natural equitable law of taxation—95% to 5%—yet the 5% controls the 95%, because we do not think and act for ourselves, but depend on the promises of others.

The Causes and Cure of Business Depressions.

**Taxation of Production and Consumption and Non-taxation
of Values Created by the Community the Principal
Causes—the Road to Industrial Freedom.**

(Herbert J. Browne in the "Dearborn Independent")

"A clear understanding of the effect of taxes as now imposed or withheld will explain fully the causes of business depressions, foreclosures, failures and economic troubles generally. * * *

"A tax on a bond, stock certificate, note, bank deposit, or mortgage is a tax on the mere paper evidence of title, the actual property being elsewhere and already taxed. So this class of taxes makes double taxation. A tax

which rests on an individual directly, whether called a poll tax or by some other name cannot be shifted. The person has it to pay..... For the same reason taxes on food products weigh too heavily on the poor, who eat practically as much as the wealthy, and are thus disproportionately high..... The same principle applies to all taxes, whether tariff, internal revenue, or state and local, on all articles of food, wearing apparel, furniture, and so on..... It is estimated that the 'snow ball' elements of multiple taxation, as here in part illustrated, add 25 per cent to the cost of living. They never stop. They recur endlessly.

* * *

"Now, take another class of property, the anthracite coal fields of Pennsylvania. They underlie some 360,000 acres of surface, are less than one-tenth developed, the rest in the condition in which the Almighty laid them down a million or more years ago. They are taxed at the rate of wild land usually, and are worth from \$20,000 to \$150,000 an acre. Four railroad corporations and a few private concerns and estates, all closely affiliated, own this entire deposit. During the World War while the Federal Government was taking pennies from children for soda water, the anthracite coal fields of Pennsylvania doubled in value from six billions to twelve billions of dollars, and that vast increment of wealth contributed not one cent to the nation in its hour of need.

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"So long as the taxes are thus unscientifically and unjustly imposed, so long as the values which are publicly created are privately absorbed, so long will commercial depressions recur."

—From The Bulletin, Chicago, June, 1923.

Is it not well worth while for farmers, factory hands, laboring men and business men to give 30 minutes' study each day for from 30 to 40 days, to the subject, and learn this science? That is all that is necessary, to understand it. Any school boy who is 13 years old can understand it, as it is as simple as the multiplication table. The world will not long remain as it is now. Nothing short of true equity that can bet-

ter conditions after we have reached the station of science we have. That is why old and former methods will never meet the requirements. That is what makes former methods useless for future consideration.

Shall men forever be ruled by passion, impulse, idolatry, legerdemain, black art of diplomacy or faith without understanding? All of these factors enter into the play which we call "politics." Yet they are the extreme opposite of politics—the worst abuse of the term. Brush all this aside! Let reason take up the scepter and be paramount!

As there are only three natural divisions in the production of wealth, the first taken is the land rent, the second is interest on capital, and the third and last is wages. If wages must be increased, then there is nothing from which to take this increase except land rent, as interest is already at a minimum. Hence **wages cannot be increased except by a lowering of land rents.**