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**100****TAXATION UNNECESSARY**

*Necessity is the argument of tyrants, it is the creed of slaves.*

—William Pitt

IN ONE RESPECT, our drawing doesn't seem to support the Poleco-ist's argument. For it shows that the city now collects \$39,907 more through taxation on the north side of 50th Street\* than it would if it collected land rents instead. But it must be remembered that, while the figures are authentic—taken from the city's own tax records—they do not represent the actual selling price of the properties, but simply figures the assessor probably thought least likely to offend the land speculator. Considering the tremendous increase in population and improvement on 50th Street during the past twenty years, we might certainly assume the true value of the land on this block to be at least one hundred percent higher than the present assessment. But if the city boosted the assessed valuations of the land only fifteen percent, it would collect \$16,930 more in land rents than it now does by taxing improvements as well as land.

Based on findings that have resulted from comparing the assessed values of properties in various parts of the city with the prices at which they are sold or rented, the true value of land appears to be, on an average, about three or four times the assessed value. For example, a property on Broadway between 41st and 42nd Streets was recently mentioned in *The New York Times*. It seems that this piece of land was rented to a builder who wanted to erect a modern structure on it. Merely for permission to tear down the old buildings and to replace them with a larger

\* If *both* sides of 50th Street are lumped together, the city now collects only \$7,410 more through taxation than it would through collecting land rents instead.

and more up-to-date structure, all at his own expense, the builder agreed to pay the landowner \$5,000,000 over a period of twenty-one years. In other words, the builder will pay more than \$238,000 a year to the landlord not to buy the land—but merely to rent it! If we capitalize this rent (see page 175) by dividing it by the current rate of interest—which today is around four percent—we shall find the true value of the land to be \$5,950,000. But if we consult the tax records, we shall find that this same piece of land is assessed at only \$1,560,000—about one-quarter the true value.

The city blocks we have chosen to examine so far are by no means the worst existing examples of underassessment. Most—perhaps all—land parcels are underassessed. The tax department records are chock-full of many instances of land assessed at only a tenth of their true values. Not only will this be found to be true in New York, but throughout the country. Not only is it true of city land, but of farm, coal, oil, mining, and timber areas as well. To list instances here could serve only to bore the reader; but if he requires proof, let him select any piece of productive property in his own home town, wherever that might be, and then let him try to buy the land at the price at which it is assessed for tax purposes. The experience of having the landowner laugh in his face will do far more to further the Poleco-ist's contention than any number of specific examples monotonously outlined on these pages.

If we assume, for the sake of argument, that land generally is assessed at as much as one-third its true value, and if we then reassess all land accordingly, we shall find that land rents of the United States are equal to the nine billion dollars in taxes collected by the entire nation—*by every city, county, and state as well as by the federal government*—in 1930. Needless to say, those nine billion dollars collected in 1930 (two years before Roosevelt became president) would be just chicken feed today. For our tax collections at the present time amount to more than fifty billion dollars a year; and even that obviously isn't enough! For our governments—local, state, and federal—are compelled to

borrow money from the moneylending institutions besides. Therefore, if our government insists on being supported in the extravagant manner to which it has grown accustomed, it might be necessary to multiply some of the present assessed valuations of land eight or ten times before collecting the land rents.\*

To soothe the world's landowners, before they begin their customary howling of "Robber!" and "Confiscation!" the Poleco-ist assures us that it won't be necessary to jack up assessments anywhere near that much. For the government, of its own accord, will require less and will spend less. At the first suggestion that the citizens intend to collect land rents instead of taxes, the landowners of the country are sure to command their politicians immediately to stop tossing money around so light-heartedly. That sort of thing might be excused when taxes were being collected, for then it was the money of the little people that was being squandered. But when land rents are collected, it is the landowner's money—his land rents—that are involved! We may be sure that he won't stand for having his money stuffed down bottomless bureaucratic rat-holes. And we may be equally sure that our politicians will then become thrifty—immediately

—for politicians always obey the landowners and moneylenders. Moreover, the 243 million dollars our federal government, alone, spent in 1949 to collect its taxes will be saved. For, with no taxes to collect, there'll be no need for the thousands of federal and state civil-service employees and expensively equipped bureaus that are now employed to collect taxes. And what is more important, as we shall see in the following chapters, less money will be required to support police departments and prisons, health departments and hospitals, psychiatric agencies and asylums. But, most important of all, once industry is freed of the burden of taxation, production can't help but increase at a phenomenal rate, which will cause an increased demand for land; and that of course will mean that a greater amount of

\* In *The New York Times*, August 19, 1951, it was reported that "Robert H. Armstrong, a leading appraiser and economist," stated: "Unfortunately, both the assessors and the members of the tax commission seem to be totally unaware of the changes that economic conditions of the past decade have brought."

land rents will be collected, further to enrich the communities that produced them. Greater production and general prosperity, which are certain results of land-value collection and the abolition of taxation, will again reduce the amount of revenue required to finance our governments in another way; for when prosperity prevails, there will be no need for the many costly subsidies, doles, and other charities now comprising so large a part of our national expense.

Anyone who stops to think the question through can't escape the fact that there'd be more than enough in land rents collected under such circumstances to support our government and any other government far more lavishly than it has ever been supported. And yet the one great objection voiced whenever the idea of collecting land rents instead of taxes has been proposed, has usually been, "It is doubtful whether a revenue sufficient to meet the government's needs could be collected in land rents." We have tried here to show that more than enough money could be gathered through this method. But, for the sake of argument, let's suppose that our government expenses will be greater than the land rents collected. That, certainly, would be no reason to dismiss the idea of allowing the communities to collect the land rents. For, as we know, the government hasn't been able to support itself through its present method of taxation either. It has borrowed money steadily since 1814 to make up the difference between the taxes collected and its expenses; this, in spite of the fact that it has levied hundreds of different taxes.\* And yet, the knowledge that it can't support itself on the taxes it now collects doesn't discourage our government from cooking up new ways to tax labor and capital. It isn't really doubt as to whether sufficient income in land rents might be collected that stands in the way of trying the idea. Something bigger and more important bars the way.

Whether or not land rents will provide a sufficiently large fund

\* In 1949, research by the Tax Foundations, Inc., revealed that more than 500 different taxes are levied on the construction of a single \$10,000 house. All of these, of course, are eventually paid by the consumer.

has nothing to do with the fact that it is generally agreed by all economists that taxation does hinder production; that it does reduce wages and interest; that it does lower the average standard of living; that it does reduce purchasing power. Moreover, it does obviously violate man's natural right to keep all that his labor and capital produce. Therefore how can we question that taxation should be abolished even if sufficient land rents couldn't be collected? Whether or not the government can live comfortably on collected land rents has no bearing on the fact that no person or institution has a just claim either to land or to the rent that springs from it, since land was produced entirely by nature and the rent was produced by society as a whole. For individuals or institutions to take land rents for themselves is, quite clearly, to rob every member of society of what is rightfully his. Whether or not the government will receive enough money through land-rent collection doesn't make the private collection of these rents less dishonest. In short, whether or not the funds collected in land rents is enough to pay the nation's bills is of minor importance. The important thought to remember is that the collection of land rents frees mankind from taxation, the tyrant's whip. Fortunately, as we have shown, the collection of land rents will produce a more-than-sufficient revenue.

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## 101

### RESULTS OF COLLECTING LAND RENTS

*The axe is laid unto the root of the trees.—Luke 3:9*

ACTUALLY, the advantage of collecting land rents instead of taxes doesn't lie in the greater income that local, state, and federal governments would receive. Nor does it lie entirely in the fact that to collect land rents that belong to nobody in particular is more honest and more just than to tax

away the citizens' wages and interest as we now do. Far more significant, the collection of land rents makes land speculation, the clogger of the land-to-labor pipe, unprofitable, and by doing so causes it to vanish just as naturally as a weed denied sunshine and water soon shrivels, dies, and disappears. With no profits to feed on, land speculation can't possibly escape certain death.

For it must be plain that the only reason any man speculates in land, or in anything else, is to make a profit. Only a fool would tie up his money for years just for the fun of saying, 'This is *my* land, and nobody else may use it.' Since the only profits in land speculation are the increased land rents which come into being with the increase of population, to have the community take that increase for its own use is to leave no winnings for the speculator. With the odds a million-to-one against his winning anything, only a madman would speculate, and even he would soon go broke and starve himself out of existence. And so, we may accept it as self-evident that *when society collects the land rents for its own use, land speculation can't pay off; and when land speculation ceases to pay off, land speculation dies a natural death.*

To demonstrate by actual example how quickly the collection of land rents by the community must yank the props out from under land speculation, we might consider a familiar piece of land—this time on lower Broadway—the block on which the Woolworth Building stands. The land under the skyscraper—and *the land only*—is assessed at \$8,000,000. Just one block south, another block of land which happens to belong to the estate of John Jacob Astor is assessed at only a bit over \$1,000,000. And yet both blocks are equally well located—both are on Broadway, one directly across the street from the other. If we should assess at somewhere around the same figure the less improved Astor land and that which lies under the Woolworth Building—and that would be only fair—even the powerful Astor Estate couldn't afford to hold on to that site in its present partially improved condition very long.\* At the present time, for around \$75,000

\* The Woolworth Building itself is assessed at \$7,500,000. The buildings on the Astor site are assessed at \$1,650,000.

annually in taxes, the Astor Estate can hold on to the property while land rents continue to pour into their coffers in ever-increasing amounts year after year. That \$75,000 amount is, of course, far less than the rents now being collected by the Astors from the earnings of the tenants now occupying that particular block. But if the Astor land were assessed at the same figure as the Woolworth site, and the land rent were then collected, the Astor Estate would have to pay \$400,000 a year—more than five

times the amount it pays at present. With so much more money going out than it now receives from its tenants, the Astor Estate would be left with no choice but to walk away from its holdings, or to improve them by erecting a building large enough to produce at least \$400,000—an amount equal to the land rent it would have to pay out. If the Astor Estate should choose to abandon the site, many builders would willingly pay the full land rent to the community in order to get such a wonderful location for a skyscraper, and whichever one offered the best price to the community would be free to use it. If, on the other hand, the Astor Estate should itself choose to erect the necessary buildings,

the result would be the same. For either way, abandon or improve, land speculation on that block disappears, and a building representing thousands of jobs would be erected.

What has been shown to be true on the Astor Estate block might be shown to be true on all land, everywhere in the world, that is now held for speculation. To jump over to the other side of our country and examine the situation there, we might consider the advertisement that appeared in the Real Estate Section of *The New York Times* of October 23, 1949:

Every sentence carries a sermon. For example, temptation to embryo speculators lies in the sentences "Offers an excellent opportunity to hold" and "Property should double in value in a very few years." The ad as a whole reveals a landowner who is offering a thousand acres for sale (the equivalent of a thousand average city blocks) just as if it were rightfully his to sell. According to the advertisement, the property offered is nothing more than plain, absolutely unimproved wilderness that is just as it was when Mother Nature, millions of years ago, first finished putting it together. The present owners, by their own admission, did nothing but hold it out of use until the press of population in Los Angeles, only a half-hour away, shot the selling price of the acreage far above its true value. "It [the land] is irrigated by Los Angeles City water" paid for not by this landowner but by the wage earners, businessmen, and homeowners of Los Angeles. The "paved highway through center and highway to the ocean" were also paid for out of the taxpayers' pockets and not those of the landowner. And the "room for up to 5,000 houses on the choicest fertile areas in Los Angeles County" wasn't provided by the landowner either. All that room and fertility, free gifts from Mother Nature to *all* of her children, were there long before the first man appeared on Earth. In short, all the landowner did was to grab and fence in a thousand acres of our planet and then, with the help of the law, he got the people to acknowledge his right to keep them away from the land they need. It is unlikely that the present landowner did the actual land grabbing, but there can



be no denying that somewhere along the line those thousand acres, like all land, were originally stolen by force or taken through fraud.

But suppose the owner of these acres had been compelled to pay the people of Los Angeles County the potential earnings of "his" land during all the years he held it out of use—years when Los Angelinos were desperately begging for land upon which to live and produce their wages. With no earnings coming in, and with money equal to what the land might have earned if "up to 5,000 houses" had been built on it being paid out of his pocket to the community every year, we may be sure that the landowner would have either abandoned or improved his thousand acres. If he chose to relinquish his title, anyone wishing to do so might have built himself a home or a place of business on it; or he might have cultivated it for farming or grape growing. That would have certainly stepped up production of wealth and wages in that area. And if he preferred to build the 5,000 houses rather than walk away from "the choicest fertile areas in Los Angeles County," additional jobs for builders and building-material manufacturers would have resulted. And either choice would have put an end to land speculation in that area.

Landownership, it will be recalled, is the mother of twin brats: *land speculation* and *land monopoly*. We have seen how easily we might kill land speculation by taking from it the land rents on which it feeds. By depriving its brother, land monopoly, of the same food we can starve it out of existence, too. This fact becomes tremendously important if we stop to understand fully the extraordinary power which land monopoly gives to the owners of huge tracts of better farmland, mineral- or oil-bearing land, timberland, and other lands rich in natural resources. For to hold a monopoly in such land is to hold a monopoly in the nation's raw materials, without which all manufacturing would be impossible. To hold such a monopoly enables the monopolist to demand and get almost any price he wishes for his raw materials, the only limit being the minimum wages his tenants are able to live on. Consequently, everything produced on his land—by

laborers and capitalists—above the lowest level of wages and interest falls *naturally* into the land monopolist's pockets.

Another advantage of holding a monopoly in land rich in natural resources is the fact that it enables the owner to freeze out competition. For it is obvious that nobody can compete with him on equal terms if he hasn't an equal opportunity to use the natural resources that were freely provided by Mother Nature for all her children. The large steel companies, aluminum companies, oil companies, lumber companies, and sugar companies are usually referred to as *big business*. The Marxists call them capitalists.\* Actually, they are neither. They are, more accurately, *land monopolists*. It isn't as businessmen manufacturing wealth that they hold monopolistic strength, but as owners of all the land bearing the richest natural resources from which the raw materials are taken. There couldn't possibly be a<sup>1</sup> lumber monopoly if lumber monopolists, like the Weyerhaeuser family, didn't own all of the nation's *better* timberland; or a steel monopoly if all of the workable iron mines weren't held by the steel companies; or an aluminum monopoly if all the bauxite and hydroelectric power sites by which aluminum is made weren't held by the monopolizing company. If we wish to destroy such monopolies, it is first necessary to destroy the land monopoly from which they draw their strength. And to do that, as we have seen, all that is necessary is to allow the communities to collect the economic rent that is found in all superior land containing natural resources.

While it is true that every man, or company of men, has a natural right to own *all* the wealth his labor and capital can dig out of the ground, nobody has any right to own the minerals still in the ground, since they weren't put there by anybody. They were there long before man came to dig them out and

\* This confusion arises as a result of the Marxists' failure to distinguish between land and capital. Land, in the politico-economic sense, is produced by nature and doesn't become capital until labor has been applied to it. It follows then that the land monopolist, holding, as he does, the source of all capital, is in a position to control the production of capital. But that doesn't make land and capital identical.

were intended for the use of all men of all generations, and not exclusively for the first man who came along to put up a "No Trespassing" sign. Similarly, the man who plants and tends an orchard has every right to own every one of his trees and every bit of the fruit they bear, since they are the products of his labor, patience, and genius; but the right to own the trees that grow wild on timberland, trees that were planted and made to grow by nobody, can't rightfully belong to anybody. Society as a whole has every right to share equally in these riches freely given by nature. Likewise, all humanity has a natural right to share equally in the vast store of iron, coal, oil, gold, and other minerals deposited in the ground by Mother Nature. If the community collects the full value of these resources as they are dug out or chopped down, and uses the wealth thus collected to provide itself with public improvements and to support the government, the equal rights of all the people to the resources will be satisfied. The same operators who now do the mining and the timber cutting may continue to do so, and more profitably; and those who now own the land may continue to say they own it, just so long as they surrender the economic rent which, as we have shown, rightfully belongs to the community at large.

Again, it isn't the additional income the communities will receive from land rich in natural resources that makes rent collection so worth while. It is, rather, the inescapable fact that by collecting land rents we break the land monopoly. Many mines, vast areas of farmland, and much timberland are now being held out of use by the owners because working such land—marginal land—costs more than can be gotten out of it. But such land does have a value because of the natural resources it contains. Therefore, anyone wishing to hold on to such land without working it would be expected to pay the community as much for the right to hold it out of use as someone else might offer for the right to use it. Since it wouldn't be profitable for a big company to work such land, it would more than likely be abandoned and left free to be used by anybody who cared to work it. As a result, nobody who could swing a pick or an axe would have to be out

of work or be without wages or depend on government doles or other degrading charity for his supply, once the economic rent of all land is collected by the community (see Chap. 85). And if the community should feel that its members should retire from work at sixty, forty, or even thirty, pensions could be drawn from the huge fund of collected economic rents. Instead of living off the labor of others as pensioners do now, they would receive their support from the rents freely and generously produced by land! That is as it should be, for the land was intended to *provide man 'with the means to stay alive.*

Moreover, once economic rent is collected instead of taxes, *all monopolies*, unless deliberately supported by the government, *collapse*. With so much iron-bearing land available to anyone who wanted to work it, there'd be perhaps hundreds of steel-producing companies instead of the one or two now producing the bulk of the nation's steel. As we learned earlier, monopolies in goods eventually destroy themselves; those based on government-granted privileges last as long as the law supports them; but land monopoly goes on forever, without help—unless the community collects land rents to take from monopoly's mouth the food on which it feeds.

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## 102

### HOW LAND-RENT COLLECTION STEPS UP PROSPERITY

*Now he that planteth and he that watereth are one: and every man shall receive his own reward according to his own labour.*

—I Cor. 3:8

LET'S RETURN now to the land speculator who can no longer profit by holding land idle

since the community collects the full—or almost full—land value from him whether he uses his land or not. Obviously, since he can't afford to pay out rent for land that earns no income for him, he is left with no choice but to improve his land to its full economic capacity or to abandon it. Whichever choice he makes, the entire community must benefit. For it doesn't matter whether he himself improves his land or whether someone who takes over after he walks away from it does the actual improving; the result is that additional labor is put to work on additional land. In other words, the land-to-labor pipe which had formerly been clogged by speculation and monopoly is freed of all obstruction once land rents are collected by the community.

Most owners of better-than-marginal land would most likely choose to improve their land because (i) they'd want to get back in rentals at least as much as they would have to pay to the community in land rents; (2) any improvements they should make, no matter how elaborate, would be completely tax free, and (3) since the community wouldn't want to collect the *full* land rent (but would be satisfied to allow present landowners to retain a small part rather than allow the abandoned land to fall, into the hands of government and thereby attract thieving politicians) the landowners would still be getting an advantage.

Since the landowner, like all humans, seeks to satisfy his desires in the easiest way, and can best satisfy his desires by getting back out of his land more than he must pay out in land rents to the community, he'll happily tear down the slum tenements, shacks, and outmoded buildings now on his land and will replace them with more modern structures: not because he wants to beautify the city but because, being human, he knows that putting up modern improvements would be the easiest way for him to attract tenants. He'd clearly see that under a system of free enterprise there'd soon be an abundance of housing and business structures, and only the better ones could attract tenants. For who would agree to live in a slum or do business in an outmoded firetrap if modern quarters were available at the same rental?

Almost immediately, then, after community collection of land rents began, the nation would see the doggonedest and longest-lasting building boom ever dreamed of! Landowners who formerly held land only as a speculation would now desperately improve their properties for use. And, to do so, they'd scurry about wildly trying to hire architects, bricklayers, steel-construction men, carpenters, electricians, painters, and all of the many other types of building-trades labor. There'd certainly be more jobs than men to fill them, and the result, undoubtedly, would be much-higher-than-union-scale wages. For whenever the supply of labor is lower than the demand, wages *naturally* climb much higher than man-written laws, strikes, union bargaining, or socialistic controls can artificially force them.

Moreover, let's remember that buildings aren't made of labor alone. Building materials—mountains of them—would be needed too. The quantities needed of brick, lumber, plumbing, electric wire and fixtures, girders, concrete, glass, nails, paint, refrigerators, and the thousands of other manufactured articles used in building would be far beyond our imagination. And to produce this fantastic quantity of goods would require an equally amazing quantity of labor and capital! In order to produce the manufactured articles, raw materials—logs, iron ore, oils, paint pigments, copper, asphalt, rubber, cotton, and so on—would have to be produced by miners, farmers, and lumbermen—more labor and capital therefore being profitably employed.

And with all these extra jobs and income—in both wages and interest—everyone will certainly be able to afford more and better food, clothing, and shelter, better schools, and better paid educators. And that, of course, would mean more jobs for the manufacturers of our food, clothing, shelter, and gadgets.

Educated as we have been to an "economy of scarcity," we find this description of production under a free economy—an "economy of plenty"—hard to believe. That simply collecting all land rents to force idle land into use and doing away with all taxation could result in such far-reaching benefits for all men is

certainly unbelievable at first sight; but that it is indeed true has yet to be logically disputed!

The alert reader may be wondering what we're going to do with all this production—especially with so many new buildings. Certainly there must be a limit to the number of offices, apartments, stores, and theaters that even the largest of cities can use. And, the builder will argue, since the value of city land is so high, and the owner will accordingly have to pay so much to the community in land rent, only very tall buildings could be erected. For, in order to get back enough in rentals to make up for the amount of land rent paid out, the owner would have to pile rental units story on story. Since even today not all skyscrapers are fully rented, what's the point in building more of them? All of these arguments are sound.

But—builders aren't fools. When the demand for office buildings and apartment houses is completely satisfied—and it is very unlikely that the day will ever come that man doesn't want even bigger, better, newer, or more convenient quarters for living and for business—builders will, as they do today, stop building them. The one- and two-story "taxpayer" buildings now covering most big-city areas will most likely be torn down and, if not replaced by skyscrapers, will leave many large vacant areas spotted between the tall buildings. If these idle lots can't be afforded for private production purposes, the community might use some of the land rents collected to turn them into beautifully landscaped gardens fitted with tables to which office workers might bring picnic lunches in the spring and summertime. Some of these areas might be transformed into swimming pools, ice-skating rinks, outdoor libraries, or tennis courts. Or, if the community preferred, it might earn additional revenue by making them into fruit-tree-bordered parking lots. Empty space in our cities certainly isn't the city planners' problem today. It's the overcrowding caused by too many low, squalid buildings, too-narrow streets, lack of recreation areas and auto-parking facilities that present the difficulty facing our city planners and slum-clearance architects. It is plain to see that once the community collects land rents in-

stead of taxation, cities will become less crowded and the wilderness that separates cities today will become more populated.

Many land speculators owning marginal or submarginal land will prefer simply walking away from it to improving it. Economically, such land would have no value; but that is not to say that such land would have no *use* value. For on such land—we'd rarely find it in cities where population is heavy—people will most likely build their homes, schools, churches, and public buildings. Since such land is submarginal, those using it would pay no land rent to the community since, according to Ricardo, marginal and submarginal land yields no rent. And of course, since all taxation on improvements will have been done away with, those making their homes on such land might live there—regardless of how extensively they improve their houses—at no expense whatever.

But it is the marginal land, abandoned by the speculator, that really makes the collection of land rents by the community so worth while. For, as we saw in earlier pages, wherever free land is made available to any who care to use it, unemployment is impossible! Marginal land that yields no rent does yield wages and interest to the user—wages and interest equal to that earned on all land—even the best. And when free land is available for the taking, and when more jobs are available than there are men to fill them, humans will no longer crowd into cities to compete with each other for a limited number of available jobs and thus drive wages down to a level far below decent subsistence. Those preferring to work for wages would be sure of being paid at least as much as they might earn working for themselves on marginal land. In fact, it is more likely that they'd earn a bit more, for under such conditions hired labor would be scarce and therefore at a premium. Employers, as they do during wartime labor shortages, would find it to their interest to offer the most attractive wages, working conditions, and special inducements in order to attract labor and keep it.

Now, if we allow ourselves to review all that might be gained by doing away with land monopoly and speculation, we shall see



that we have completed the task we set ourselves in the first few pages of this book. We have discovered the causes of poverty! And, what's more, we've learned how to remove them. We have seen that the causes of poverty are land monopoly, land speculation, and taxation. We know that by collecting land rents for the use of the community, two of the causes—monopoly and speculation—are starved out of existence; and the remaining cause of poverty—taxation—is made unnecessary and impossible. All this without bloodshed, without changing forms of government, without fuhrers, protest meetings, or conferences. Moreover, nobody—not even the landowner or speculator—is done an injustice. For, as John Stuart Mill explains it:

Suppose there is a kind of income which constantly tends to increase, without any exertion or sacrifice on the part of the owners; those owners constituting a class in the community, whom the natural course of things progressively enriches, consistently with complete passiveness on their part. In such a case it would be no violation of the principles on which private property is grounded, if the state should appropriate this increase of wealth, or part of it, as it arises. That would not properly be taking anything from anybody; it would merely be applying an accession of wealth, created by circumstances, to the benefit of society, instead of allowing it to become an unearned appendage to the riches of a particular class.

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# 103

## CRIME, AN ECONOMIC CREATION

*The neglect of this subject [the effect of population on distribution of -wealth] -which in existing states is so common, is a never failing cause of poverty among the citizens; and poverty is the parent of revolution and crime. —Aristotle, Politics*

IT IS HARDLY POSSIBLE that men choose to become criminals because of the big money and leisurely life such a career offers. For it is well known that the criminal rarely dies rich. He works very hard and constantly risks his life and liberty in order to earn the very little his chosen profession pays him. He could live better with far less effort and shorter hours in an honest job *if he could get one that paid enough to allow him to live like a human being.*

It is commonly believed that prostitutes are women of a peculiar species, women who choose a life of "sin" because they are oversexed or immoral. Many believe these women are too lazy to work; that they prefer what they're doing to honest labor or that they lack the intelligence to hold down respectable jobs in offices, factories, or retail shops. According to sociologists who have made professional studies of prostitution, the facts are otherwise. The prostitute's earnings are rarely more than enough to keep her in the cheapest food, clothing, and shelter. Her work is dirty and humiliating. Her hours are irregular, uncertain, and long. Unless she collects for her services in advance, she is often cheated out of payment; and when that happens, she can't go to court for satisfaction. If she could do as well in any other type of work, we may be sure she'd do so; for she is human and, being

so, seeks to satisfy her desires, like all of us, with as little effort as possible. Her work, hard and degrading as it is, and paying as poorly as it does, is still the easiest way, and often the only way, she knows to keep herself alive. Proof: when jobs are plentiful, *professional* prostitutes invariably diminish in number.

Another common fallacy is the belief that it is destiny or God's will that out of a given number of people, a certain percentage must become diseased and another percentage must become insane, or at least neurotic. In other words, disease and insanity are commonly thought to be a necessary part of human life. But that can't be entirely true, for if it were, we should expect to find the same percentage of disease and insanity among rich and poor alike. Actually, the percentage is always much higher among the poor. *The New York Times* of November 15, 1949, carried the report of Dr. Sheele, Surgeon General of the United States Public Health Service, in which he revealed that the one-fourth of Hartford's population that lived in slums produced half of the city's tuberculosis cases and accounted for almost half of the mentally ill sent to state institutions. In Washington, D. C., the death rate among the people in the slums, he said, was ninety-nine percent higher than that of the rest of the population; and the pneumonia rate was twenty-five percent higher. Similar evidence of the close tie between insanity and disease, on one side, and poverty, on the other, was found, according to Doctor Sheele, in Cleveland, Birmingham, Denver, and Los Angeles. It's undoubtedly true of all slums in all cities.

Juvenile delinquents, as a matter of cold fact, are actually criminals and prostitutes who are too young to be punished. They are generally supposed to be vile, stupid little creatures "possessed of the devil." But the facts, as most policemen and social workers will attest, are that these under-age lawbreakers are in most respects no different mentally from the good little boys and girls. Quite often the juvenile delinquent is of higher intelligence than the child who is a constant joy to his parents and teachers. Since the juvenile delinquent differs from the criminal and prostitute

in age only, to understand the cause of bad boys and girls is to understand the cause of crime generally.

There are always some problem children being caught satisfying their desires for wealth in ways not in harmony with the written laws of the land. When the number of these kids grows too great, the nation's "best minds" go to work on the problem—always in the same way and always with the same results. The mayor, with great fanfare, usually calls in leading criminologists, police-department heads, social workers, church leaders, and prominent private citizens. Then he sits down with them in a series of conferences which the bored newspaper reporters attend in order to gather notes that might be turned into exciting headlines. The result of these conferences is always the same: recommendations that the city build more playgrounds and parks, that civic organizations establish neighborhood clubs in order to keep the wayward child's mind off a life of crime. Unfortunately, not all children with desires for bicycles, fashionable pretty clothes, and other niceties of life can satisfy them playing ring-around-the-rosy in the parks or basketball in the neighborhood club. The children who will attend the new playgrounds and neighborhood clubs are, for the most part, those good little boys and girls whose fear of the law and a walloping from whose parents is sufficient to keep them from considering crime as a career. But, with rare exceptions, the real juvenile delinquents can't be coaxed into playing games for fun. It isn't entertainment or pastime they desire, but some of the better things in life. They can't get such things from their parents; they can't buy them with money borrowed from loan sharks as their parents do; they can't pawn or sell anything, since they have nothing; they can't go out to work, since the law won't allow them to, even if jobs were available, and they can't satisfy their desires playing drop-the-handkerchief.

The conferences do more than offer solutions that solve nothing. They also place the blame—and always on the parents of the wayward boys and girls. Parents, they authoritatively assert,

should provide better homes for their children, spend more time with them, and see to it that they attend church more regularly. Sometimes, perhaps to add a bit of novelty to the report, they also blame overstimulating comics, radio and television programs, and movies. The stupidity of those who offer such solutions is reflected in the absurdity of the solutions themselves.

For parents of most juvenile delinquents can barely afford even the poorest shelter for their children, much less suitable homes. It is a matter of common knowledge that the Bide-a-Wee Home, an organization set up to find suitable homes for dogs left in its care, refuses to give one of its charges to a low-income family, simply because it knows that a dog can't be happy and content in the apartments of the poor. Certainly a home that isn't fit for a dog can't be expected to breed happy, law-abiding children.

Parents who must work from early morning until late evening to earn a living cannot possibly spend as much time with their children as the experts recommend. And the little time these tired and irritable parents have left to devote to building the character of their child isn't too good for the kid. He's much better off without listening to their constant squabbling over nickels and dimes, their miserable budgeting of the wages they expect to collect at the end of the week, their drinking themselves to temporary freedom from their poverty and fear of poverty, and their cynicism and short tempers born of the sordidness and hopelessness of their poverty-stricken lives. Parents who must grub for a bare living are far from being the best of company for the child who still has his dreams, hopes, and ideals. Spending more time with him won't stop the child from becoming a law-breaker and might well encourage him. For it's only a short step between learning that his parents don't measure up to his dreams and his losing confidence in their counsel and guidance. If his parents can't escape poverty themselves, he reasons, it's hardly likely that they can do much for him. Accordingly, he must help himself, taking care only not to be caught. Crime, he may be

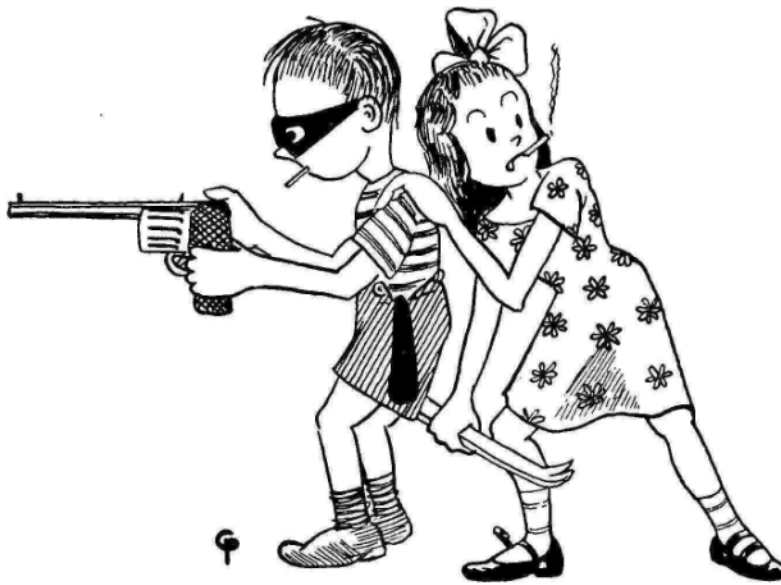
convinced, doesn't pay; but so far as he can see, his parents' honesty hasn't paid off either.

Why the experts should recommend that the child be sent to church more regularly to divert him from becoming delinquent is just as hard to understand. That is simply to shift the responsibility from the doorstep of the politician to the altar of God. For it is man's law, not God's, that is responsible for the universal poverty on this planet of plenty from which juvenile delinquency grows.

As for blaming the comics, radio and television programs, and movies for the growth of juvenile delinquency—such charges are evidently absurd. These avenues of culture may contribute to the stupidity of the people, but they in themselves cannot make juveniles delinquent. For we had juvenile delinquents wherever we had poverty—Tom Paine as a boy in England is typical—hundreds of years before comics, radio, or movies were even dreamed of. Moreover, most of our citizens today—children and grown-ups alike—read comics, listen to the murder mysteries that bang and explode out of the radio, and attend the movies. If such things were the causes of crime, we should expect that most of our citizens would become criminals. But as we know, most of us are law-abiding, and we remain so until our poverty, or our fear of it, compels us to satisfy our desires for wealth by becoming thieves or beggars. Jail, like slavery, often appears to be more satisfactory to the poor than the hunger, raggedness, and misery of poverty. However, that isn't to say that all poor people, or even most of them, become criminals. Some remain content with their poverty so long as they can look down on other paupers who seem to be less fortunate than they. Others remain honest because they don't dare, as Robin Hood did, to steal from the rich that which they aren't permitted to earn. There are still others among the "masses" who manage to become entertainers, prize fighters, politicians, doctors, lawyers, and members of other professions, and thus escape the poverty into which they were born. There is nothing left for those few who can't find jobs and

are too proud to beg, but to embark upon careers of crime. The rich/ on the other hand, as Aristotle tells us, "already possess the external advantages the want of which is a temptation to crime."

While the understanding souls among us may, in our hearts, forgive the delinquency of paupers, we can't allow them to run through town robbing, killing, and breaking the law generally. Consequently, in order to keep the criminals, the diseased, and the homeless off the streets, society spends fabulous sums every year to build playgrounds, parks, penitentiaries, police courts, re-



form schools, asylums, and hospitals. Additional millions are spent to pay the wages of the judges, policemen, social workers, wardens, jailers, psychiatrists, doctors, nurses, interns and others who staff the public buildings. And still more millions must be spent to buy thousands of different kinds of equipment and supplies for the use of the hordes of people working in our public institutions.

To meet the cost of fighting crime, disease, and insanity, government taxes away a large part of the earnings of all citizens—the poverty-stricken as well as those of us who have managed to keep a few jumps ahead of absolute poverty. Obviously, as the

numbers of criminal, diseased, and insane increase, a higher percentage must be taken from us in taxes. That must leave us so much less of our incomes to be spent for food, clothing, and shelter. And since, as a result of higher taxes, we must buy less food, clothing, and shelter, less of such things can be produced, which in turn means less labor and capital can be employed and, finally, still less in wages and interest can be earned. All of which adds up to this: *the ultimate result of our present method of fighting crime, disease, and insanity at the expense of the honest, healthy, and sane is steadily to reduce production, to cause unemployment, to reduce wages and interest, to intensify competition for jobs among wage earners—in other words, to increase poverty which, as we know, is the direct cause of the very ills we spend our money to cure.* Of this conclusion, logical, unbiased reason permits no room for doubt. For practical proof, we need only consider that the more money we spend one year to fight crime, disease, and insanity, the more of it we are required to spend the following year.\*

There's only one way to cure juvenile delinquency, crime, prostitution, disease, and insanity, and that is to remove the cause. And if, as is generally agreed, poverty is the underlying cause, poverty must be done away with. Nothing else will do. And if it is necessary to collect land rents instead of taxes in order to destroy poverty, the cause, that will have to be done. We have no other choice. On the other hand, if society's collecting land rents is going to make the landowners of the world unhappy, perhaps it would be best if we allow things to go on as they are: to allow our children to become juvenile thieves and prostitutes, to let our adults choose between becoming thieves or beggars living on government doles and subsidies, and to let the rest of us become frustrated, poverty-fearing neurotics and madmen. Even if we dared, who could be so cruel as to make the privileged

\* It is also interesting to note here that during the war, when jobs and wages were plentiful, national health generally improved—in spite of the fact that so many doctors, nurses, and psychiatrists had left civilian practice to serve with the military. Prosperity, it would seem, has greater curative power than the medical sciences.



few unhappy? It's much safer to blame parents, schoolteachers, churches, government, comics, radio programs, and movies—and God—for our troubles than to suggest that the few give up their special privileges—that they surrender to the community the land rents that rightfully belong to the community.

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## 104

### UNIONS

*But ye should say, why persecute we him, seeing the root of the matter is found in me?—Job 19:28*

MOST OF us are divided in our opinions regarding labor unions. Many of us believe they are good, others are convinced that they are evil. Actually, they are neither good nor evil—they simply exist. Just as we must have rain under certain weather conditions, war under certain political conditions, and poverty under certain social conditions, we must have labor unions—whether we like them or not—under certain economic conditions. When there are more men than jobs and when, as a result, working conditions and wages fall to a level at which even a beast couldn't be content, it is just as natural for men to organize themselves into militant groups as it is for rain to fall from heavy clouds. Regardless of even the most stringent laws passed by the government, men will naturally fight against a low standard of living, either as members of an organized labor union or as rioters in a disorganized, murdering mob. History again and again bears out the fact that man just can't find it in his nature to be denied his natural right to *earn* the things he needs to satisfy his desires.

One of the unreasonable beliefs that have long passed as fact is that by calling strikes, forming picket lines, forcing the "bosses" to their knees, destroying factories and machinery, and

beating up "scabs" and "finks," labor unions better man's condition. Actually such methods can't benefit anyone but a few doctors, undertakers, and red-ink manufacturers. Nor can such tactics, in the long run, hurt anyone quite so much as the union member himself. Usually, by going out on strike he loses the wages he might have earned; but even if the strike is quickly settled and he loses no pay at all, his strike will gain nothing for him. True, he might take home a few extra dollars after a "successful" strike; but in almost no time at all his cost of living goes up and he finds that his "increased" wages don't buy any more than his lower wages did before he "won" his fight against the "bosses." In fact, they'll actually buy less! Try as we might, we can't escape the fact that wages are a production cost. Therefore, with every new wage increase, let's say in a shoe factory, the cost of producing shoes must increase. And not by an amount equal to the pay increase, but more. For, just as the manufacturer does with taxes levied against him, he not only adds the wage increase to the price of the goods he produces but takes a profit on the increase; and later the shoe wholesaler and retailer take an additional mark-up, so that by the time a five-dollar wage increase reaches the consumer—the union member's wife—it has become \$8.88 added to her cost of living. *Real wages* can be increased only if the production of wealth is increased, because, as we know, wages are part of the stockpile of wealth. But increased wages through increased production can't do the wage earner much good unless he is permitted to keep for himself *all* of the wages he produced. If his government is going to tax away a big chunk and the landowners are going to hold him up for most of what he has left, it can't matter too much in foorcloshes how much he produces. In fact, since greater production invites heavier taxes and higher rents, the more the union member produces the worse off he will become.

Therefore, if we find that unions are becoming more tyrannical than the "bosses" they are intended to resist, we can't expect to do away with them either by force or by man-written law. So long as armies of hungry men are out of work and are suffering

or fearing poverty, unions must *naturally* exist because they're necessary. On the other hand, if we create a condition under which there are more jobs than men and, therefore, steady employment at top wages and interest for all, we make labor unions unnecessary; and since nothing without a function can exist, labor unions then would *naturally* disappear. Inasmuch as we can create a full-employment-for-all condition only by making free land available (see Chap. 85), and as that can be accomplished only by abolishing all taxation and then collecting land rents instead, intelligence demands that the wage earners and the "bosses" stop fighting each other. They're both on the same side. They're *both* laborers, one self-employed and the other hired. Common sense demands that they work together to annihilate their common enemies: taxation and monopolistic rent.

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## 105

### THE ROAD TO FREE ENTERPRISE

*For it was well and truly said  
that the first destroyer of the  
liberties of a people is he who  
first gave them bounties and  
largesses.*

—Plutarch, *Coriolanus*

EVERYBODY in this country, it would seem, except the socialists and communists, pretends to be in favor of free enterprise. Unfortunately, those who scream loudest, as usual, seem to know least about it. The Democrats, for example, begin their speeches to the press by praising "the glorious free-enterprise system that made us the great nation we are" and end with a socialistic plea for more government control over businessmen, laborers, production, distribution, and international trade. Their "opposition"—the Republicans—also claim to favor free enterprise but quickly add that it is necessary for

government to control our economic system (as if it could) because the free-enterprise system—the *laissez faire*—of fifty years ago no longer seems to work. The only practical difference, today, between Democrats and Republicans is the names of their parties; and the only difference between them and the Marxists is that the latter admit they don't believe in free enterprise and warn openly that they intend to do away with it entirely, as soon as possible.

Actually, neither our government nor any other has ever tried *real* free enterprise. For free enterprise means an absolutely free economy—not one that is *almost* free. Just as the slightest imperfection in a thing makes it no longer perfect, the slightest restriction makes a thing no longer free.

And yet economists—specialists in the workings of the economic system—refer to the period immediately following the Civil War as "the golden era of free enterprise." As a matter of fact, that period witnessed the last dying gasps of free enterprise in this country. It was during this period that the last of our free land fell into private ownership. Millions of acres were "given" to the railroads. Our most valuable oil, lumber, and metal-bearing lands were brazenly stolen from the American people with the aid of the government's federal land acts. High-tariff privileges and special-charter privileges were handed out by politicians of both parties just as fast as the bribes reached their fingers.

Economists also speak of this period following the Civil War as one of "unbridled competition." Actually, the reverse is true. The independent farmer in the West, with only the very poorest land, located many miles away from the nearest railroad open to him, had no chance to compete on an equal footing. Manufacturers in the East cut off foreign competition at the expense of the consumers by bribing unreasonably high tariff walls into existence. Such conditions can hardly be called "unbridled competition."

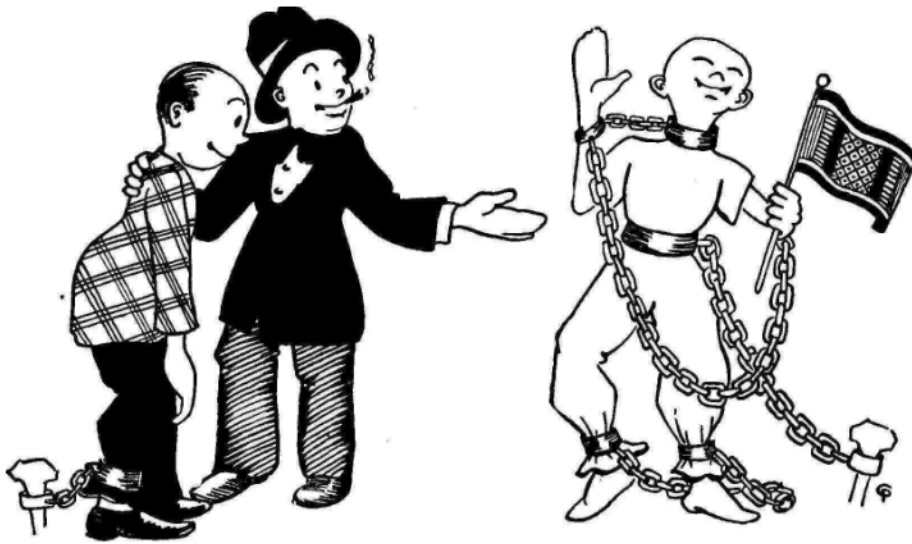
The results were a series of horribly severe financial panics, widespread unemployment, and hunger in the cities; most abject poverty among the nation's farmers. Surely that condition can't

be considered evidence of unbridled competition, in spite of what the economists say. For it is axiomatic that free competition and general prosperity always go hand in hand; and where competition is cut off, by any means—government controls, government-supported monopoly, or land speculation—poverty has invariably taken hold. That period of "unbridled competition" might more accurately be called the beginning of the chain-and-shackle period of our history.

Perhaps the only period of real free enterprise in modern times existed in this country during the thirteen years between 1776, when we declared our independence, and 1789, when we officially became the United States of America. It wasn't the fact that we became a unified nation in 1789 that brought an end to the thirteen years of real free enterprise, but rather that our constitution gave the federal government the right to tax, which it immediately went about exercising. Taxes, as we have seen, *restrict* production and trade, and since even the slightest restriction puts an end to completely free enterprise, the first tax was the actual beginning of the end of our few years of free economy.

And during those few years plenty of excellent land was still open to anyone who cared to use it. Every man was free to choose the work he preferred, which was usually the work to which he was best suited and which, therefore, was the work that paid best. He sold his goods for the highest price he could get, and bought the other fellow's goods at the lowest possible price. Neither manufacturers nor farmers received special privileges in the form of subsidies or tariff protection. They produced whatever goods they thought would be easiest to sell and would be, therefore, most profitable: i.e., better goods. Since hired labor was scarce, every man had a choice of many jobs, all of which paid well enough to enable him to marry young, support a wife, own his own home (without mortgages), and raise a houseful of well-fed, healthy, and wholesome children. There weren't many mansions, but there weren't any slums either. No man paid a nickel in taxes or rent for the privilege of occupying the earth. Opportunity to make a living was unlimited, making labor unions unnecessary to

protect a man and his job. Farmers were so prosperous, they didn't need charitable handouts from their fellow men as they now do. Manufacturers undersold Great Britain, the leading industrial nation of that time, and they did it without tariff protection and in spite of constant harassing by England's powerful navy. And when it came to fighting our first war, the fruits of free enterprise were reflected in the public spirit of our people generally. The war of 1812 was fought not by men drafted by force into the navy, not by ships paid for by the American taxpayer, but by the famous *privateers*—privately owned ships



manned by merchant sailors who were really free, for they were fighting for their own property. They, themselves, actually owned part of their country. They weren't burdened by the thought that while they fought and died they were benefiting a titled or mortgage-holding owner of their native land. These men, fighting for themselves on ships that were theirs and for a country that was literally their own, fought the powerful British navy to a humiliating standstill. Such are some of the many fruits of freedom, the natural child of *real* free enterprise!

But little by little, with each new tax bill, with each new land-grabbing scheme, the American farmer, businessman, hired La-

borer, and their combined production became more heavily shackled. "Four-score and seven years" after we became a nation, really free enterprise became nothing more than a term used by politicians to lend color to their election speeches. The word *freedom* no longer meant "without restriction" but instead came to mean "not as much restriction as found in other nations."

Today, with Republicans, Democrats, socialists, and communists all favoring more government control over the other fellow, all of them favoring political control over industry, labor, trade, and public opinion; all favoring higher taxes and tariffs, more prodigal and widespread subsidies and doles; to speak of *free* enterprise is to speak of something that doesn't exist and never has since 1789, when the first tariff act was passed by our Congress. It is hardly intelligent or enlightening, then, for our economists to refer to the period since the Civil War as "the golden era of free enterprise" or to suggest that free enterprise is undesirable because it hasn't worked in the past. Free enterprise, with the exception of thirteen glorious years, has never been tried! Enterprise can't be truly free unless all taxation is abolished, unless all our people can share equally in the freely given opportunities of the God-created land. To achieve this end, it is only necessary to allow the communities of the nation to collect the land rents that are, in the final analysis, theirs—and theirs alone.

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# 106

## BUILDING OUR WORLD

*The Four Freedoms will not be accomplished by the declarations of those momentarily in power. They will become real only if the people of the world forge them into actuality.*—Wendell Willkie, *One World*

AFTER EVERY WAR, it seems, man sits down to lick his wounds. It is then that he dreams about One World, one single unified world in which men of all races might trade their goods peaceably, and in which men of all nationalities might love and trust each other. Why, the dreamer asks himself as he digs the crushed bodies of his neighbors from the rubble of his bombed neighborhood, why can't people of different nations get along with each other as peaceably as the citizens of the forty-eight United States? Most of those states are larger than the average European country, and if they can trade their goods and understand each other in peace, why can't the nations of the world? There's a very sound, rarely discussed reason, which the Poleco-ist tries to clarify.

On several occasions in the past, One World has been achieved, at least to some extent. For example, Alexander the Great conquered the known world of his time and formed it into a very efficient one world of people of all nationalities, all paying tribute in taxes and tariffs to a handful of Macedonians. And somewhat later, Caesar also molded one world out of the many nations of his day, and for some years thereafter the people of his world paid tribute in taxes and soldiers to Rome. Not long after, Rome collapsed and the Catholic Church welded all Europe into one world, and all Europe paid tribute to the



Church of Rome. Later, Napoleon came along and tried his hand at One World making, but he was more intent on making' the nations that were then subservient to Great Britain the vassals of France. In most recent times, Hitler tried to form Europe into one world of those paying tribute to Nazi masters; and Hirohito thought in terms of One World for all Asiatics, with Japan's owners (about one and one-half percent of the population) swinging the whip over Asia. While Soviet Russia is trying to bleed both hemispheres into one big family.

All of these attempts to form One World were possibly begun with the best intentions and highest ideals, but they developed soon into tyranny and finally collapsed. For example, Alexander began his career of One World building as an idealistic and honorable kid of twenty-two. During that period of his life, Plutarch tells us, he had written to his teacher, Aristotle, ". . . for my part, I assure you, I had rather excel others in the knowledge of what is excellent than in the extent of my power and dominion." Less than ten years later, after having conquered the known world and having formed it into One World, he is seen to have developed into a ruthless and murderous tyrant. The "noble Caesar," too, began his conquests of the discovered world as the champion of the people, then formed it into one political unit, and finally became as dishonorable a dictator as any.

All One World builders of the past have failed because they tried to hold their world together with force, torture, slaughter, intolerance, and enslavement. *One World can't be fashioned by force!* If it is ever to become a reality, it will have to develop itself *naturally*. For One World is a natural condition since, actually, there *is* only one world. If it appears to be made up of many parts it is because men have seen fit to draw boundary lines on colorful maps. And the only purpose in having the national boundary lines drawn is to divide the planet among various rulers so that each one might know exactly the limits of the territory in which he might enjoy the exclusive legal right to tax and exact other tribute from the inhabitants. In other words, all who live within certain man-made boundaries shall be the legal prey of a

duly authorized robber. A second purpose of the borders is to provide a place on which the nations' customs officials might stand, bayonets fixed, to collect tariff tribute from all foreigners desiring to bring food, clothing, or shelter material into the country. It follows, then, if all taxes and tariffs were abolished, as the Poleco-ist suggests, there'd be no need for the boundary lines that now divide our One World into many; and, like all things that have lost their function, the boundary lines that now separate people would disappear immediately and One World, man's eternal dream, would become a reality.

For, without national boundaries, there could be no such thing as a foreigner. All humans would be—like Socrates—citizens of the world. Without borders to keep the people of one nation from trading their goods freely with people of all other nations, a condition which now exists among our free-trading forty-eight states would soon exist worldwide. Here then would be One World built not on force and deceit but on the firm foundation of *really* free enterprise!

It is only because our constitution expressly forbids one state to collect tariffs from wealth producers of other states that trade among all of our people has always been peaceful and has proved beneficial to our citizens as well as to our nation. As Wendell Willkie remarked in his *One World*:

But in my judgment, the greatest factor [responsible for the amazing economic development of the United States] has been the fact that . . . there was created here in America the largest area in the world in which there were no barriers to the exchange of goods and ideas.

It should be quite obvious that if we are to achieve a united world at peace forever, one patterned after our United States, the first thing that must be done is to abolish tariffs, along with taxation of every kind, throughout the world, and thus remove the "barriers to the exchange of goods and ideas."

Unfortunately, those who have learned to enjoy the luxurious living that comes through the holding of special privileges won't

like forming One World if it means giving up the privileges of tariff protection and private rent collection. So far as they're concerned, if there must be one world, it will have to be a kind that won't interfere with their privileges; one like those fashioned by conquerors of the past out of burned, beaten, and butchered bodies, over which they, as the privileged few, may continue to rule, and in which their legal rights to exact tribute from the multitude's production will not be interrupted. For they, like all humans, seek to satisfy their desires with the least possible effort; and they know that so long as their privileges are left undisturbed, they can more than satisfy their desires with almost no effort at all. Being human, then, they can't be expected to give up their privileges willingly, even though they too would benefit in the long run from the greater prosperity and eternal peace that the surrender of their privileges would bring about. Therefore, if one world is really what mankind wants, and if he wants it badly enough, he will first have to make worthless the privileges of the few, so that there'd be no advantage to them in their holding on to their unfair advantages. And to make those privileges worthless, it is necessary only to abolish all taxation and tariffs — and, at the same time, to allow the communities to collect all land rents.

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## 107

### THE CAPITAL'S LAST PUNCH

#### THE CAPITALIST'S LAST DITCH

*Strongest minds are often those  
of whom the noisy -world hears  
least.—William Wordsworth, Ex-  
cursion*

THE IDEA OF COLLECTING all land rents instead of taxation is an old one. As far back as 1693 William Penn, the founder of Pennsylvania, wrote:

. . . if all men were so far tenants to the public that the superfluities of gain and expense were applied to the exigencies thereof, it would put an end to taxes, leave not a beggar, and make the greatest bank for national trade in Europe.

In 1775 Thomas Spence was expelled from the Newcastle Philosophical Society for expressing the same idea:

Oh hearken! ye besotted sons of men. By this one bold resolve [to allow communities to collect land rents] your chains are eternally broken and your enemies annihilated. By this one resolve, the power, the pride, and the arrogance of the landed interest . . . are instantaneously and forever broken and cut off. For being thus deprived and shorn of their revenues, they become like shorn Samson, weak as other men; weak as the poor dejected wretches whom they have so long been grinding and treading under foot. . . . But what makes this prospect yet more glowing is that after this empire of right and reason is thus established, it will stand forever. Force and corruption attempting its downfall shall equally be baffled and all other nations, struck with wonder and admiration at its happiness and stability, shall follow the example; and thus the whole earth shall at last be happy and live like brothers.

A year later, the father of free enterprise, Adam Smith, also recommended collecting land rents instead of taxing production:

Both ground rents and the ordinary rent of land are a species of revenue which the owner, in many cases, enjoys without any care or attention of his own . . . [these rents] are, therefore, perhaps, the species of revenue which can best bear to have a peculiar tax imposed on them.

In 1782 William Ogilvie, a professor at King's College, remarked:

How preposterous is the system of that country which maintains a civil and military establishment of large amount without the assistance of any land-tax at all.





tariffs and collecting, instead, land rents. But of all who have championed the idea, none was so well known internationally, or came so close to success, as Henry George, the American political economist who won world fame just before the close of the last century.

George's classic, *Progress and Poverty*, was devoted to urging the abolition of all taxation and the collection of land rents. In this book George proved conclusively that poverty, depressions, and maldistribution of wealth stem in a direct line from private ownership of land and the failure of communities to collect the land rents which they, alone as communities, produced. *Progress and Poverty* became a best seller. Translated into almost every language, it was read by men in all walks of life in nations all over the world. Men like Woodrow Wilson, Tom Johnson—former mayor of Cleveland—David Lloyd George, Winston Churchill, Sun Yat-sen—father of the Chinese Republic—George Bernard Shaw, and a host of others were influenced by it. Even Karl Marx, daddy of modern socialism, read *Progress and Poverty*, after which he contemptuously referred to it and to the philosophy it preached as "the capitalists' last ditch." Perhaps, in that instance, Marx was right. For free enterprise, the essence of capitalism, has steadily weakened, while socialism here and abroad grows ever more popular.

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 108

**FIGHTING SOCIALISM**

*Those [socialist and communist] doctrines, whatever may be the contempt heaped on them . . . are far more generally diffused than most Englishmen are aware of. They are now [1850] revolutionizing Europe; and no one can predict the extent of the changes that must follow them, if once they gain the complete mastery of the public mind. Instead of railing against them, however, it is much more profitable to endeavor to understand them, and to seize the fallacy on which they are based.—Patrick Edward Dove, *The Theory of Human Progression**

THE WORLD has been fighting a losing battle against socialism for many years, losing because the world hasn't bothered to understand its nature. It isn't easy to fight an enemy that can't be recognized when seen.

The idea of socialism is two-headed. It is a political philosophy which is based on the fantastic idea that the individual exists only to serve the state, and therefore has no rights except those given to him by his political masters. As an economic philosophy, socialism is every bit as absurd for, when the word *socialism* is used in the economic sense, it refers to the system of taking wealth by force from all who produce it, and then distributing it equally among all the people. How can that be done when no two people have equal desires? Economically and politically, the



essential characteristic of socialism is rigid government control. If, with these points in mind, we examine every one of the civilized governments on earth today, we shall find that all of them favor government control over the citizen and his wealth; that all governments tax away the wealth of the producers in order to hand out doles of various kinds to the idle; that all, to some degree at least, deny the citizen any rights except those granted him by the state. We are justified in concluding, therefore, that all civilized governments today are socialistic to some extent, even though they are commonly called communistic, fascistic, totalitarian, capitalistic or democratic.

Socialism need not be forced on a nation by a foreign power. The seeds of socialism, like those of mold, are always floating around in the air; and when they fall on nutritious soil (land that is rich in poverty-stricken humans) they take root and grow. And, like those of mold, the seeds of socialism continue to grow just as long as poverty, the food on which it thrives, exists. Socialism grows readily in poverty-stricken areas because it offers the poor what they want most: *food and security against want*. Champions of the "free"-enterprise system, on the other hand, in an effort to stamp out socialism, foolishly try to compete by offering something called *freedom*. But the poor can't eat things like freedom and justice. The poor know that brotherly love and human dignity, wonderful as they are, won't pack meat around their children's bones or keep wives warm and content. Food is the important thing to the poor! and warm clothes, and a few lumps of coal now and then. *Freedom*, to the hungry man who sees no hope in the future, is just a word; but the mere *promise* of food, clothing, and shelter for the rest of his life is enough to encourage the poor man happily to surrender his inedible freedom and independence. Nor should he be censured for acting that way. He's doing what any normal human would do—what an amazing number of people right here in "free" America have been doing for many years.

For example, most large corporations are staffed with young men and women who willingly signed away their independence

only because they feared the absolute poverty and periodic job hunting against which their steady, low-pay jobs protect them. Civil-service employees gladly spend their entire lives doing monotonous, often useless, work at low wages only because such jobs offer security against unemployment and a pension for their old age. Without remorse, skilled craftsmen and mechanics hand over their freedom to their union leaders only because they have learned through hard experience that as independent workers they might not eat quite so well or so regularly. Many professional people toss aside their ideals, personal honor, and integrity in order to accumulate enough money to protect them against an old age of poverty. We must condemn all of these if we are to blame the pauper and near pauper, who place a higher value on food than they do on freedom, human dignity, truth, integrity, and brotherly love. Nor is it the pauper alone who becomes infected, once poverty spreads the germ. Today most of the bitterest foes of socialism, without being aware of it, come out openly for legislation that is as socialistic as can be. Many of our leading businessmen and industrialists believe and say things that would make any good communist proud of the thorough teaching job he has done. Arnold J. Toynbee, in his *Study of History*, writes:

The classic exposition of economic determinism is, of course, the philosophy—or religion—of Karl Marx; *but in the Western World of today the number of souls who testify by their acts to a conscious or unconscious conviction of economic determinism is vastly greater than the number of professing Marxians, and would be found to include a phalanx of arch-capitalists.* (Italics ours.)

Wherever an entire nation is poverty-stricken, as most have been for hundreds of years in Europe and Asia, we shall always find that the idea of socialism (or communism or fascism, which amounts to the same thing) has taken root and grown strong. And in this country too, as poverty became more widespread, socialism took root here. It began with little, unimportant things like postal savings and parcel post. Then the government sneaked through other socialistic measures that infringed on the citizen's

natural rights: income-tax laws, prohibition acts, and so on. Such legislation provided what the lawyers call a precedent. Today, as any reader of Karl Marx and other socialistic writers must see, our government has led us a long way toward complete socialization. We are at least waist deep in it at this writing. The actions of almost every American are, in one way or another, under the direct control of his government. Moreover, thanks to the social-security laws, almost every hired employee has become a number—like a prisoner or a slave. Every employer has been compelled to become an unpaid tax collector for the government. And if we are to judge by the results of the five presidential elections from 1932 to 1948, our traditionally freedom-loving American citizens are learning to prefer socialism! Why shouldn't they? The vast majority of them, in spite of our war-fed prosperity, are living on a substandard living scale and are afraid of the future. They've lost faith in themselves and in their ability to make a living! They're poor, and poverty breeds socialism. They like home relief, pensions, subsidies, and the many other government doles; they like public-works projects, the labor for which, in this country's earlier years, was provided only by prisoners, and in ancient times by slaves. They like *compulsory* military training, *compulsory* unemployment insurance, *compulsory* compensation insurance, *compulsory* education, and a number of other socialistic compulsory measures lifted directly from the philosophy of Karl Marx and his followers.

True, the average American thinks he is getting these generous handouts for nothing. He doesn't know that the government has no money of its own to give; that he is living on stolen property, wealth stolen by the tax collector from his fellow citizens; that for every nickel Uncle Sam "gives" him, his cost of living increases by a dime or more; that he not only pays for his doles in money but in personal freedom as well. He doesn't know, because there's no one to tell him so. What his government does tell him is that these laws, which appear to be socialistic, are in reality the very essence of democracy, that they were actually designed to protect the free-enterprise system against socialism

and to guard the freedom which his forefathers won for him at Bunker Hill, etc., etc. If those absurdities weren't so cruel they'd be funny.

Having been told so, the average American thinks he is just as free as he ever was. He bases that belief primarily on the fact that he still has the right to vote. But the right to vote as he pleases, and for whom, does not in itself make him free. *Real* freedom consists of much more: the absolute right to own oneself, to own all that one's labor and capital produce, to have an equal opportunity to the use of the land which God created



for all generations of his children. Nor does it follow that so long as every man—rich or poor—is entitled to only one vote, every man has an equally loud voice in government. Since landowner-ship by individuals or government, as we have seen, permits the owners to dictate to those who make the laws and to control the schools that are compelled to teach acceptance of the laws whether they are socialistic or not, it is apparent that the owner of land and other privileges holds all the political power and the common man holds none. To be sure, the voter is free to vote for Tweedledee, Tweedledum, or Tweedledop—but only if those who hold special privileges approve of Messrs. Tweedledee,

Tweedledum, and Tweedledop in the first place. It has been said that a jackass could be elected to the presidency if the privileged few approved. In fact, there are some who contend that jackasses have held high office more than once; but that is hearsay and therefore beside the point. The fact remains that unless all people hold economic equality, political equality is an illusion.

Up until now, we have been fighting socialism with political weapons. We've been making faces at the communistic socialists in Russia, we've been gloating over the misfortunes Fabian socialism has visited on the English, we've thrown some Russian spies into jail and others out of the country. Today there are even hints that we might try going to war with Russia in order to stop the spread of totalitarianism throughout the world. Whether we go to war with Russia or not, whether or not we pulverize every inch of territory now controlled by the Soviet Union, whether or not we kill every Russian citizen—including all of that nation's top leaders—socialism throughout the world, including this country, will grow stronger. For poverty, the cause of socialism, cannot be removed by destroying wealth and people with atom bombs. Destroying wealth can only make the poverty of the world more intense. And if we allow poverty to increase, socialism will continue to grow ever stronger until it successfully achieves that which so many tyrannical governments have attempted in the past—One World!—one world of slaves serving a handful of masters.

But all is not lost. The spread of socialism can yet be stopped; but not by shooting guns or dropping bombs, not by calling Socialistic nations names nor by pointing out their failures, not by having our Congress write laws naively forbidding the *natural* growth of socialism. These are political methods. They are useless in removing economic causes. We shall have to employ economic means in order to do away with poverty, the food on which socialism feeds. The Poleco-ist, in these pages, has shown how by working *with* natural laws—not against them—poverty

might be abolished. And poverty will be abolished just as soon as the people of any nation decide they've tolerated it (and the many evils that stem from it) far too long. For, whatever man desires—*really* desires—he eventually achieves.