

# Royal Road

By PHILLIP GRANT

[This is Part II of an attempt to condense *Progress and Poverty* for those who read while they run. Last month's installment suggested that a similarity seems to exist between Henry George's philosophy and that of Marx.]

While the Socialists cry out against private ownership of land, as Henry George does, they are also opposed to private occupancy and use of land. George, on the other hand, insists that only private occupancy and use of land can assure each individual his natural right to own every bit of wealth his labor and capital produces, assuming, of course, equal rights of all to occupy and use this planet are also assured.

Unlike the Marxists, moreover, George lashes out against government ownership of either land or wealth, since government produces neither. Further, George insisted, while every individual holds an absolute right to own everything his own labor and capital produces, no individual has an equitable claim to anything produced by another individual's labor or capital; not unless he gives an equal value in goods or services in return.

As for government socialistically dividing land in equal parcels, among the people, George held that to be both impossible and undesirable. For, as Ricardo had proved beyond argument, no two pieces of land are identical. One piece might be more or less fertile, better or more poorly located; sunnier, drier, wetter, or richer in mineral deposits, or in some other way more or less productive. Consequently, dividing land by the acre among the people can't possibly divide the benefits and advantages of the land equally. Since no two pieces of land are alike, the better parcel with the same labor and capital applied, will produce an extra, and unearned something—a few extra retail sales or a few extra bushels of wheat or extra carloads of metal. This unearned and additional production, called *economic rent*, enables the owner of better land to at least get by when market prices fall; but the poorer land, obviously must, under such circumstances, operate at a loss. As a result, the owner of poorer land must eventually find his land mortgaged and finally lost to an owner of better land. Therefore, land divided by socialistic decree must, with the passing of time, reform itself *naturally* into the huge land concentrations that the Socialists originally sought to break up. (This tendency is now observed in every one of the various areas in Europe, Asia and South America where land has been parcelled out "equally" among the peasants.)

Henry George also pointed out that it isn't necessary for governments to parcel out land through legislation; that even today, land parcels itself out *naturally* among those who can afford to pay for the privilege of using particular sites; among merchants, farmers, mine operators, etc., without help from or interference by government. (That all men cannot afford to use land is not due to the lack of direction by government so much as it is to the low rate of wages and interest that prevails wherever land is privately owned.)

The wealth mankind now pays for the privilege of occupying bits of the planet now falls into the pockets of a minority group of men and institutions. Since neither men nor institutions produce rent, they can make no rightful

claim to it. And since rent increases as populations increase, and falls where populations are sparse, George held that it was population—society-at-large—that produced rents—especially city rents—and that society-at-large, therefore held the only *just* claim to that rent. To summarize this phase of the argument: nature produces land, and nature therefore has the *only* valid claim to land ownership; man produces wealth; and man alone may own wealth; government produces nothing, and can therefore rightfully own nothing; and society alone is responsible for rents; therefore, society, has the only rightful claim to rent.

The next step in George's logical progression is obvious. If the rent of all land (*but not the "rent" of buildings or other improvements*)\* were collected by the community, and were used to pay all the costs of running, improving and protecting the community, no taxes would have to be collected. The untaxed producers could keep every bit of what their labor and capital produced. Paying over the greater part of his production to the government, as he now does, would be unnecessary since the collected land-rents would more than pay the bills. And the rents, instead of falling into private pockets, as they do now, would be used to pay the costs of government, armed forces, parks, playgrounds, swimming pools, schools, subways, roads, teachers, policemen, firemen and everything else that is now paid for with money taken by force from those who labor or employ capital. Everyone, then—laborers, capitalists and those who perform services, would benefit from this society-produced rent instead of being impoverished by it as most of mankind is today.

All of this brings us to an important objection to George's proposal: *would the collection of land rents instead of taxes provide government with all the revenue it seems to require?* George, of course, was confident it would. And if we remember that oil, coal and all other mineral deposits are for the most part rent, and that timberlands, fisheries, commercial and industrial sites, and every other acre of land except the very poorest in use produce a rent, it isn't easy to understand why anyone should seriously doubt that collected rents would exceed the total taxes at present collected. There is no evidence whatever to encourage such doubt. But even if there weren't enough rent to pay *all* of government's expenses, George's argument wouldn't be weakened. For even today, in spite of our taxing everything in sight, we aren't collecting enough to pay the costs of government; nor have we since the War of 1812. This is only too evident if we consider that our local state and federal governments have had to borrow money every year to make up the difference between the taxes collected and the money spent. (Ironically governments, by issuing bonds, borrow most of the money they need from those very individuals and institutions that are now collecting the rents which rightfully belong to the community.)

Even George's method for collecting the rents due the community was so simple one can't help but wonder why it hasn't been put into practice long ago. He proposed abolishing

\*The owners of farms, factories, retail shops, skyscrapers and apartment houses rarely own the land mortgage-free on which their improvements rest.

taxation gradually while the communities that make up the nation—or the world, for that matter—collected ever increasing amounts of land rent. The obvious result would be to eventually shift the burden of supporting the communities (and the central government as well) from production where it now rests—onto land values—an unearned by-product of production.

For the sake of emphasis, let's set this in capital letters: **GEORGE PROPOSED COLLECTING LAND RENTS: BUT NOT TAXING LAND!** The difference between the two ideas is the difference between high-production free enterprise and low production socialistic slavery! George insisted that all who owned land be permitted to continue to call it their own; that they be permitted to do as they pleased with it; that they be permitted to use it or hold it idle, cultivate it, build skyscrapers on it or cover it with no trespassing signs; give it away, settle it, or leave it to their children. Just so long as the owners turned over to the community as much rent as the land would yield if used to its full economic capacity, George was content to let landowners continue to be landowners.

Nor did George recommend that the landowners pay over every bit of the rent their lands yielded. He thought it wiser to allow them to hold back a small percentage, a portion just large enough to make it worth while for the landowner to continue to collect the rents. Not because George was particularly fond of landowners or the idea of land ownership; but because he knew that if the landowner were allowed to hold back a little of the rent his land yielded, he'd become in effect a sort of land agent, an experienced rent-collector working for the community. This was to be preferred to collecting 100 per cent of the rent and thus forcing the landowner to abandon his land; for that would result in each community being forced into the land-renting business which would certainly tempt local politicians into betraying their fellow citizens. Bribes are so hard for most humans to resist. In a sentence: George wanted no changes made in government or land ownership but simply wanted the land rents, which land and population yield *naturally*, to be handed over to the communities that produced them.

At this point, it would seem that Henry George was simply proposing a better way to pay the costs of society and government. But that isn't so. His purpose in pleading that taxation be abolished entirely and that land rents be collected instead, was to force present landowners either to use their land—city, agricultural, or mineral—to its full capacity; or to abandon it. If they preferred to abandon their land or to fully improve it, the result would be the same: maximum production; the natural collapse of *all* monopoly; more jobs than men to fill them; and a permanent end to depressions and poverty.

To understand how these conditions must logically follow the collection of land rents can't be told in digest form. If there's a royal road to that particular knowledge, I don't know where it is. But I do know a road that's a little more difficult to travel; and leads to a full explanation. It can be found running through the pages of *Progress and Poverty*.

THE END