

## CHAPTER XXIII

### THE NEW DISPENSATION

THIS stimulus to production would only achieve this result if the increased wealth were properly distributed. How, it may be asked, would the farmer, the wage-earner, and the great mass of humanity be bettered by the change?

In the first place, the abolition of all indirect Federal taxes would save the consumer \$600,000,000 a year. It would free him from the monopoly prices now exacted by reason of the tariff. For the tariff has increased the cost of living and placed a burden upon the consumers of America of from one and one-half to two billion dollars a year. These indirect taxes and monopoly charges are paid most largely by the poor. For the consumption of sugar, tobacco, wool, cotton, fuel, oil, meat, and foodstuffs is out of all proportion to the relative incomes of the rich and the poor.

The tariff taxes are regressive taxes. They are exaggerated poll taxes. They bear most heavily on those least able to pay them. The abolition of indirect taxes and monopoly charges would add

from \$100 to \$200 a year to the purchasing power of each family. The price of commodities would fall to this extent. But this is not all. The abolition of all taxes upon houses, buildings, and things which labor produces would still further reduce the cost of living. It would cheapen the cost of everything consumed. For taxes upon labor products are shifted on from the producer to the consumer until they are finally lodged with him who buys. With these taxes abolished, prices would still further fall. Money would buy more than it does to-day. It would go further. All this would elevate the standard of living.

Thus the well-being of the consuming class would be improved. Then, too, the landlord would cease to be a claimant in distribution. His share, which, as we have seen, amounts to probably three billion dollars a year, would pass to the community, leaving only the capitalist and the worker to struggle for the output. How would the taxation of land values affect the relations of these claimants? How would it insure to the worker the full product of his toil, and to the capitalist only a fair return upon his investment? How, in other words, would the condition of him whose only capital is in his labor be improved?

We can easily imagine the results which would follow from some calamity of nature which diminished the population of the country by one-

half. The effect upon the distribution of wealth would be immediate. The relations of classes would be reversed. Mills and factories would be short-handed. The mines and the countryside would be denuded of labor. A clamor for workmen would ensue. The farmer would compete with the mill-owner. The railroads would struggle with the mine-operator. The newspapers would be filled with alluring advertisements of positions seeking men.

Wages would rise with great rapidity. They would go up by leaps and bounds. The tramp and vagrant class would disappear. So would soup houses and the bread lines upon our streets. Vice and crime would greatly diminish, and the inmates of charitable and penal institutions would be reduced to a diminishing point. The unemployed and delinquent classes would fill the vacuum. Those industries which were the least attractive would be the last to be filled, for the wage-earner would be in a position to choose his employment. For the time being he would be the master of the situation. There would be two jobs hunting for every man. Under existing conditions there are more men than jobs. And it is this that depresses wages. A few men out of employment will disturb the equilibrium of wages. They impair the standard of living of their fellows.

With the supply of labor thus reduced, a new relationship between capital and labor would arise.

Arrogance would give way to a kind of partnership. The two agencies in production would come together on terms of equality. A readjustment of all industrial relations would take place. Men would not need to sacrifice their lives in order to escape starvation. Safety appliances and compulsory insurance would be provided as a matter of necessity. Otherwise the employer could not keep his men. In place of the struggle for a chance to labor, there would be substituted a struggle on the part of employers for men.

Such are some of the obvious results which would follow such a decrease in population. History offers a complete confirmation of this hypothesis. In the fourteenth century the black plague swept over Europe. It appeared in England in 1348 and 1349, and carried off one-third of the population in a few years' time. The spirit of society was revolutionized by it. A dearth of labor was created. Wages shot up from two to three hundred per cent. in a few years' time. The landlords were unable to work their farms. They could not market their products. Tenants deserted their holdings in order to participate in the increased wages that were offered. In consequence landlords reduced their rents, or relieved their tenants from payment altogether. Many members of the aristocracy were impoverished. This was the golden age of British peasantry. They commanded the situation.

“It was both easy and profitable for a villein to turn his back upon an unwise lord and escape to another manor or to a town. Only in a very few cases does it seem to have been possible to get laborers, servants, or tenants under the old conditions. The great point of complaint was the rise in wages. In very many cases villeins were compelled to take up vacant holdings. In others, the lands were let on lease to free tenants. And, as the supply of land was much greater than the demand for it, villeins were able to compel the lords to consent to the commutation of services. Moreover, it appears that the rents paid were frequently lower than before. Thus the black death resulted in an increase of free tenements and a decrease of the lord's income.”<sup>1</sup>

The land-owners controlled Parliament. They sought to check, by criminal laws, the increase in wages and the abandonment of holdings by the serfs. They enacted the Statute of Laborers, by which it was provided that all workmen should accept the same rate of wages that prevailed before the plague. The penalties were severe. Imprisonment was decreed against any one who left his service before the end of his term. But the act was of no avail. It was re-enacted with increased penalties from time to time. The landlords controlled the administration of the law. The peasantry was ignorant and immobile. Yet fortified with all of the power of

<sup>1</sup> *History of the English Agricultural Laborer*, by Dr. W. Hasbach, p. 22.

the government, the aristocracy was helpless before the situation. The shortage in the labor market reduced rent and increased wages. The advantage was all with the laborer and the tenant. This condition continued for nearly two centuries, until population again began to press upon the land. This is the opinion of all those who have studied this period of English history. "I have stated more than once," says Professor J. E. Thorold Rogers, "that the fifteenth century and the first quarter of the sixteenth were the golden age of the English laborer."<sup>1</sup>

That the results described would follow a sudden reduction in population is obvious. It could not be otherwise. And the condition of labor would continue to improve until population again filled in the vacuum.

Let us reverse this picture. The taxation of land values would be a permanent black plague to land monopoly. It would not diminish the number of wage-earners. It would increase the demand for labor. This increase in the demand would have the same effect upon wages as the decrease in the supply. All of the land in the country would seek tenants and workers. Mines would have to be operated to meet the burdens of taxation. So would city sites. So would farms. Almost immediately men would be masters of the situation. They would be able

<sup>1</sup> *Work and Wages*, p. 326.

to choose their employment. They would be free from the pressure of hunger which forces them into the first opportunity which offers. Hope would take the place of despondency, for there would be opportunity to work where one willed. Then the land would serve the people instead of humanity serving the landlord. The wage-worker would find his nominal wages greatly increased, and the price of all the necessities of life correspondingly diminished. For wealth would be created in greater abundance.

But the opening up of the resources of the earth by taxation would do far more than the reduction in the number of laborers. For loss of population means a loss in the productive as well as the consuming power of society. Increasing opportunity, on the other hand, involves an increase in the per capita production of wealth. The division of labor which has taken place has increased the per capita production. The labor of a single man produces to-day three hundred watches, where a generation ago it produced at most a hundred. The skilled workman at a machine turns out three hundred pairs of shoes, where the cobbler at the bench produced at the most a score. Where the housewife at the loom was able to clothe only her family, now a child at the machine will produce cloth for a hundred families. The division of labor has so increased the productivity of the worker, that poverty

should have long since disappeared from the face of the earth. And this increase in productive power would go to the producing classes were it not intercepted by some maladjustment of the laws of distribution. This maladjustment would disappear with the opening up of the resources of the earth, for the increase in the opportunities for labor would place the producing class at such an advantage that they would be able to appropriate to themselves all of the products of their labor.

The taxation of land values would do this. It would affect the labor market just as did the black plague or the discovery of a new continent. Labor would be the predominant partner in the wage agreement. No statute of laborers or combination of capitalists could affect this situation. Through the forcing of the land into use, and its most productive use, and the full taxation of rental values, rent would vanish and the wealth of the world would be distributed between labor and capital.

A few short years would usher in such prosperity as the world has never seen. Involuntary poverty would disappear. Opportunity would call upon talent. There would be no limits to the demand for labor. The benignant laws of freedom would supplant the ignorant laws of man. Competition for men would arise where now there is none. Initiative and talent would enjoy an opportunity to express themselves. Men would not be limited to the



single job which they must now accept or starve. They would be free to labor at that which was most congenial, and at that which was consequently the most productive. Then labor and capital would be free from all taxes. There would be no barriers to trade, no tribute on wealth. Only the landlord would disappear as a claimant in distribution. He now performs no useful service. He would then receive no compensation. Rent would flow to society, and society in turn would be divided into two claimants, labor and capital, and they would meet in the struggle for the division, just as they now meet in every new country where the worker is free to choose whether he will work for himself or for another. And the experience of all new countries, where land is free, demonstrates that labor is then the dominant partner in distribution.

It may be urged that such an increase in wages would endanger industry. The reverse would be true. It would destroy monopoly and imperil those combinations which are identified with the land. It would usher in competition and stimulate innumerable new industries. But prosperity does not consist in the inflated dividends of the Steel Trust or the watered securities of the railroads; it does not consist in crowded New York hotels or summer resorts. Prosperity should consist in twenty million families whose wages or incomes enabled them to live in comfort and happiness. It is they who

form the market. It is they who consume the output of mill and of factory. Only a small portion of the wealth that is produced is consumed by the privileged classes. And were the income of America's working population doubled to-morrow, there would be ushered in an era of prosperity which would flood the factories with orders and bring to the docks of New York the surplus products of other lands. For the wants of man know no limit. Our eighty millions of people can consume many times what they do to-day and still many legitimate wants would remain unsatisfied.

The taxation of land values would awaken industry all along the line. It would give an impetus to the building of homes and factories. Agriculture and mining would be awakened in the same manner. Those who produced the raw materials would consume the finished product. And they in turn would call upon the farmer and the miner for the raw materials. With increasing wages there would be increasing demand for goods. This would ordinarily increase prices. But the abolition of rent and the opening up of all nature to production, as well as the abolition of all taxes upon labor and industry, would reduce prices to their labor cost.

Thus the taxation of land values is a social philosophy—a philosophy as adequate as socialism itself. It would destroy monopoly and exalt the claims of humanity above the claims of privilege.

It would return the land to the community and retain it for the community for all time. Then distribution would give to each according to his labor, and society would take from each according to the privilege which he enjoyed. Then there would arise an era of freedom in every walk of life.