

Common Property Implies Obligation

by ALLAN KASHKIN

IN his book *Progress and Poverty* Henry George gives a series of formulated definitions which give way to the conclusion that rent is the cause of poverty and that a remedy for it is not impossible.

First it must be stated that wealth is all material things produced by labor for the satisfaction of human desires and has exchange value. Land is everything including its natural opportunities except man and his products. Labor is all human exertion in the production of wealth. These three factors are important for survival on this earth.

The development continues with capital being wealth used to produce more wealth. Production is all the processes involved in bringing wealth from its place of origin to the consumer, and is completed when it is available to the consumer.

Wealth is distributed in rent, wages and interest. Rent, which is our prime interest, is the payment that goes to the landowner for the use of the natural opportunities of the land. Wages are the reward for human exertion, and interest is the return for the use of capital.

Since the land on earth is not increasing, rent cannot decrease, so it is always increasing because of the large demand for land. Rent of land is determined by the excess of its produce over that which the same application of labor and capital can get from the least productive land in use. The least productive land in use is called the margin of production.

Wages depend first on the fact that men seek to satisfy their wants with the least exertion and second on the margin of production. Wages will be greater or less depending on the produce which labor can obtain from the highest natural opportunities open to it.

Since land is the center of attention

with all its speculation and increase in rent, the determining of the sale value of land must also be considered in the case on poverty. The sale price of a parcel of land tends to be equal to the amount of money that would have to be invested to yield an income equal to the unearned income from the land. For example if I own some land and rent it at \$100 a month or \$1,200 a year and someone wanted to buy it the price would be \$20,000 because in the bank they give 6 per cent interest, and \$1,200 is 6 per cent of \$20,000.

If someone wants to speculate he will buy the land at \$20,000 and wait until the margin drops \$100, so the rent would go up to \$200 and the sale price would double to \$40,000, and then he would sell. This is why rent is always increasing.

In order to prevent speculation we should make taxes based not on sale values of the land but on the rental values. We would have to do away with assessments of sale values and assess rental values. Thus we could stifle speculation by adjusting the taxes so that they go up and down exactly in accordance with the rental values. This increase in tax revenue would benefit the community enabling it to have better schools, better hospitals, better streets all of which would increase the standard of living in that community.

Thus we see how rent is the cause of poverty. In formulating the remedy we must examine ownership of land. Private property is that which an individual or group of individuals has the exclusive right to possess, enjoy and dispose of as he or they see fit. Government or public property is that which belongs to the state and is subject to the direction of the state. Common property is that which belongs to all men in common — that which all

men have an equal right to use and enjoy.

Common property is not government property and is different from private property. Common property permits private use but implies obligation to the rest of the community, since the rights of others must be recognized.

Making land common would not be socialism because in socialism there is government ownership of land and its use is controlled by the government. Georgism states that there would be private ownership of land and its use would be controlled by the individual title holder. The rent would be collected as sole public revenue for social services. There would be free access to natural materials and freedom to choose direction of effort. Wages would be in proportion to the contribution to production. There would still be private enterprise and competition in the open market and recognition of the natural rights of the individual.

The individual should retain title to the land. The rent of the land expresses the exact amount which the individual should pay to the community to satisfy the equal rights of all other members of the community. This payment is all that is required to make land common property.

Henry George proposes to abolish all taxation except that upon land values. We already take some rent in taxation and we only have to make some

changes in our modes of taxation to take it all.

By abolishing all other taxes except the land tax I am sure that the government, or better yet the people, would not lose any public revenue. Instead, our standard of living would be raised because people would have the incentive to work harder, earn more, keep more and make improvements on the land, because there would be no income tax. There could be no room for poverty with such a plan.

Under the single tax there would be no need for a sales tax because the rent tax would cover the federal revenue lost by sales and income taxes. It would be unjust and it *is* unjust to continue to tax the incomes of persons whose talents enable them to earn more than some other person.

Since taxes would no longer have to be collected there would be a simplification of the federal and state bureau of taxation. All workers would be either assessing or collecting the easily determinable land tax of each land worker or businessman.

The Ezra Cohen Memorial prize given each year by Mrs. Cohen for the best essay on Henry George, by a high school student, was this year awarded to two contestants: Jo Ellen Brave-man and Allan Kashkin. This is an abbreviated form of Mr. Kashkin's essay, and next month we will present a shortened version of Miss Brave-man's.

Henry Hazlitt, writing on "The Development of Economic Thought" in the National Review of November 30th, says "pure" economics is becoming more difficult for the nonspecialist or the nonmathematician to follow, because it has become more technical than in any previous decade. "There has been a similar unparalleled multiplication of statistical methods," he states, but how much has all this technical, mathematical and statistical advance really added to our basic economic understanding? Most Henry George students would agree with his observation that "the increasing technical virtuosity has coincided with an increasing absence of common sense, not to speak of an increased disregard for elementary economic principles, in dealing with the practical problems of policy."

In confirmation of Mr. Hazlitt's remarks, a noted New York Georgist states that his son enrolled for a course in economics at one of the "Ivy" colleges and gave it up as an "impossible mass of unreconciled statistics."