

A Man, for Man

by PETER J. MARIANI

"POLITICAL economy has been called the dismal science . . . Freed, as I have tried to free her — in her own proper symmetry, Political economy is radiant with hope." Here are but a few words, not a historical dissertation on the science of political economy, yet they describe with lucid precision the veritable bewilderment and vagueness existing in the minds of men concerning their role in political economy, in government, in life. For this uncertainty of purpose has its roots in political discontent, disenchantment, and a burning desire for enlightenment. Henry George precisely related why there is abject poverty in a highly industrialized wealthy society. He also made inquiry into the paradox of industrial depressions alternating with periods of increase in wealth.

George's first step was to define his terms and disclose his fundamental principles or axioms. He contended that land, labor and capital are the three elements of production. Land includes all natural opportunities or forces; labor, all human exertion in the production of wealth; and capital, all wealth employed in the production of more wealth. The part given to the landowner is labeled rent; that which constitutes the reward for human exertion is wages; and the part constituting return for the use of capital is interest. These terms mutually exclude each other. The income of any individual may be from any one or more of these sources; but in order to define the laws of distribution they must be kept separate.

The rent of the land is determined by what is known as "Ricardo's law of rent." This asserts that the rent of land is designated by the excess of its

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produce over that which the same application can secure from the least productive land in use.

The increase of wealth which continues onward in progressive nations is seen to be the key which explains why wages and interest fail to increase with increase of productive power. The wealth in every community is divided into two parts by what may be called the rent line—fixed by the margin of cultivation, or the return which labor and capital could obtain from natural opportunities without payment of rent. From the part of the produce below this line, wages and interest must be paid. All that is above goes to the owners of land. Thus, where the value of land is low there may be a small production of wealth and yet a high rate of wages and interest, as we see in new countries. Conversely, where the value of land is high, there may be a very large production of wealth and yet a low rate of wages and interest, as in old countries.

The increase of rent explains why wages and interest do not increase. That which benefits the landlord hampers the laborer and capitalist. Therefore the rate of wages and interest is fixed everywhere, not so much by the productiveness of labor as by the value of the land. Wherever the value of the

land is relatively low, wages and interest are relatively high; wherever the value of the land is relatively high, wages and interest are relatively low. Hence the increase of productive power does not increase wages because it does increase the value of land. Rent swallows up the entire gain and abject poverty accompanies prodigious wealth.

The underlying principle here is that in order to have a truly "free society" we must first abrogate privilege. This is manifest in the fact that the tax on land value falls solely on those who receive a privilege or valuable benefit in proportion to the privilege or benefit they receive. It is the taking by the community for the use of the community of that value which is the creation of the community. When all rent is taken by taxation for the needs of the community, no citizen will have an advantage over any other, save as is merited by his industry, skill and intelligence; and each will obtain what he fairly earns. Then, but not till then, will labor get its full reward and capital its natural return.

Like many of us today, Henry George strove for a Utopia. He was undoubtedly an idealist, but he concentrated his energies in one particular area, that of political economy. The results of this concentrated idealism can be detected in many parts of the world today. Although the principle of exclusive land value taxation (approaching the full economic rent), with consequent abolition of all other taxes, has not been applied anywhere on a large scale, nevertheless, partial applications have produced results commensurate with the degree of application.

Denmark has the lowest tariffs and

the highest living standards of any European country involved in World War II. Similar results have been reported in Australia, New Zealand, Union of South Africa, Kenya, Canada and Jamaica. In the United States, especially in the principal cities, it is estimated that twenty-five percent or more of the rent is taken in taxation.

What is the ultimate purpose of the single tax and how does this economic policy relate to other important community functions? Perhaps the most immediate aim is to free our citizenry from want, hunger and disease—for man's rudimentary needs must be provided before he can progress in his quest for excellence.

Here we find ourselves in the realm of economics. For it is only by providing opportunity and enabling citizens to compete on an equal basis for employment that we can ever hope to inspire men to strive for things above the level of bare necessity. We must not delude ourselves — in many ways ours is a corrupt nation and in many ways a great nation. Before we can hope to eradicate privilege we must elect leaders who will legislate just laws based on freedom, the cornerstone of our nation. But in order to produce wise leaders we must first produce wise men. George knew this, that is why he started at the beginning of the long road to Utopia, and put everything into simple terms.

The theories and aspirations of all the theologians, philosophers, educators, scientists or whoever else strives for an ideal civilization must recognize that the first step is economics. For let us remember that our spiring castle in the sky would not stand so strong and mighty were it not for God's tiny pebble embracing its foundation.

