

Obviously, these advantages attach to land. They can be had and enjoyed only by the use of land. And the quantity of them that can be had at any spot depends upon the area of the land and the quality of its location. One cannot have these valuable advantages without having land, and one cannot have full title to valuable land without commanding the advantages that go with it, subject to taxes and a few legal restrictions. Then why the effort to sever land from value! You can't have either without the other. It seems most unreal to attempt it.

The reason, I think, lies in a dislike of the phrase "land value taxation" and a preference for "the public collection of rent." Without going into reasons, I think many of us will agree in this. At least most Georgeists that I know avoid the term "Single Tax" and advocate the public collection of rent and abolition of all taxation. My own preference is to seek the abolition of "repressive taxation" or "burdensome taxation," thus avoiding the irrelevant controversy whether the public collection of rent is or is not taxation.

These are the two major differences between these Neogeorgeists, on the one hand and the older Georgeists on the other. The differences are mainly in words and the only gain, achieved at the expense of considerable mental strain, is added emphasis on the social aspect of rent.

Even this gain is not net, for it is accompanied by two distinct losses. One of the losses comes with the proposal to "collect rent for public uses." This proposal leaves in doubt (as "land value taxation" does not) what is to be done with respect to the vacant valuable lot for which no rent is paid or accrues. It must then be explained that potential as well as actual rent must be collected.

The second loss comes with detaching rent from land and over-emphasizing the fiscal aspect of the problem. The public collection of rent and abolition of taxation will not of themselves raise wages or decrease unemployment. Wages depend upon the productivity of marginal land. Bringing valuable land into use and thus raising the margin of production will both raise wages and reduce unemployment. These will follow, of course, the public collection of rent, but it cannot be explained if we must pretend that land has no value and that rent is paid for something other than land.

On the whole, it seems to me, Georgeists would do well not to embrace too hastily these proffered innovations. The problem of poverty despite progress is one which has many aspects. Individuals and groups are prone to see different sides and to emphasize the side which they see most clearly. We should strive always for a more comprehensive understanding of all aspects and a fair appraisal of each. If our western friends, with the fine enthusiasm which their view gives them, can arouse interest in the problem and thus help promote its ultimate solution, older Georgeists should, it seems to me, give them all the encouragement they are willing to accept.

Taxation Without Representation

By RAYMOND V. McNALLY

AT a crucial period in history, Lincoln was inspired to invent the famous slogan, "government of the people, by the people and for the people," which instantly caught the imagination of a gullible populace. He had dramatized by a stroke, as it were, a concept of government that had been the dream of the American people from the time they freed themselves from the tyranny of an English government. They had envisioned a government that would be subject entirely to their will. How could there be tyranny, they reasoned, when the majority ruled?

Yet curiously enough such a political concept was anathema to the Fathers of our country. It was their earnest endeavor not to do any more than to "preserve the spirit and form of popular government," when they met to consider the adoption of a new body of laws for the nation. They were unanimous in the opinion that the evils the country was then experiencing had sprung from "the excess of democracy." James Madison asserted that there would soon come a time when the majority of the people would be landless and propertyless and would gain control of the government to the detriment of the public welfare and private property. Thereupon the Fathers set up checks and balances to restrain democracy and to give the masses of the people only a modicum of representation with the result that the Constitution is one of the vaguest and most confusing political instruments that has ever been conceived by the mind of man. Nevertheless, in spite of these precautions, what the Fathers feared eventually came to pass in the form of the New Deal.

Madison and his colleagues were practical men and realized that civilization sprang from the recognition and protection of property rights. For them, property rights and human rights were identical. But they were concerned only about certain kinds of property. They were not, for instance, concerned about the property rights of the agrarian interests and other debtor classes. The primary purpose of government, therefore, as they perceived it, was to afford a means whereby the classes whom they represented—bankers, merchants, manufacturers, mortgage holders and speculators in land and public debts—could gain economic advantages through legislation over other classes. These men contributed no new ideas of government, for the political system they favored was nothing else but the system that prevailed in Europe—a paternalistic bureaucracy. According to their views, economic life could not proceed unless it were regulated by government officials. They did not regard government as an organization for rendering services but as an agency for dispensing privileges. Even

Thomas Jefferson, great humanist and exponent of liberty, while favoring an easy, tolerant and inexpensive government, showed by his strong loyalty to the agrarian interests, both in thought and action that some privilege at least played a part in his political scheme. He was a firm believer in the power and wisdom of majority rule to establish equality, freedom and justice. Yet subsequent events proved that the majority could be just as selfish, just as ignorant and just as tyrannical as the minority.

The political history of the United States has been a continuous factional strife for the control of government. During the course of this strife, "machine" politics inevitably developed, and political power concentrated to an astounding degree into the hands of a few. The gulf between the masses of the people and the seat of government steadily widened. A veritable political caste grew up which had no other purpose than to perpetuate itself in office and to fatten at the public coffers. Under such conditions, government naturally became corrupt, and one class was played against another in order to solicit bribes or corral votes. The functions assumed by government steadily increased, and tyranny prevailed under the guise of democracy. With keen insight, Henry George in 1883 wrote, "Democratic forms may be maintained, but there can be as much tyranny and misgovernment under democratic forms as any other—in fact, they lend themselves most readily to tyranny and misgovernment."

How true these words are today! Government is steadily assuming more and more prerogatives and reaching out into almost every phase of our existence. The business man can scarcely turn around without bumping into some kind of governmental restriction in the form of a regulation or a tax. And to add to his difficulties, he cannot always rely on government to maintain law and order when his business is interrupted by a violent strike. Private property was never in a more critical position than it is today; and a steadily mounting public debt, a growing tax burden and increasing bureaucracy make the outlook far from bright. Yet in spite of this condition we are constantly having the virtues of democracy dinned into our ears. So long as they still retain a few liberties, many people refuse to concede that democracy has failed. All that has to be done is to create new parties or throw some men out of office and put others in. But we have been doing that sort of thing in this country for a hundred and fifty years. How much longer must we continue to do it in order to make it effective.

It does not seem to occur to most people to question the system; that perhaps our theory of government is wrong. Experience certainly does not justify us in assuming that a change of men can rid government of waste and corruption and deprive it of its despotic powers.

To whom are these men responsible? To the electorate? But to whom is the electorate responsible? There are some well-meaning people who believe that with more education the masses of the people would take a more intelligent interest in public affairs. Yet this belief is not at all warranted by the facts. Every year the colleges and universities are turning out more and more graduates. The craze for an education is so widespread nowadays that college degrees are almost as common as automobiles. But in spite of it, government is becoming worse. It cannot be due to a lack of public spirited citizens. We have more civic bodies, tax associations and voters' leagues than ever before. Most of them are almost as confused as the average citizen. They do not concern themselves with the services that government is supposed to render. They concern themselves with the privileges that government has to offer; whether they should approve or disapprove of a tariff, of old-age pensions, of subsidies or of labor laws. The average man also attempts to arrive at some decision on these questions a week or so before the elections, not by very serious thinking but by listening to the speeches of politicians. But a paternalistic government is not controlled by the masses of the people but by individual pressure-groups. Consequently the average man's vote is meaningless.

The evils of bureaucracy will never be abolished until the popular theory of government is replaced by an entirely different concept. The idea of paternalism must be replaced by the idea of service only. But even though a greater knowledge of economic science should lead people to perceive the stupidity of special privileges and to avoid all paternalism, it does not follow that they would then be competent to supervise the affairs of government. To be competent at a particular job, one must be trained for it. The average man spends at least eight hours a day making a living. The evenings he usually devotes to rest and recreation. The recreation may even assume the form of serious endeavor or an absorbing hobby. These pursuits during leisure moments differ with different individuals according to temperament and ability. Is it not too much then to expect the average citizen to employ his leisure in trying to master the problems of government and to supervise the actions of public servants? Can we reasonably demand that men work both day and night in order to live a civilized existence? It is conceivable that if men believed that they would receive some immediate return in a tangible form, they might be willing to devote some of their time to supervising the public servants; but they have no way of telling definitely if their particular efforts are giving them better public services and lower taxes or not. It has been recommended by some people at various times that the exemptions for personal income taxes be lowered on the assumption that this would make the masses tax-conscious to the point where they would take

a vital interest in public matters. This is mere wishful thinking, for even people who pay heavy income taxes are indifferent to the affairs of government. No amount of tax-consciousness will make men work for nothing at some job unless it happens to be something that they really love to do. There is nothing in our daily experiences to encourage us in the belief that some day men will be willing and able to give earnest attention to public matters. Nor is there any good reason why we should be disheartened by such an outlook. Let us rather accept human nature for what it is and attempt to adjust society in harmony with it.

It might be claimed that with all privileges abolished, government would be so simplified that the public would be required to do very little supervising. It is true that if government were streamlined down to the point where it would be a mere purveyor of services (as visioned by Jefferson in his more philosophic moments), such as police and fire protection, sanitation and highways, there would be far greater simplification, but government would still be too complex and specialized to require only the casual supervision of amateurs. In order to realize this we have only to consider the difficulty which stockholders of our large industrial corporations experience in attempting to exercise direct supervision over the officers and managers. The stockholders can vote, but not only is most of the voting done by proxy but it is done in connection with the financial aspects of the business, not with the actual operations. Only a few large stockholders are at all conversant with the affairs of a giant corporation, and the majority of the stockholders rely on their judgment and attention for the conservation and enhancement of their investments. But the stockholders of a corporation are in a stronger position than the citizens of a country, state or municipality. The citizens can only rely on the doubtful check of an ineffective vote for the conservation of their interests. They may feel that the costs of government are too high, but under the existing arrangements they have no way of determining exactly what the costs should be. The stockholders of a large corporation, on the other hand, are concerned with values and so can rely on the market to protect their interests. If they feel that their investments are endangered or that the returns thereon are inadequate, they can either sell their stocks or withhold further financing that the corporation may require. Consequently, there is a definite check on the management of the corporation to compel it to recognize its responsibility to the stockholders. It cannot be controlled by individual pressure-groups to the detriment of all or some of the stockholders. While it is true that there have been and still are abuses in corporation management and that financial history is replete with examples of the skullduggery of unscrupulous and short-sighted promoters, it cannot be denied that the rights of investors

enjoy the tangible protection of the market whereas the rights of citizens have no such protection.

The reason why the citizens of a political unit do not enjoy the protection of the market is because they have no investment in government; and they have no such investment because government, unlike industrial corporations, is not in the market—that is, it has no customers. According to the popular theory, the country, state or municipality is something like a club the members of which render services to themselves through an agency called government. The taxes they pay are regarded as membership dues. A little reflection, however, should convince us of the absurdity of such a theory.

The members of a club (social, athletic or business) pay dues voluntarily, and if they are dissatisfied with conditions as they find them, they are free to withdraw from membership. These dues are not levied in proportion to each member's wealth. Each member pays the same sum, for each receives the same benefits as the others. Furthermore, the dues are not levied in such a way as to increase the cost of other things that he may require. They are simply a direct payment.

Now if we consider the political unit—a "self-governing" community—we shall see that exactly the opposite conditions obtain. The citizens of a community do not pay taxes voluntarily, for if they did, no citizen would pay more than another. Taxes are levied and collected under compulsion, not in proportion to benefits received, but in proportion to one's ability to pay. When levied indirectly they increase the cost of other things, such as food, clothing, houses and other necessities, discourage the production of wealth generally and ultimately cause unemployment. Even income taxes, which are direct levies, discourage the accumulation of capital and so indirectly depress industry. Taxes, therefore, both direct and indirect, are unlike club dues if for no other reason than that they do not stay in one place. They are diffused throughout the entire community. In view of the foregoing observations, there is not the slightest justification for comparing a country, state or municipality to a private club.

Nor do the facts support the popular belief that we are living under a democracy in this country. We have been taught that the colonists revolted against Great Britain because of "taxation without representation." But the average citizen today enjoys no more representation in government than the early colonist did. He is merely permitted to go through the ineffectual gesture of casting a vote for candidates carefully chosen by a political caste—candidates who invariably break their campaign pledges under the pressure of individual influential groups. He can have no real representation when the taxes he pays bear no relation whatsoever to the value of the services he receives from government. Furthermore, political democracy is a dream, not a fact,

for democracy connotes a condition in which men do things together willingly without being coerced. For if the people graciously accepted the will of the so-called majority, the government would not have to employ strong-arm methods to collect taxes and to impose restrictions.

The only democracy that we enjoy is the democracy of the market where men do things voluntarily; where they buy and sell by free contract. No payment (except a free gift) is voluntary unless it is made by contract, implied or expressed. Therefore, taxes constitute a seizure of one's property. They are not determined by the bidding of the market; they are fixed by the cost of government which might run to any figure that is deemed necessary by government officials. Taxation is a brutal, uncivilized method of financing public services, for it does not involve the civilized technique of exchange. In discussing the origin and genesis of civilization, Henry George wrote these significant statements: "With the beginning of exchange or trade among men this body economic begins to form, and in its beginning civilization begins. The animals do not develop civilization, because they do not trade." . . .

Here then is the basic cause of the evils of bureaucracy with all their attendant disastrous effects on economic life: The body politic has failed to keep pace with the body economic. In other words, government is immature, uncivilized and undemocratic. It is still employing the savage technique of the jungle instead of the civilized technique of the market. Why men have tolerated such a system so long, when they have progressed in so many other directions, is probably due to three things: (1) The popular belief in a paternalistic theory of government. (2) The fact that at least part of the taxes collected go to finance the real services of government. (3) The failure to perceive the relationship between rent and government services.

Very few people realize that they can only obtain public services by paying rent at a particular location to which these services are delivered. And because they do not know this, they permit the public servants to seize their property in order to finance those services. Due to the failure to perceive the significance of rent, economists and students of public finance go to absurd extremes in order to rationalize and defend this crude system of financing. In fact, we even hear it frequently said that there is a science of taxation.

If exchange is the basis of civilization, then if we extend the technique of exchange to include government, it is not unreasonable to expect that civilization could rise to heights hitherto only envisioned by the poet. To accomplish this, the power to tax must be denied government, automatically compelling reliance on rent for financing public services. Rent, unlike taxes, is a voluntary payment. It is not determined by one's ability

to pay but by the bidding of the market, and this bidding is influenced by the quality and quantity of services offered. Henry George explained rent in this way: ". . . but in the modern form of society, the land, though generally reduced to individual ownership, is in the hands of too many different persons to permit the price which can be obtained for its use to be fixed by mere caprice or desire. While each individual owner tries to get all he can, there is a limit to what he can get, which constitutes the market price or market rent of the land, and which varies with different lands and at different times. . . ."

Rent does not constitute a seizure of private wealth. It is a payment made through the democratic process of exchange in which value is given for value. If government had to rely on rent for its income, it could not afford to be paternalistic, tyrannical, corrupt and wasteful. People would pay only what they considered the public services were worth to them, and their value would be fixed, as it is today, by the market. By replacing the savage technique of taxation by the civilized technique of the market, taxes would be transmuted, as it were, into rent. Democracy, in the true sense of the word, would be a fact then, not a dream, for everyone would enjoy representation in government through the medium of exchange. And people would not be exhorted by impractical idealists to "take more interest in public matters." The supervision of the activities of public servants would be automatically carried on by the market.

A Passage From Dante

By ROBERT CLANCY

THE Divine Comedy of Dante Alighieri abounds in profound discourses and words of wisdom. There is a splendid example of this in Cantos, XIV and XV of the Purgatorio. In Canto XIV we find Guido del Duca, a fellow-countryman of Dante, atoning for his vice of envy. Guido exclaims:*

"Oh human folk, why set thy heart there where exclusion of partnership is necessary?"

In the next Canto, Dante asks his guide and master, Virgil, what Guido meant by that remark. Virgil replies:

"He knoweth the hurt of his greatest defect, and therefore let none marvel if he reprove it, that it be less mourned for.

"Forasmuch as your desires are centered where the portion is lessened by partnership, envy moves the bellows to your sighs.

"But if the love of the highest sphere wrested your

*The passages quoted are from the literal translation of the Purgatorio from the Italian, by Thomas Okey.