

lose, while under the system advocated by Henry George, namely equal rights for all and special privilege to none, everybody would profit and none would lose. Not one person in a hundred thousand realizes that the commandment, Thou Shalt Not Steal, means the land rent of the people as well as the pocketbook of an individual. Many people wonder why panics occur and why the workers cannot buy back the things they produce, thereby causing under-consumption (not over-production). Why factories clog up with goods and business men fail and workers are discharged and forced to compete with other men for jobs. The answer is, the workers cannot buy back the things they produce and pay landlords billions of dollars in the form of land rent for nothing. (Landlords do not provide land). By so doing workers are billions of dollars short of their purchasing power.

Another very important phase of the present evil system is as follows. The City of New York is to spend one thousand million dollars during the next four years (1930-34) for public improvements. (Schools, subways, bridges, tunnels, etc.) The improvements will increase the rent of land hundreds of millions of dollars of which the city will collect 25% to pay for the public improvement, leaving 75% of our land rent with landlords for nothing. In other words, every public improvement is a liability to the city and an asset for landlords, as 25% is to 75%. Plainly the germ of destruction is in the present system. It is estimated that some \$600,000,000 or 75% of our annual land rent in New York City is not collected for our public needs. That means \$600,000,000 of our wages and salaries must be taxed out of our pockets for public expenses to make good the loss of \$600,000,000 of our land rent, leaving us \$600,000,000 less of our purchasing power. Very few people realize that we could ride in the subways, elevated trains, busses and trolley cars without paying fares if all of our land rent were utilized to run the city. Does The Man In The Street know that no wheel in a factory turns productively until land is put to use? And yet when a building is erected, thereby giving work directly and indirectly to practically every worker in the United States, and at the same time making business hum, the owner of the building is heavily penalized by an unjust and unnecessary tax while those who withhold 50% of the land in Greater New York from use are encouraged to do so with the hope of profit when they sell. Thus withholding land from use means unemployment, high rents, slums, etc.

We should change the present evil system of taxation so that those who put land to use shall suffer no added tax and so that those who keep land out of use could not profit by so doing. Then jobs would be seeking workers instead of workers seeking a job. The slogan of The Man In The Street should be "Collect all land rent for public needs and abolish taxation," (which is the doctrine of Henry George). That would bring economic freedom to all and make the United States a tax free nation.—GEORGE LLOYD.

## Economic Principles as Expounded by Henry George in "Progress and Poverty"

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HENRY GEORGE'S masterful politico-economic treatise, "Progress and Poverty," was motivated by a noble ideal, the betterment of humanity in a very definite and practical way. His method would give hope of realization to the fundamental sentiments expressed in the Declaration of Independence; it would be the materialization of the dreams of philosophers and social thinkers without recourse to destructive revolution; it would bring the results that were expected from the "Philosopher's Stone," the increase of wealth for the benefit of all mankind; it would be the coming of the "Kingdom of the Prince of Peace."

Henry George was perplexed to find that amid the phenomenal progress of material civilization, there should be a proportionate increase in poverty and all its concomitant evils. What could be the answer to this problem? He looked at the heavens and saw only such symmetry and order as bespeak the planning of divine intelligence; he looked at nature and saw nothing but beauty and a system that seemed to benefit all of its component parts; he looked at "the crown of all creation" and he saw misery, vice, and starvation amid the splendor of palaces, magnificent machinery, and other evidences of vast prosperity. He could not believe that this was the work of Him who guides the stars in their orbits, or makes huge trees grow from tiny seedlings, but rather that it was due to the maladjustments of men in their relations to one another. His problem then resolved itself into determining the cause of the evil, formulating a remedy and giving it to the world, so that *all* the people might truly enjoy "life, liberty, and the pursuit of happiness." Henry George succeeded; he solved the problem, saw the remedy, and in lucid terms, showed its justice, application, and effects. If the people would only grasp this "Magna Charta of economic liberty," they would be freed from the bondage of poverty; industry would be stimulated to the production of unprecedented wealth; and government would be simplified to that level where ethics in politics would again be possible and Plato's "Republic" become a reality. In the following lines I shall endeavor to present the fundamental economic principles of Henry George, so that the reader may see the logic of his philosophy and become, as I have, a disciple of this great thinker and a fighter for the social reform that he advocated.

Since insufficient wages must be the fundamental cause of poverty, an inquiry as to the reason for the tendency of wages to a minimum, despite constant improvement

in the productive power of labor, should be the path that leads to the solution of the problem.

The most commonly mistaken notion is that labor is paid and maintained by capital. Henry George shows the fallacy of this theory by pointing out how in a primitive community each man produces his own food and shelter, and further, how, despite the complexities of our present social system, each man indirectly still does the same thing. A person who receives his paycheck on Saturday, virtually receives a certain portion of his produce, and not the gratuitous offering of capital; in fact, labor but produces the things it desires, just as in primitive times. The simple fact that a farmer uses a plough to increase his productiveness is a good example of the economic truth that labor employs capital and not capital labor. Since labor is the primary factor it is evident that capital does not maintain labor, for consumption is only maintained by contemporaneous production; the sole function of capital is to enable labor to apply itself more effectively, as with the help of machines; to avail itself of the reproductive powers of nature, as by planting seeds; and by permitting the division of labor and the consequent advantages of mass production. This proves conclusively that capital is not the cause of the evil, and we must therefore inquire further.

Another common theory as to the cause of poverty is what is known as the Malthusian theory which holds the natural propagation responsible for want, by charging that population tends to outstrip the food supply. As a matter of fact, history and analogies from nature tend to prove that the converse is true, that is, natural increase tends to make every person richer instead of poorer. Cold facts support this assertion. During the thousands, yea, millions of years of man's existence on this planet, there are still vast stretches of land left which man has not employed in the struggle for existence, while in places of densest population, such as Ireland during the famine years of 1840-1845, the land could have supported an even greater population with all the comforts of life, had it not been for the maladjustments of society which gave everything to the land-owners while leaving the masses without porridge for the next meal.

Just as 100 men can do much more than ten times as much as 10 men, so will wealth increase relatively and absolutely with an increase in population. This shows then, that want and misery are not due to the operation of natural laws, and thus the inquiry is narrowed to the last possibility, the laws that govern the distribution of wealth.

Three factors enter into the production of any commodity; land, labor and capital; and these factors receive their share of the produce in the form of rent, wages and interest respectively. It takes no mathematical genius to see that after rent is deducted from the total produce a remainder is left to be divided between labor and capital. Thus the wealth produced in any community is divided

by what is known as the "rent line," into rent on one side, and wages and interest on the other. The rent line is fixed by the margin of cultivation, on "the return which labor and capital could obtain from such natural opportunities as are free to them without the payment of rent." Consequently an increase in the productive power of a community will affect interest and wages inversely as it affects rent. But since the "rent of land is determined by the excess of its produce over that which the same application can secure from the least productive land in use," an increase in the productivity will bring about a proportionate advance in rent, and wages and interest will remain as before. Sometimes rent advances more rapidly in anticipation of a future increase in production, and this paradox happens; that is, wages and interest decrease despite material progress.

Now it remains to show what causes rent to command a larger and larger share of an increased production. Obviously, it must be something that causes the lowering of the margin of cultivation, such as an increase in the efficiency of labor. This is accomplished in three ways which do not need any elucidation to commend themselves to common sense. They are (1) increase in population, (2) improvements in methods of production and exchange, (3) advances in knowledge, education, government, and ethics, insofar as they enhance the power of producing wealth. To sum up all the principles that bear on the problem we have discussed, I shall quote its solution from "Progress and Poverty:" "The reason why, in spite of the increase of productive power, wages constantly tend to a minimum which will give but a bare living, is that, with increase in productive power, rent tends to even greater increase, thus producing a constant tendency to the forcing down of wages."

Now that the problem is clearly established let us turn to its remedy. There are several methods presently advocated, all of which, save the one Henry George proposed, fall short of producing the desired result: the mitigation of social distress. The reason for the failure of these methods is that they fail to remove the cause. They have all been tried to a greater or lesser extent but without achieving sufficient success. Henry George's remedy is both fundamental and simple. He maintains that to remove poverty it is but necessary to give the laborer his full and just share of the produce. This can only be made possible, when the unjust, unearned increment of land is abolished. Therefore, *we must make land in effect common property*; it is the only method of rectifying the social evil. This does not mean the abolition of private tenures to land but implies simply the paying of rent into the public treasury for the use of land which by all principles of justice and righteousness should be common property.

In practice the remedy resolves itself into the application of the Single Tax: one tax levied on the value of land, regardless of improvements thereon. This is the most

just method of taxation conceivable, for the value of land is evidently created by the community and the action of government rather than by individual effort. A lot on lower Broadway in New York is worth a fortune because six million people are concentrated in its immediate vicinity. The same plot of ground in the wilds of Texas could probably be had for the asking. The value of the New York lot is further enhanced by the available community service, such as fire and police protection, free education, free removal of waste and sewerage, transportation facilities, paved and illuminated streets, and other advantages of city life.

Under the proposed system a man would be paying merely for what the community, through the government, has done for him. This is consistent with the principle of prudent business administration, where a customer pays the price of the value purchased. In contrast to this, is our present scheme of taxation, based on the "collection principle," where taxes are levied on ability to pay rather than on the amount of service received from the government. No business enterprise can exist which does not give full value for the purchase price, regardless of whether the customer wears an expensive beaver coat or a pair of shabby overalls. The erroneous belief that only the rich pay taxes is so common that it may account for labor's contentment with the present system. When a wealthy manufacturer receives his tax bill, he merely adds it to his cost of production and passes the burden on to the consumer, who extols the generosity of the government that "exempted" him from taxation.

Among the chief advantages of the Single Tax are its beneficent effect on production, its directness and simplicity of collection, and its equality of distribution. When taxation is placed on production, as it is now, the effect is to lessen wealth, since the government is "stealing" part of the rightful earnings of labor and capital by fining industry and productive effort. Not only would a tax on land, inasmuch as it is in the form of economic rent, fail to check production, but it would actually tend to increase it by making the speculative holding of land unprofitable, this latter practice being the cause of recurring periods of industrial depression. Ease and certainty of collection are important attributes of the Single Tax. Since under the present system part of the public revenue is collected from taxes on land, the machinery existing for that purpose might easily be used to collect all the economic rent needed to defray the expenses of the government. Furthermore, the taxes thus collected can not be passed on to someone else but are paid directly by the land owners. The value of land is easily ascertained and its existence can not be hidden. Thus all temptation for corruption and fraud is removed and the government would be free from the demoralization that attends the present scheme of taxation.

The justice and equality of the proposed reform have already been shown. Instead of the government appro-

priating private property, the individuals who enjoy the use of land, pay the government for the protection and service they receive from it. What could be more just or democratic? Every year in the city of New York alone the government gives away \$500,000,000 of economic rent, a value which it has itself created! Is it a wonder that one class lives in luxury while the other has only bare necessities?

Let us consider briefly the changes that would be wrought by the institution of this noble reform. With the removal of the great weight of taxation from the shoulders of industry, the production of wealth on an undreamed of scale would be made possible. By the destruction of land monopoly and its ever-mounting unearned increment, labor and capital would receive their full and just share of the produce, and all people would be able to enjoy the decencies of life. With the establishment of an equitable distribution of wealth, the fear of want and pauperism is removed; crime would lose its main incentive; and human selfishness would be reduced to a plane where it might become possible to "love thy neighbor as thyself" and thus bring universal peace nearer to realization.

The reader might now say: "This theory looks convincing enough on paper, but will it work out in practice?" As a matter of fact the principle of Single Tax, as advocated by Henry George as a remedy for increasing poverty amid advancing wealth, is being actually tried out in New South Wales. Although only a young nation it boasts such wealth and general prosperity as bespeak the benefits of an equitable economic distribution.

I close with the sincere wish that this great nation may eventually adopt the simple reform advocated by Henry George and thus lead the work in a movement for freer and happier humanity!

## The Charitable Collector

"MADAM," he said, "I wish to draw your attention to a poor family. The father is dead, the mother is too old to work, and the children are starving. They are about to be turned out in the street, unless someone pays their arrears of rent, which amounts to £5."

"How terrible!" said the lady. "Here is the money for the rent. By the way, may I ask who you are?"

"Certainly, madam, I'm the landlord."

—*Progress*, Melbourne, Aus.

WHAT does the Single Tax contemplate? Taking from a man that which is his own? On the contrary, it insists on absolute respect for such possession, which, under our customs and laws, is so ruthlessly disregarded. It proposes to disturb no title and to bring no confusion by its beneficent arrangement.

—WILLIAM LLOYD GARRISON, Saratoga, New York, 1890.