

THE NEW POLITICAL ECONOMY

By John B. Sharpe

When a request is made to us, as often happens, for a selection of our pamphlets giving a concise yet comprehensive explanation of our aim and object, the packet sent in response always includes the *New Political Economy*, by Mr John B. Sharpe. No more satisfying statement of what is essential for a first grasp of principles and policy could be offered to the inquirer or possible "convert." It is the report of a carefully prepared address given by Mr Sharpe before the Young Men's Civic Club of Pittsburgh, Pa. The province of Political Economy is discussed and the questions it must answer and does answer are immediately suggested. It is shown how the economists of the schools distorted, when they did not ignore, the teachings of the science and constructed in their stead a barren maze of complexity, a morass of despair and an apology for the poverty that festers in the midst of plenty. There is no denying the influence of vested rights and special privilege upon the expression of thought in the high places of learning. From the schools Socialism got its "iron law of wages," and that idea, held fast by Lassalle and Karl Marx, could give no hope but in the State appropriating the means and instruments of production. Towards the closing years of the last century Henry George, in an exhaustive examination of these teachings, conclusively demonstrated their fallacy, thus cutting the ground at once beneath the feet of the Socialist and the orthodox economist. The Socialists were forced to restrict the economic basis of their doctrine to the theory of "surplus value" while the economists took refuge in the shifty and evasive theory that wages are not governed by any particular law, but are determined by various contributory factors.

We are passing quickly through the first 16 of Mr Sharpe's 24 pages. No one who reads them can fail to be impressed by the persuasive argument in which he reveals the truths that Political Economy, faithfully studied, has to teach. This, in a word, is the *New Political Economy*; it says boldly that poverty is the result of artificial restrictions; the tendency of wages to decline arises from the existence of a fundamental wrong in social institutions. In our lesson we learn the meanings of the terms: land, labour and capital; the clear distinction is drawn between real and spurious capital; the law of rent and its correlative the law of wages are explained; and the understanding leaves no doubt about the cause of industrial distress.

The final part of the pamphlet goes into the heart of the land question and ends with a masterly exposition of the case for land value taxation. This we print in Mr Sharpe's own words:—

Property in Things

which are the product of labour, and property in land, rest upon widely different principles. That sacredness which attaches to property in the products of human labour, the fruits of human exertion, has never attached to property in land.

We carry the principle of the sacredness of private property, in its true form, so far as to declare that what a man produces is his by so indefeasible a right that no government, even, can justly take from him one jot or tittle of it to defray the expenses of the community, so long as there is a value created by the community, such as the rental value of land, which may be applied to that purpose. It is the fundamental vice of socialism, that in determining the right of the community to control the means of production, it fails to distinguish

between capital, or property in the products of labour, and

Property in Land,

and stands for the sovereignty of the State as against the sovereignty of the individual in the sphere of individual action.

Man is a bundle of wants and desires, he is also a bundle of muscles and nerves adapted in their organization to produce the things necessary to supply those wants and desires. That which he draws forth or produces from the storehouse of Nature through the instrumentality of the one, he has a right to apply to the satisfaction of the other. His right to it springs from his right to himself, and it should be his as against all the world. But

No Man made the Land.

It is the free gift of God—or Nature, as you will—it was intended for man—not some men or a few men, but for all men. It is the reservoir from which all wealth is drawn. Man himself springs from it, is nurtured by it, must live upon it, and without it cannot live at all. The right to land is as sacred as the right to existence itself. It is a common, equal, and inalienable right, and cannot rightfully be bartered away by princes or parliaments.

These fundamental principles, which form the moral or philosophical basis of the theory, accord with, indeed are but corollaries from

"The Law of Equal Freedom,"

which is the law of social equity, or, as Spencer calls it, "the law of right social relationships." This law of equal freedom—for the maintenance of which governments are instituted and alone justified—declares that every man has the freedom to do all that he wills, provided he infringes not the equal freedom of any other man. But if some men may seize upon the bounties of nature and deprive other men of access to them, except on condition of yielding up a share of what they produce, in exchange for the mere privilege of producing, the law of equal freedom is violated; and is so, whether such right of dominion be privately arrogated and enforced or be conferred and maintained by the power of the State; for there are certain rights that inhere in the individual and are anterior to the State—the right of freedom of access to the means of life provided by the Creator being the most vital and fundamental of these. On the other hand,

The True Right of Property,

that right which justly may be asserted as to things produced by labour, and which is felt, if not always acknowledged, even by the veriest savage, is violated by the private appropriation of rent, since it empowers some men to share in the fruits of other men's labour

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Not only have all men an equal right to land, but as we have already seen, the value which attaches to land in civilized communities, and which makes city lots worth hundreds of pounds a foot front, attaches to it by reason of the growth and general progress of society. It does not result from any effort on the part of the individual owner, for we see that it attaches to land, often in the highest degree, upon which the owner has never done anything.

The Right of the Community

to this value is clear and indefeasible.

Putting aside the evil consequences of the private appropriation of rent, to which I have referred, consider for a moment the position which the mere landowner occupies in the industrial economy of society; discover, if you can, what service he performs that he should share so largely in the earnings of labour. The humble toiler brings his strength to dig and delve, the artisan furnishes the cleverly wrought products of his craft, the professional man brings his patiently acquired skill and technical knowledge, the capitalist furnishes means which assist and facilitate labour. But the landlord, does he furnish land? On the contrary, he stands between the land which God made and the great mass of God's children, and forbids them access to it except on condition that they give up all they produce save little more than a bare subsistence.

Now do not infer that we have any quarrel with landowners as individuals; landlords are not a whit more responsible in this matter than are other members of society. The private appropriation of rent is not an individual wrong, it is an institutional wrong, and if I speak of landlords in the course of my discussion it is merely for convenience of statement and presentation, not that we bear them the slightest antipathy. It is

The Institution that we Arraign,

not the individual.

Nor is rent in itself an evil. Those deplorable tendencies and wretched social conditions, the origin of which I have tried to indicate, do not spring from the existence of rent, but from the private appropriation of rent; from the giving to some men of the power to charge other men for the use of what Nature intended for all.

Rent can no more be abolished than can the force of gravitation. It springs from the very nature of man and his relation to the earth; the evil which is associated with it arises from its perversion.

To Remedy this it is Proposed

to abolish all taxes upon labour and the products of labour, and upon commerce and the processes of exchange, and to concentrate all taxes upon the value of land, thus relieving industry of the unjust and oppressive burden it now bears, and restoring to labour through forms of public expenditure that share of its product of which it is now unjustly deprived. And this, it is shown, can be done without creating any new machinery of government or disturbing the existing order of society.

The effect of this would be to throw open to labour vast natural opportunities now held out of use for speculative purposes, while it would cause those who continued to hold land to put it to a productive use. There would be no inducement to hold it for speculation, for as rapidly as the value of land increased so rapidly would it be absorbed by the increased tax. Thus no one would care to hold land unless he wanted to use it.

As a result, labour would be able to obtain free

Access to Natural Opportunities

of much greater productiveness than are available to it under existing conditions. And since the rate of wages of common or unskilled labour depends upon this margin of production, rising as it rises and falling as it falls, wages would be proportionately increased. And to raise the wages of labour of the lowest class would be like lifting the base layer of a pyramid—it would raise all other wages.

The revenue from the taxation of land values being ample to defray all the expenses of government, and labour and the products of labour being exempt from all taxation, would leave to the labourer the full reward of his exertion.

The rent paid to the community, in the form of a tax, by those who monopolized valuable land, would simply express the value of the superior opportunity which they were permitted to enjoy to the exclusion of others who had an equal natural right to it, and, in addition, would serve to secure among labourers an equality of advantage.

The Tax upon Land Values

would stimulate improvements, owners would seek to put land to its fullest and best use. There being no taxes upon improvements or commodities, houses and all commodities would be cheaper. A tax upon houses, or anything that is the product of labour, increases their price, and is paid by the user or consumer; while a tax upon the value of land decreases its price, and is paid by the owner. This very important distinction, this difference in the incidence of taxation, should be constantly borne in mind. To ignore it is to fall into a common error that vitiates so much reasoning upon the subject of taxation.

Mechanical invention and the development of the arts and sciences have so transformed industry, complicated its processes, and diversified the production of wealth, that the equal right to land has not only been obscured, but the primitive methods of securing it rendered impracticable. We cannot divide the land and give to each one his share, and even if this were possible, the child born to-morrow would have a valid claim that would have to be met. Some portions of the land also being more productive or desirable than others would give to some an undue advantage; but even if we could equalize advantages, the shifting population would soon produce inequalities in value, for in civilized communities it is

The Presence of Population

that gives value to land; while influences which are ever at work under commercial conditions would soon shift it back into the hands of the few. And, further, in order to obtain the best results, to develop organization and stability of industry, security of possession must be had.

Now the means which we would adopt—the appropriation by the community of the rental value of land by taxation—would not only secure to everyone his right in the land, but would secure it in a manner consistent with its best use; all would share in those values which are the product of communal growth

THE NEW POLITICAL ECONOMY

Address by John B. Sharpe before the Young Men's Civic Club of Pittsburg.

Every advocate of Land Value Taxation should make use of this Pamphlet.

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