

Community-Creation or Justice?

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HOW VALID is the common assertion that "the community should collect ground rent because it is community-created?" How can a community create ground rent? The origin of ground rent is here our first subject of inquiry—the danger of using the "community-creation" theory is then demonstrated and, with justice shown to be the objective, a valid and sufficient reason is offered for giving the community sole claim on ground rent. In ground rent we include (a) economic rent for sites used in production of wealth and (b) rental value for sites used for other purposes or not used at all; we exclude rent for improvements.

Two facts need to be recalled concerning the origin of ground rent. We know (1) that sites differ in productivity for purposes of wealth production and differ in desirability for purposes of satisfying other desires. We know also (2) that people try to acquire use of the most productive and otherwise desirable sites in order to receive satisfaction of desires with the least personal effort and thereby obtain a maximum return from life. The combination of these two facts gives rise to ground rent.

As fast as wealth is produced, the natural ownership is shared immediately and instantaneously by the laborer who exerted the labor, the capitalist who provided the capital (if any), and the landowner who gave permission to use the site. These shares of the wealth are termed wages, interest and rent. What subsequently happens to the ownership of the shares is beyond our immediate consideration.

In the process of production of wealth does the *community* create anything? Let us use the word "community" to designate the total of all people living within any appropriate political boundary. The community as such does not actually create any of the wealth or any portion of the wealth. The laborer does that; the other members of the community take no active part in this function. The community has no existence apart from the individuals who live within it. It has no muscles for physical work—no brain for mental work. How can a non-physical entity create anything? The community as a community does not create the wages or interest shares of wealth, nor the rent share, hence cannot claim it on the basis of *creation*. Similarly, the community as such takes no part in the rendering of personal services on sites utilized in that manner.

Nevertheless, a community is a *prerequisite* to the existence of ground rent, the indicator of exchange value for sites. In fact, a community is also a *prerequisite* to exchange value of *all* wealth. The community as a whole does not create exchange value and bestow it as a favor which may be withdrawn at will. Exchange value arises for something when at least two people want it and are willing to exchange their human energy or products of labor to obtain it. The actions of individuals seeking to satisfy their desires with the least effort create all exchange values, not only for land but for goods and services as well. If this creation of exchange values by those *particular* individuals who perform economic functions in the market place is to be the basis for *all individuals* collectively (as a community) to claim the exchange value of sites, it is logical for all indi-

viduals collectively to claim the exchange value of everything else that has exchange value. We can reject this conclusion only by recognizing the error in the premises on which the argument is based.

To claim (justly) anything from anybody, the individuals of a community must offer something in exchange. What can they collectively offer in exchange for the claim on ground rent? For them to have anything at all to offer, we must assume that all individuals in a community possess an equal right to use the best sites. To attempt to exercise that right would obviously lead to conflict that could only end by reducing the community to a single individual. On the other hand, if all other individuals give up to the users their equal rights to the preferred sites, the users are obligated to give something equivalent in return. That equivalent is the amount by which their sites are more desirable than the poorest sites in use, expressed as ground rent.

When the users of all sites better than the poorest in use put into a common fund the annual rental value (ground rent) of the sites they occupy and the fund is utilized in conformity with the principle that all members of the community have an equal interest in the fund, all individuals in that community receive practical equality of treatment regarding use of the earth.

It is an unfortunate but common error to stress the "collection of rent from landowners," as if it were an objective and not just a means to our objective. The idea connoted is that something that belongs to landowners is to be taken from them. This is an inconsistent implication that should be avoided. The idea that should be conveyed, consistent with the concept of justice, is that landholders owe a fair compensation to their fellow citizens for the privilege of monopolizing a preferred portion of the earth's surface or extracting its treasures such as oil and coal.

When government functions are simplified and limited to those that provide justice among individuals (to the extent that government can do so) in the jurisdiction, all such individuals should bear an equal share of government expense. It is practical and natural, then, that the common fund be taxed by government and used to meet necessary government expenses. Questions regarding the adequacy of the fund are irrelevant until the principle is fully applied and government functions are trimmed to be in accord with justice. Government that operates to insure equality of freedom among individuals and equality of sharing in the superior offerings of natural opportunities, is government in accord with justice.

By giving a false reason for advocating a just reform the just reform becomes harder to establish and those who use the false reason do the cause of justice and themselves a great disservice. Claiming ground rent for the community is no mere fiscal reform but a means for obtaining justice. Let us advocate *justice* first, last and always. Justice is defensible. Justice is our objective. Establishment and proper use of the ground rent fund is one of the principal means for obtaining justice for all individuals in regard to access to the earth for all functions of living.