

## HOPELESS NOMENCLATURE.

This layman, who happens to be an architect, often wonders what sort of a thing it is which so-called tax experts visualize when they speak of the "tax structure?" If architects had learned no more about the building structure than these experts seem to have learned, or are willing to divulge, about the tax structure, he doubts if there would be a building standing today. People would not abide such a structure. Who can explain why people should continue to put their property and their lives in constant jeopardy of the collapse of so shaky a structure? Is it because they really can find out so little about it; or because, despite instruction in schools and colleges, their minds are preserved in fateful ignorance?

Lacking any sign of fulfillment of youthful expectations, this particular layman proposes to

record some of the results of his personal reflections on the subject of taxation. He is led to do so because of the queer, inconsistent, contradictory, and frequently asinine situations he has observed from time to time in connection with taxation. Time does not permit of his doing a thorough job of it, but such as it is, it may be sufficient to give to people who relish absurdities reason for many a laugh, albeit tinged at times with exasperation, indignation, and profound wonder. Some of it may even be squandered in allusions to the seeming ignorance, or cunning, of reputedly wise and great men.

The first thing which a frank inquiry into taxation reveals is that it is hopelessly involved in a crooked nomenclature. So crooked in fact that it conceals from the vast majority of people a whole set of facts and conditions which are of vital importance to them. For instance, what people carelessly or ignorantly speak of as a tax on land is not a tax on **land**, either with respect to its extent, its quality, or its location. Neither are the things which they speak of as "land value," or a "tax on land value," what these terms purport them to be.

Certainly, people are not talking about the value of **land** when they say that an acre of land

in the country is taxed a dollar, and an acre of land in the city of exactly the same terrain and quality is taxed a thousand dollars. Nor are they talking about the value of land when they say that certain land, both in the country and in the city, is taxed a thousand dollars, when the land in the country is of a hundred times the area of the land in the city. Nor are they talking of the value of land when they say that the land of Manhattan Island, which neither has changed nor increased since before the time of the Indians, is taxed many millions of dollars now, and was not taxed anything then.

People who think and speak in this fashion must have something else in mind when they talk about the value of land. It is with no intention to be impertinent to say that if they hope, or expect, to solve problems in taxation, it would be well for them to be as sure as possible that they know what it is they are talking about. To do so, suppose they leave the everlastingly trite phases of the subject for a spell and tackle this very question: What is this thing called land value? Such an investigation should be truly "educational," as they say today, and might be highly diverting.

For example, what if these people should discover that the term "land value" does not con-

note the value of "land," but is a very deceptive title for the value, or price, of a legally recognized rigmarole which accords a certain special kind of privilege? What if they should discover that this privilege, strangely, is granted by law to citizens in certain circumstances, privately to appropriate sums which are paid to them by other citizens for the opportunity to enjoy advantages provided and services rendered by the entire public? Would they, in such case, hesitate to infer that these privately appropriated sums belong to the public, and that they should be turned over to the government as the public's agent?

What if these same people should discover that the so-called **tax** on this impostor, "land value," was not a tax at all (except in certain circumstances to which reference will be made) but that it is the misleading name for **only that part** of these privately appropriated sums which the government, as the people's agent, takes in lieu of taxes? If they should discover this to be true, would they be willing to entertain the idea that the government somehow was derelict in its duty, because it does not take the **total** of these sums in lieu of taxes, and by so doing reduce taxation by that amount?

If the reader never has heard of these ideas,

that alone is really nothing against them. There are a lot of ideas of which many of us never have heard, which nevertheless are true. With taxation in its present state of utter confusion, it will not be wise to avoid looking into these ideas simply because we never before have heard of them. Who would not like it if some way were discovered by which the government could be financed more generously than it is now, without any taxation whatever? Let people who think they would fancy such an arrangement be good sports. Let them be willing to "try anything once,"—even thinking, which for some people is not without its pleasures.

To begin with, how does it happen that these terms, "land value" and "land value tax," come universally to be accepted on their faces, when they give no clue to their real identities? To inquire into this anomaly leads the seeker after truth into fresh pastures untrodden, it would seem, by many economists, tax experts or governmental officials. There, he comes upon confusion worse confounded. There, he meets with two other terms, commonly used and as commonly misunderstood, which, if he be not wary, will lead his cogitations into many an unsuspected bog.

For example, ask any business man and he will

tell you that the services rendered by Labor are paid for in Wages, and that the services rendered by Capital—that is, such things as machinery, vehicles, tools, etc.,—are paid for in Interest. But ask him what he would call the payment for the services which a **building** renders, and he is likely to be uncertain. In all probability, he will seem not to understand that a building, in all instances, is the very same thing in essence as machinery, vehicles, tools, etc., except that it is more securely attached to the ground. That, therefore, payment for the services which a building renders is interest also.

The average business man does not discriminate between the building which required an expenditure of labor and capital to construct, and the "land" which did not. He does not seem to realize that buildings and the locations upon which they stand are affected differently by the same economic causes, hence, fundamentally are unlike. Evidently, the Astor family has a lively appreciation of how differently they are affected. It seems to have realized that the actual location upon which a building stands is itself impaired by having the building upon it. While this family is supposed to hold titles to large sections of New York City, according to common report it never builds, and upon expiration of leases to locations to which it holds ti-

bles, requires the demolition of buildings which its tenants have built.

The compensation received for the service of a building which is erected on a leased location, sometimes is referred to as "interest on an investment," but more frequently, the average man is the victim of a silly habit of combining a building with the ground on which it stands, of calling this combination "real estate," and the sum which is received for the services which this combination renders, "Rent." Ignoring the difference between "land" and buildings, he becomes involved in many unavoidable ambiguities.

It is necessary to flag attention here to fix in mind something approaching a scientific terminology. The need is great if ideas are to become clear. Colloquially, the terms to rent, to lease, and to hire, are used indiscriminately. To illustrate: payments for benefits to be obtained by possession of a location on the "land," of a house, a boat, a book, etc., is spoken of as Rent. This term is not used in connection with human labor, payment for which (whether of hand or brain) is called variously, wages, salary, commission, pay, fee, etc. The term to lease, in similar fashion, is used in connection with "land," a house, a boat, etc., when pay-

ment usually is called Rent; but this term is not used in connection with a book or human labor. The term to hire infrequently is used in connection with "land" or a house, more often with a boat, seldom if ever with a book, but it is commonly used in connection with human labor. Payments for the use of any of these things go by the various names mentioned. Perhaps the vaguest term in general use is the term profits. It is used to denote any part, or all, of the payments received for the use of any, or all, of these things. It is a term the meaning or implication of which cannot be isolated with any scientific accuracy whatever and becomes utterly irrelevant in discussions of economic questions.

Solely in the interest of clear understanding, why should the student not be willing to accept a clean-cut terminology (if he can find one) in which the terms express single, mutually exclusive ideas? For lack of a better, or at least until it is found to violate the above specifications, why not adopt the following? Payment for human labor of either hand or brain is Wages, whatever form it may take. Payment for the use of capital however employed (buildings being one of its commoner forms) is Interest. Payment for the "use of land" (that is, for the privilege of enjoying the advantages which en-

hance the utility of locations on the land) is Rent.

**Rent, therefore, is payment made merely in order to benefit by the advantages which surround and affect a specific location on the land and which insures exclusive possession of it.** For after all, all that "land" is good for is to afford a place where people can live and work. Whether it be a place where they can erect a building, or a place where they can cultivate the soil, or fell timber, or mine minerals, or take fish from the deep, or transport themselves and the products of their toil by land, water or air, or even enjoy the view or climate, "land" (the earth) is the theatre of all of their activities, the only source of their subsistence, their natural and only habitat. To the extent to which access to the "land" is denied them, men perish. If, therefore, the term Rent is confined to the designation of payments which are made for the special privilege of enjoying advantages affecting the desirabilities of specific locations on the "land," confusion may be avoided.

Experience goes to show that the average business man, while venturing agreement on the difference between Wages, Interest and Rent (whenever he comes to understand the mutually exclusive meaning of these terms) is likely

still to have only a hazy idea of the relation of Rent to "land." If he is asked to list the services which "land" renders for which Rent is paid, probably he will be surprised or embarrassed to realize that he had thought of "land" (and by "land," unconsciously, he will have in mind its location) only vaguely as having certain desirabilities. But to the distinct nature of these desirabilities as the reason for the payment of Rent he usually has given little thought and will not be clear.

## ECONOMIC BED-ROCK.

However, let him not be discouraged. Rather, let him be stimulated by a thought once expressed by Nicholas Murray Butler, that "all the problems of the world could be solved easily, if men were only willing to think,"—and let him persevere! Is he not willing to think? Is it not time for him to realize that, if not already, it soon will be essential to the security of life and property in this country that he, or some one, should do some real thinking? What would he deduce from the fact that the desirabilities of locations on the "land" (since fundamentally they determine Rent) fall, naturally, into the three following separate and distinct categories? (The classification here given is an attempt by a layman like himself to formulate certain ideas which have been suggested by the results of the study of various other men.)

I. Into the first category fall all of the mater-

ials and conditions of Nature, the so-called "gifts of Nature." Such things as standing timber, fertile soil, oil and mineral deposits, natural harbors and waterways, natural scenery, a salubrious climate, etc. These things are distinguished as being the product of no man's thought or effort. And, since Nature indicates no preference as between man and man with respect to **these things, in the state in which they exist in Nature**, they should be equally free to be obtained by all men. But, to the establishment and perpetuation of that freedom the fulfillment of one unvarying condition is absolutely essential, namely: that he who actually obtains these things shall fully compensate whoever, either individual or the public, **contributes to the ease with which he obtains them.**

II. Into the second category fall all of the things and services which the labor and capital of individuals, or groups of individuals, in their capacities as private citizens, make accessible to locations—**other than any particular location in question**—which may be of benefit to people who put the particular location in question to use. Such things and services as hotels, apartment houses, theatres, banks, churches, residences, resorts, communication and transportation systems.

III. Into the third category fall all of the things and services which the government provides which, also, may be of benefit to people who put the particular location in question to use. Such things and services as streets, highways, parks, schools, libraries, postal, fire, police and health services, sewer, water, lighting systems.

In explanation of the exception noted in the second category, it may be said that it simply recognizes the circumstance that whatever is done to, or on, the location in question is a liability to it. It lessens its desirabilities as a location, since it restricts the use of the location to certain definite purposes; or requires an expenditure of labor and capital to fit it for other purposes. For example, the desirabilities of a hotel may be enhanced because it occupies a certain location, but the desirabilities of the location itself are not enhanced because it is occupied by a hotel. It might be were the hotel on a neighboring location.

It should be observed also with special care that the benefits embraced in the first category, the "gifts of Nature" (which include locations in cities, towns and country, in the forests, on the fisheries, and at oil, mineral and power sites, etc.), are to be obtained only by resort to the benefits embraced in the second and third cate-

gories, that is, the works of private citizens and the works of the government. Failure to perceive this circumstance derails judgment and wrecks an important train of thought.

The foregoing analysis seems to indicate that the holder of title to a given location, purely and simply as holder of title, does nothing, and can do nothing directly in connection with it to enhance its desirabilities merely as a location on the "land." He may build a great building there, or may simply keep the grass cut, yet whatever he does will enhance the desirabilities only of **other** locations in the community. But he will do this as an employer of Labor and Capital (his own or that of others), not as holder of title to a location. **Merely holding title to a location on the "land" produces nothing.**

In his role of law-abiding citizen and possible frequenter of the premises he does, certainly, enhance the desirabilities of the location. But, on the average, he does so only in proportion as do other citizens. The mere presence and activities of people enhance the desirabilities of all locations in a community. These results follow, whatever reputations men may have, however socially minded or philanthropic they may be, whatever helpful services they may render to their communities, however trustworthy and

successful they may be in their business relationships—thus affording examples of manhood and citizenship for all to emulate. It is true that certain men, by their work, by their characters, attainments and accomplishments, (whether they hold titles to locations or not), do contribute special desirabilities to all locations in their communities. These virtues are social as well as personal assets. But no man contributes more than another to the desirabilities of the location to which he holds title, merely because he holds title to it.

This analysis is not intended to alarm holders of titles to locations with the prospect of losses greater than those from which the large majority of them now suffer without their knowing it. Nor is it intended to add to the worries of governmental officials over their budget-balancing (which, if a pun be pardoned, may be defined as the clever manipulation of a governmental financial statement, so devised that those who are responsible for it can budge it in any direction which suits their purposes). Neither is it intended to disturb the seemingly hopeless cogitations of sociologists and economists, on what are the proper number of hours for people to work, on what constitutes a "living wage," or on what are the smallest cubicles which it is decent for the lowest-income-bracket classes to

inhabit. From present indications of an utter absence of general interest in fundamental issues, these people may gain some comfort for the present from the fact that it still may be a little while before the steadily increasing social and economic unrest will force them to change their present customary pursuits. When that time comes, however, it may be too late for them to deal effectively with conditions which lie below the surface manifestations of fundamental disorder.

On the contrary, this analysis is intended to suggest that an appreciation of the import of the three categories into which the desirabilities of locations fall might help those who are interested to understand and to solve economic problems. It is intended to point out that Rent is determined by the relative desirabilities of locations. Also, that individuals, as holders of titles to locations, on the average, have no more to do with producing the desirabilities of the locations to which they hold titles than have other citizens of the community. Hence, that these title holders are not any more entitled to appropriate the Rent than are other citizens.

The issues here discussed are all involved, directly or indirectly, in the great question which underlies them all. That is, the question of the

**proper distribution of wealth**—of which the apportionment of the “tax load” is an important and constant factor. The sane adjustment of the issues involved in this most important question is the bed-rock upon which alone can be built the social fabric which was pre-visionsed in the Declaration of Independence: “We hold these truths to be self-evident; that all men are created equal; that they are endowed by their Creator with inherent and inalienable rights; that among these are life, liberty and the pursuit of happiness.”

## THE PART RENT NOW PLAYS.

People who pay Rent for the privilege of putting locations to use receive certain benefits common to all citizens which result from the disbursements by the government of that part of the Rent which the latter takes. What becomes of that part of the Rent which the government does **not take**; and what benefits do the people who pay it receive from it, are questions crying for answers. Yet they seem to be of no concern of the government. Nor do they seem to be of any interest to economists, social workers, business men or the mass of the population.

Occasionally, some among the latter evince a sense that there is something wrong with this arrangement, because when they want clearly to identify it, they refer to the "unearned increment." (This, by the way, is an unusually honest use of words in connection with the sub-

ject of taxation.) Instead of making a thorough inquiry into the disappearance of that part of the Rent which the government does **not** take, the people meekly submit to the imposition of a thousand and one taxes on every kind of industry and enterprise. These taxes appear in the form of licenses for the privilege of doing business, of penalties for owning or buying things, or even for having an income or a good time. The people seem not to know that these taxes are exacted of them to make up the deficit incurred by failure of the government to take the **total** Rent. By some strange quirk of the moral perceptions, this generally is accepted as perfectly honest business practice when applied to public affairs.

However, the point specially to be noted is that that part of the Rent which the government takes is, properly, not a "tax" on any one. It is payment for services rendered. Certainly, it is not a tax on wealth to which, according to any principles of honorable business practice, holders of titles to locations can lay claim. Actually, it is nothing but that part of the Rent which is paid by people who put locations to use. This Rent pays for the opportunity to enjoy the accommodations and services which the people and the government make possible and provide for all citizens alike.

If Rent is nothing but Rent—that is, if it is nothing but payment for services rendered by the public and the government—then that **part** of the Rent which the government takes cannot, at the same time, be a tax on something called “land value.” Because Rent and “land value” are not the same thing. It is perfectly evident that the government now does take part of the Rent in the name of “land value taxes.” It is evident, too, that the latter term is misleading when it is observed that of whatever sum the difference between the total Rent and that part of the Rent which the government takes is six per cent (or whatever the market rate of interest) that sum is the so-called “land value.” This difference between Rent and “land value” is verified, also, by the fact that while “land” itself does not change, this thing called “land value” varies as the proportion between the total Rent, and that part of the Rent which the government takes, varies. It is all very well to have a name for that part of the Rent which the government takes, but, in all conscience! the name should give some indication of the nature of the thing it is supposed to designate.

For example, if the Rent of a given location is \$80, and the government takes \$20 of this Rent as “taxes on land,” or “taxes on land value,” the \$60 difference between these amounts is

six per cent of \$1,000, which is the so-called "land value." If the government takes \$30 of this Rent, reducing the difference to \$50, the so-called "land value" falls to \$833. Or, if the government takes only \$10, increasing this difference to \$70, the so-called "land value" mounts to \$1,166. From this it appears that the more Rent the government takes, the less becomes this "land value;" and the less it takes, the more becomes this "land value." But the "land," in its geographical location, extent and quality remains ever the same. It would be well to take a moment to let this idea sink in. Whether of rock, sand or clay, whether high or low, wet or dry, fertile or barren, the "land" does not change, except as it is affected by natural causes over longer or shorter periods of time. It should be noted that the term "land value" commonly is used indiscriminately with the term "price of land." So the change in what people regard as its "value" or "price" must be due to causes which are not inherent in the "land" itself.

Men do, of course, change the character of land by transporting good soil to areas of poor fertility, by fertilization, by irrigation, by excavating rock, draining swamps, clearing timber, etc., but the value which accrues from these operations is a labor value, not a "land" value, in the

accepted meaning of the term. It is an individual, not a social contribution to the utility of a location on the "land." The price is the price of the individual labor required for these operations, not the "price of land." In fact, nothing, **in the state in which it exists in Nature**, has either value or price. But the privilege of getting it, or of getting at it, has both value and price, because both involve an expenditure of labor.

Air, for instance, has neither value nor price, but were it bottled up, the privilege of getting some of it to breathe would have whatever value or price (measured in equivalents of labor) any one considered life to be worth. The value or price of the privilege to get, or to get at, anything in the state in which it exists in Nature is measured by Rent. But as every one should know, Rent is not the same thing as the value or price of "land."

It is an amusing enigma that business men should act as if they believed that increasing the "price of the land" on which they expect to do business or use in any way, is an aid to them in reducing the costs of production and distribution of their wares, or promotes "prosperity" and the general welfare. Yet, as each period of business activity hits its stride and the "price

of land" begins to soar, these business men begin to cheer!

Another amusing circumstance may as well be mentioned here. While that part of the Rent which the government takes is, in a way, comparable to a tax on Rent, holders of titles to locations seldom if ever speak of Rent, or a tax on Rent, when it comes to a discussion of taxation. Indeed, they are likely to show a rather sudden resentment if the coincidence is cited. They make perfectly free with complaints about taxes on "land," "land values," "real property" or "real estate," which they are supposed to own. Is it possible that this is so because they feel that these complaints will win them a popular sympathy such as no complaints about taxes on Rent (were its nature generally recognized) would ever win them?

At any rate, that part of the Rent which the government takes seems lost to popular view as Rent. Due to the hocus-pocus of taxation and its tricky terminology it becomes a "tax"—a "tax" on an anomalous and spurious thing called "land value." For example, if the so-called "value" of a piece of "land" is reckoned by tax officials to be \$1,000, and for expedient reasons the tax rate is fixed at two per cent, then the "tax on the land" (as the tax on the "land val-

ue" commonly is called) will be \$20. But, in all Simplicity! this is the very same amount as that part of the Rent which the government takes.

To forestall the objection of some captious critic that the above illustration is not true to the facts, it is at once acknowledged that tax officials seldom if ever levy the tax on the total "land value." They employ another confusing circumlocution. Although the law requires that the tax be levied at the "true valuation" of the "land," customarily it is levied on some fraction of that amount, averaging perhaps 50 per cent. Tax officials with tongue in cheek swear to uphold this law; the people as docilely permit them to disregard it. Thus, the attention of many people still further is diverted from a consideration of the true nature of Rent and Taxation.

Rent it seems has a way of assuming its own proper name only when it appears in its original role as payment for the privilege of putting land to use. It masquerades as "land value taxes," "real property taxes," or "real estate taxes," whenever it falls into the hands of the government. These last two terms are double disguises, since it is not revealed on their faces whether the taxes are levied on their accomplice, "land value," or are levied also on build-

ings and other works of Labor and Capital which are produced in the process of putting land to use.

It would be helpful if some among the studious group of people who make a show of trying to unmuddle the taxation muddle would explain this interesting circumstance to which reference has just been made. Taxation would become much more comprehensible to the ordinary man if Rent always went by its right name. However, comprehension of taxation on the part of the ordinary man may not be the aim or the responsibility of these busy people. At any rate, the less that is generally known about it, the less will be the likelihood of an attempt to do away with taxation as a method of obtaining public revenue. This method, it seems, is perfectly adapted to the private appropriation of Rent without promoting popular clamor against it. It tends to confine the popular clamor to the amount and the kind of taxes with which the people are burdened.

If Rent always went by its right name, business men might see that it would be "good business" for them to find the answer to this question: Why is it that the government, which now takes only part of the Rent in lieu of taxes, does not take it all under its own rightful identity? This

should interest business men who have a reputation, whether deserved or not, for keeping a close watch over their cash registers, and who are made anxious by the uncertainties of taxation. If by any chance they should find the answer to this question, they might be encouraged to go further and, perhaps, discover a way to relieve themselves of the burden of the thousand and one taxes now levied upon articles of manufacture and trade, upon buildings, automobiles, amusements, incomes, inheritances, etc. Also, of the burdens of all of the costs and annoyances of governmental espionage. Officials charged with the responsibilities of government might escape for good and all from the embarrassment of having to guess how to balance budgets which now periodically afflicts them. As for the average citizen, he might find a way to freedom and an unanxious life.

## THE PART RENT SHOULD PLAY.

Doubtless, there is many a man who has "put money in land," as the saying is, who will claim that if the government should take all of the Rent, either as a "tax on the land" or as just plain Rent, it would destroy what he calls the "value of the land," or the value of his "investment." In this he would be right. But if he is of a mind to face the truth, he would have to admit that the thing which he claims to have bought, that is, the "land," still is at his disposal and he may put it to any use that pleases him which is not anti-social. Furthermore, he may rejoice in the knowledge that "his land" is less destructible than anything else he could have bought. It will not decay, burn up, be stolen nor run away.

However, if he "bought the land" with no intention of himself putting the land to productive use, let him be cautioned! By his own ad-

mission he offers what would appear to be convincing evidence that it was not the "land," as land, that he bought. Rather, it was the opportunity to harvest that part of the Rent which the government might **not** take as a "land value tax"—wealth which he would obtain at the expense of other people. It might be unkind to press this view upon him.

Let it be hoped that this situation may receive closer scrutiny in the future than it has in the past, and that it may receive this scrutiny in the not far distant future. Should this happen, it is likely that this misnamed thing, "land value," will be acknowledged for what it is and will be called by its right name, verily, the price of a privilege; a privilege privately to appropriate the people's Rent; a privilege which at present, for some people, conveniently is nameless in governmental and business circles. This re-naming of the thing called "land value" cannot be effected too soon, since it would do wonders in keeping the people informed and ever-mindful that all of the Rent comes from the labor and capital of those who put locations to productive use; and appears only at locations so used. Rent must be paid from the proceeds of human labor, hence, is produced only at locations where human labor is expended. The people should know

what Rent is. The following definitions may help to that end.

**Rent is payment for the advantages of social and governmental contributions to the utility of provisions of Nature.**

To relate this definition more directly to the immediate subject matter, it may be stated as follows:

**Rent is payment, not for the use of "land," but for the privilege of benefitting from those works and activities of people and government which make locations on the "land" usable—which make these locations desirable as places for human beings to live or work.**

Conditions and materials in their natural state have only utility. They have no value. It is the labor which enters into the processes and products which arise from their use that gives value to these things.

Hence, the only honest "land value" in the world is the value which is produced by the labor that is expended in doing something with, or to, the "land." This genuine, legitimate "land value" is something very different from

the fraudulent and crafty, financial and taxation device which (in common and even supposedly scientific parlance) goes by that name. When this fact comes to be generally understood, then, and only then, is it likely that people will see the reasonableness, and the good business judgment, in requiring the government to collect the Rent in full. When that time comes, and not before, will the people join in a campaign to promote such a governmental policy.

That title holders should turn over to the government the full amount of the Rent which they collect, is the kind of an obligation that business men should be able to understand. In other circumstances they would feel that it is one which holders of titles to locations on the "land" should discharge. Indeed, that it is an obligation which the government should see that they do discharge. Were all of the Rent collected into the public treasury, the abolishment of all taxation would follow as a matter of course. Thus, an end would be made to the cruel gambling in the prime necessity of life—access to the earth and to all of its resources; gambling which now cloaks itself under the respectable name of an "investment in land." Then, the turmoil caused by taxation would be over.

On the other hand, until people in general and title holders in particular come to understand what Rent is—that it is not a “tax,” but an **honest payment for services rendered by society**—this turmoil will go on. It will go on because holders of titles to locations on the “land” will continue to fight for reductions in “land value taxes.” Their justification for doing so will rest, naturally, on the fact that they are being taxed on that which (as the very act of taxing them suggests) is acknowledged to be their property.

If the question arises as to the sufficiency of the Rent to finance the government, as naturally it may, probably it would be agreed generally, if mistakenly, that the sole support of government comes from taxes of one kind or another; that is, that taxes alone finance the benefits indicated in the third category previously mentioned, the benefits of government. Incidentally, this is not true, because where the location is in use, the so-called “land value tax” is not a tax. There, it is merely a part of the Rent (since it is taken out of the Rent) collected at that location. Where a location is not in use, the “land value tax” happens to be “a chestnut horse of another color.” It is a tax all right, but it is a tax on the industry of the title holder at some other location.

But with the exception of that part of the Rent which is collected at locations which are in use, the government is entirely financed from taxes of some description. Now, in contrast to this source of tax funds, most people probably would agree that the source of the Rent fund is to be found in payments which are made because of the desirabilities of locations as indicated in all three of the categories previously mentioned. To refresh the memory, these three categories embrace the freedom to obtain the "gifts of Nature;" the advantages and services provided by individuals in their capacities as private citizens; and for the advantages of the protection, works and services provided by the government. At present, only a small part of the Rent is taken by the government under the name of a "land value tax." Unless the "majority opinion" of the members of some "law-making body" has been able to over-rule the laws of mathematics, the whole still is greater than any of its parts, and the demonstration that the total Rent would be sufficient to finance the government would seem to be convincing.

Some people question whether at the present time, and at the present rate of public expenditures, the Rent would be sufficient to carry and retire the huge existing public debts; debts which so largely are the result of extensions of

public services far beyond the needs of populations. These debts have provided immediate capital for heavy outlays for long time improvements. The sufficiency of the present Rent for this purpose would be a matter of some difficulty accurately to determine. But if the present Rent should prove to be insufficient for this purpose, in addition to providing current governmental funds, it could be supplemented by what truly would be taxation; taxation which (to be distributed equitably) should be levied upon holders of titles to locations which were in use. These title holders then would pro rate this taxation, as circumstances warranted, among tenants of these locations in proportion to the amount of Rent each tenant turned over to the title holder.

However, with the savings resulting from the abolishment of all present taxation, it would seem that the need for this special taxation should quickly disappear. Especially, in view of the large economies possible to be made in the conduct of government, and the impetus to the production of wealth which would follow the relinquishment of titles to unused locations; locations which otherwise would be put to use on payment merely of the annual Rent. At any rate, the insufficiency of the Rent to finance the government is not an argument against the gov-

ernment's collecting all of the Rent there would be in existence; nor for allowing holders of titles to locations on the "land" privately to appropriate any part of it.

It has been deduced that the total Rent would be sufficient to finance the government. Also, that under a businesslike system of public finance holders of titles to locations would pay the total Rent to the government. From this it should not be inferred that the entire support of the government would devolve upon these title holders. On the contrary, automatically, such a system would insure a contribution from every citizen in support of the government, in proportion to the benefits which were available to him at the locations where he might choose to live, work, or attend to his personal affairs. All citizens must live, work, and attend to their personal affairs somewhere.

The enjoyment of publicly provided benefits accompanies men wherever they go—as on the soles of their feet. As Lincoln said of the nature of our government, so may it be said, that, due to its very nature, Rent is **of, by, and for, the People**. This has a different and deeper significance than saying that the Rent "belongs" to the people. It means that Rent is part and parcel of their social being. It is neither exterior

to, nor separable from, their group existence. Therefore, wherever and to whatever extent the citizen enjoys public benefits, he should yield the Rent (which arises from his inescapable relationship to the group of which he is a part) to the people's agent, the government. He should do this, since to deprive the government of the Rent is to betray and to injure the People. It is truly inconceivable that the vast majority of citizens should not welcome the proposal to turn all Rent over to the government, did they fully appreciate that Rent is the lifeblood of society.

To illustrate the situation: a tenant of a building would pay for the accommodations afforded him by the building in which he had space. This payment would be interest on the labor and capital invested in the **building**. In addition, as tenant of the **location**, he would pay to the holder of title to the location which the building occupied, his proportionate share of the Rent for the benefits which the people and government made available to all tenants of the building, and contributed to the desirabilities of the building's location. This Rent would be turned over to the government by the holder of title to the location, together with his own share of the Rent, which would be paid for the enjoyment of the social and governmental services

that made the location a desirable place for the building to stand.

Thus, would every individual citizen contribute to the support of the government in proportion to the desirabilities of the location on the "land" where he lives or works. By his very choice of a place to live and work (because of the Rent which attaches to its occupancy,) would he decide for himself how much he would contribute to the support of the government. Governmental officials would not be called upon to tell him how much he should pay to the support of the government, which now practically is what is involved in taxation as a governmental financial policy. Obviously, any governmental division which held its expenditures within the total of its Rent earnings would have no reason to fear bankruptcy or financial embarrassment.

"LAND," RENT, DEMOCRACY.

The constantly reiterated definition of Rent as payment for the use of land, and the evils which result from the failure of the government to collect the Rent, has led many people to regard the correction of social and economic ills, fundamentally, as a "land" question. Much has been written in support of this view. It lies at the root of the communist and socialist insistence upon "governmental ownership of land." Even where socialists do not go so far as that, it convinces many of them of the necessity of "governmental control of the land." All of these ideas lead to the theory of "planned economy" as essential to the establishment of a classless social order and presuppose some form of "collectivism."

In practice, these programs, unavoidably, would require governmental control and regulation of "land use." They call necessarily for ever-increasing numbers of governmental officials,

whose wisdom is assumed (by themselves, at least, and in defiance of the vagaries of the weather, and the predilections of human beings) to be sufficient to decide for millions of people, what land and how much, men shall use; what kind and extent of crops men shall plant and harvest; when, and at what prices their crops shall be marketed; where, how and at what expense men and their families shall be housed. But this is not merely the control of **land**; it is the control of **men**. It is the **antithesis of democracy**. As has often been said, and never successfully denied,— "they who control the land, control the lives of the men who must live on the land."

In contrast, the perception and understanding of Rent as payment for publicly provided social benefits reveals the possibility of a true democracy, based upon the principle of an intelligent "individualism." It would consist of a society in which the citizen would seek, naturally, those conditions which would increase the total Rent. He would be alive to the fact that in common with all of his fellow-citizens he would share in the benefits resulting from the disbursement of the Rent. In his own selfish interests he would jealously guard against the use of land anywhere which would tend to reduce the total Rent.

Relieved of all taxation, and of the necessity of "buying the land," (if he really understood the nature of Rent) he would feel the stirrings of a new ambition to improve and better equip his farm, to replenish the soil, and to extend his buildings. In cities, none would be tempted to seek personal advantage by despoiling a fine residential section with a pioneer apartment house, or with gas stations on every corner, or to build a cheap building in a high-class business district, since these would reduce his share of the Rent obtainable from the entire community.

Where every man's selfish instinct would drive him to improve conditions, in order that his own share in the benefits resulting from the disbursement of the Rent would thereby be increased, the demand for "zoning laws" would falter, and present "blighted areas" and "slums" shortly would disappear. The part that Rent should play in any rational adjustment of governmental finance is almost wholly obscured by the emphasis given to "land;" especially in a period in which the belief is so prevalent that "land" properly is subject to private ownership. In the exercise of a new-found freedom, men's innate selfishness would direct them to a greater wisdom in the accomplishment of a constant-

ly improving social order. Thus, the problem of social and economic welfare becomes essentially a **Rent** problem, not a **land** problem.

Human existence obviously is so utterly dependent upon "land," that, all through the ages, people have inferred that their social and economic welfare, therefore, is dependent upon some peculiar **apportionment** of the "land" among them. Their knowledge and experience tended to harden this inference into conviction. There has been no work of general historical importance but has ascribed the movements, the conflicts, the prosperity or distress of people to circumstances having to do with the apportionment of the "land"—as being in some way related to prevailing customs associated with "land ownership," or with the "control" of the use of "land." They have either heard of, or become familiar with various "land" policies; with colonial policies, with agrarian policies, and with little, local "real estate policies."

"Land," they have learned, has been held in common, has been held in trust, has been divided up and parcelled out, has been privately or governmentally owned, has been bought and sold—and mortgaged. They have known that "Land" has been rented for cash, or for a part

of its yield,—there have always been “sharecroppers,”—and some have learned, to their sorrow, that “land” has been **taxed**. Certain people have wanted it heavily taxed, more heavily, at least, than it is taxed today; others have wanted it taxed not at all. One after another, trials of these policies (as remedies for social and economic ills) have come and gone with the fortunes of wars of major or minor importance. Nations and individuals constantly have fought over the apportionment of “land.” Histories are full of stories of such fights between nations; law books, of accounts of such fights between individuals; while newspapers regale readers with reports of bickerings, assaults and murders, over “land.”

Some people, it is evident, have had more “land” than they knew what to do with; others there are who have craved a plot of ground, but who have had to go without any, although surrounded by vacant rural acres or urban lots. Cities, states and nations seldom have had enough “land” for their own use, and in their efforts to obtain areas for needed streets and buildings, customarily are “held up” by their own citizens. Some people have “made money,” as they say, because they cultivated the “land” or built on it; others have been equally fortunate because

(due to luck or good judgment) they failed to do either. Still others, (incredulous, no doubt) have had their natural incentives and inclinations quieted by money paid to them by the government for **not** cultivating the "land." On the other hand, (unless some instance has been overlooked) no one has been so favored for not building houses on the "land." Whole populations have lacked decent "housing," for want of a place on the "land" where it could be built. In view of such circumstances, and many similar ones, is it surprising that one should ask: Does any one know what to do about the apportionment of the "land?" Has any one ever been thought wise enough, by any considerable number of people, to say **who** should own, or control the use of the "land"—where, how much or little of it, or for what period of time?

In view of the circumstances, social harmony and economic peace, evidently, are not to be attained by viewing the "land question" as one to be answered by some theory or scheme of "land" apportionment or taxation. It must be viewed strictly as a question pertaining to the actual use of the "land," and to the conditions which make the "land" usable. There may be differences of opinions as to the best use of particular kinds of "land," but these differences do not result in nationalistic wars or personal

fighters. They are settled amicably in accordance with the best advice available; and they encourage the seeking of expert advice. All rejoice over the works and activities of people and government which enhance the "land's" usability, and which make use of it. All recognize and appreciate that these works and activities proceed from the natural desires of men to further their own individual interests; and their accomplishments universally are applauded. There is no hostility here. Men accept the fact that other men know what they want to do with, or to, the "land," and that the latter think they know how to do it. Perhaps not equally well, but men know how to plant and to reap, how to fell trees, to get minerals from the earth, to build roads, bridges, buildings, and to construct communication, transportation, lighting and power systems on the "land;" and to engage in innumerable other enterprises, with no more aid than they are willing to seek, or can afford to obtain. All men realize that these enterprises contribute to the general social and economic welfare; that they promote peace and prosperity.

Is it not significant, therefore, of a mistaken approach to problems of social and economic welfare that, after all the years of discussion of the "land question," no way has been found for men to engage in such pursuits without constant

harassment? That there has been found no generally satisfactory and acceptable answer to this condition called the "land question?" Is there reason, now, to hope that the "land question" is nearer settlement than at any time in the past? Can one imagine fresh light being shed on this subject?

How different appears the problem of social and economic welfare, if considered as a Rent problem. Rent is a product with which people are perfectly familiar. Everybody either pays it out, or takes it in. Whether plant crops succeed or fail, and whatever the conditions of weather or soil, Rent flourishes wherever men find benefits in association; and it flourishes more and more abundantly as their association extends. It is only where that mythical man is found, who lives and works entirely apart from his fellows (an impossibility today) that Rent fails to appear. Yet the uniqueness of this obvious circumstance would appear to be hidden from the perceptions of statesmen, governmental officials, economic specialists and the common variety of business-man. Few—how few!—among them ever seem minded to inquire how Rent comes to be; who prepares the "land" for it, who plants it, who cultivates it, who reaps it,—and, what becomes of it.

The Rent question offers a field of research which holds promise of surprising results in the interest of mankind ; if for no other reason than because it is virgin, and is free from the pitfalls of taxation and the "land question." Circumstances justify the hope that here is to be found the solution to the riddle of want amid plenty ; the cure for the senseless strifes of Labor and Capital ; the secret of a true Democracy, a government of free men.

## RIGHTS, PRIVILEGES, OBLIGATIONS.

What in the light of reason, and in the interest of social welfare and individual economic security, are the rights, privileges and obligations of holders of titles to locations? A man exchanges a sum of money for a legal title to a piece of ground. He puts this document in his safe and regards it as one of his prized possessions. No one may put this location to use except by his permission and on his terms. He himself may put it to use or let it lie idle as he may choose. He alone has the right to determine how it shall be used. It is no one's business but his own from whom he obtained his title, what it cost him, or, if he acts within the law, how he shall exercise this right. So long as he obeys all legal prescriptions of public order and safety, the government, as the people's agent, will protect him in the exercise of this right.

It would seem almost unnecessary to say, in speaking of holders of titles to locations, or of Labor and Capital, that references are not made to separate and distinct classes of people. They are made to separate and distinct classes of **interests**, one or all of which may attach to any person in varying degrees. These classes of interests are the three present sources of incomes, namely: Wages, in return for labor of hand or brain; Interest, in return for capital invested in things or processes which aid Labor in production; and Rent, which is payment for the public's enhancement or extension of the utility of locations on the "land." Today, the law grants to individuals, to the degree in which they are holders of titles to locations which are in use, the privilege of retaining a large part of the Rent.

Less than half of the population holds titles to the areas of land in this country. Consequently, less than half of the population possibly can obtain any part of the Rent. Since only about half of the areas of cities, and less than thirty per cent of arable lands are in use, the possibility of obtaining Rent is limited, probably, to not over a quarter of the population. But, considering the number of people "gainfully employed" and their estimated incomes, it is evident that for only a small proportion of this

quarter of the population does Rent form any appreciable part of their incomes. Any Rent which the larger proportion of title holders obtains is more than offset by the taxes which owners of these incomes have to pay. It has been estimated that not over five per cent of the entire population "make money" because of the legal arrangement which permits the private appropriation of Rent. For the rest of the population (who have no idea of the total amount of the taxes they pay) it would be vastly to their advantage did they pay rent to the government and were relieved of all taxation.

It is to be observed that the "land" is just as well adapted for building on it, for cultivation, for digging oil wells, or for any other purposes to which land can be put, whether one man, another, or no man at all, holds titles to locations where such work is done. But, as for the desirabilities of locations, they are due not to the fact that men hold titles to locations, but wholly to the conditions which Nature, individual citizens, and the government create around them. And Rent, as cannot too often be repeated, is the payment which men are willing to make solely to provide themselves with the advantages which these conditions prepare. In the circumstances, can there be question that the Rent should be spent in providing these conditions?

Can there be question that the Rent should be paid, not to individuals, as holders of titles to locations, merely because they hold titles, but to the people's agent, the government, to afford the means to prepare these conditions?

By purchase of title, a man signifies (at least by implication) that he desires to put some location to use. For that, in Nature, is all that land is good for. He may want to cultivate it, to build on it, to extend an area already in use, to develop it as a private estate, to hold it in readiness for some future use to which its peculiar desirabilities especially adapt it—or simply to hold it idle for reasons which seem good only to himself. But, be the purpose whatever it may, a properly attested public record that the title belongs to him, places upon him an obligation to the rest of the people which honorably he cannot shirk. This obligation is fully to compensate the government in the people's behalf, for the protection and for all of the other services which the public provides, in order to make the location a desirable place for people to live or work.

Therefore, unless a man desires to surround himself with the particular conditions which Nature, the people, and the government set up around a location of his choice (conditions which

he thinks are worth to him the full amount of the Rent) there is no selfishness in the world which could induce him to accept the obligation of paying all of the Rent to the government simply to hold title to the location. Such title would possess neither legal value nor other magic to afford him any other satisfactions. Any location which today is not being profitably used, or is occupied only by a "taxpayer" (a cheap structure intended only to yield enough to cover the "real estate tax") would be put to profitable use, or the title to it would be relinquished. This would happen because, if the government took all of the Rent, the only possible gain from holding title would have to come from the wealth which an expenditure of labor and capital could produce at the location in question. Relinquished titles would open new frontiers, frontiers which today are supposed to have disappeared, to other people who might care to assume the title and the obligation of paying the Rent for a place where they could go to work for themselves.

It surely is a mystery, that in all of the searching for ways to reduce, or to end, unemployment, none of the search-leaders ever seem to take a look up this alley. In extenuation of this oversight, let no one spring the hoary old chestnut that "everybody couldn't go to farming."

whenever this particular way is proposed for opening up the land for people to use. There are plenty of other things besides farming to be done on the land, and most of them are done in the cities. To hear some people talk, one would suppose that there was no "land" in the cities. Yet, there are acres in some cities where Labor and Capital produce, and pay, more in Rent alone, than they can produce on thousands of acres of the best agricultural land in this country. It is the activities of Labor and Capital which produce the wealth from which Rent is paid, and it is the conveniences in the cities which add so tremendously to their efficiency in the production of wealth.

It is as absurd as it is inconceivable that any one should think that an individual or group of individuals (even when organized as a government) can own any part of the earth and charge other individuals for using it; or to claim exclusive possession of it without compensating in full all who have had a hand in providing the improvements and services which alone make such possession desirable. All people must live on the earth if they are to live. If they can get at it, they may live as well as their own efforts make possible. If, due to long deprivation of the freedom of access to locations on the "land" people today are so inexperienced as to be un-

able to take care of themselves, there is charity enough in the world to assist them with money or otherwise, or the government may so assist them. But that is a matter for sociologists to deal with when freedom of access to the earth has been restored to the people, and need not be discussed here.

On the other hand, it is demonstrable that the people as a whole, as society, do own the **Rent**. To collect the Rent is the business of the government. It has been demonstrated that it is not necessary for either individuals or the government to own the air channels of the radio service, in order that the government may collect Rent for their use. The government now does collect this Rent in the interest of all of the people. In the same way, the governmental collection of the Rent of locations on the "land" is all that is necessary to insure to every individual his share of the benefits of government which would come from the disbursement of the Rent paid for the advantages available at these locations. The privilege of using locations would be granted to any one who would accept the obligation of paying the market rate of Rent for the protection, accommodations and other services which the people have made accessible there. Payment for the benefits which the government furnishes is no more to be regarded as

Taxation, than is payment made for services rendered by private citizens. Rent is payment for public services voluntarily accepted, and its payment to the government constitutes an essential act of patriotic citizenship.

It is the duty and responsibility of the government to see that the obligation of every holder of title to a location to pay the full Rent is discharged. There can be no reasonable objection in the minds of honest men to the government's acceptance of this duty and responsibility. That governmental protection and services are worth the total Rent is clear, since this identical protection and these identical services are all that holders of titles now make any pretense of offering for sale. As a matter of fact, it is for the benefits which these things supply that tenants, now, pay the Rent in full; but they pay it to title holders, not to the government.

These tenants would be as little likely as are purchasers of other accommodations, to pay more for the things they buy than they consider them to be worth. Yet, strange beyond belief! in addition to this Rent, tenants go on paying a list of taxes longer than even tax experts themselves could fully enumerate without "extensive research,"—if they could then. How may one adequately characterize this perform-

ance? To the supreme absurdity of it, the people and their representatives in government appear to be blind. At least, it seems neither to shame nor to amuse them.