THE NEW POLITICAL ECONOMY

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THE ideas that there is a necessary conflict between capital and labor, that machinery is an evil, that competition must be restrained and interest abolished, that wealth may be created by the issue of money, that it is the duty of government to furnish capital or to furnish work, are rapidly making way among the great body of the people, who keenly feel a hurt, and are sharply conscious of a wrong. Such ideas, which bring great masses of men, the repositories of ultimate political power, under the leadership of charlatans and demagogues, are fraught with danger; but they cannot be successfully combated until political economy shall give some answer to the great question which shall be consistent with all her teachings, and which shall commend itself to the perceptions of the great masses of men. It must be within the province of political economy to give such an answer. For political economy is not a set of dogmas. It is the explanation of a certain set of facts. It is the science which, in the sequence of certain phenomena, seeks to trace mutual relations and to identify cause and effect, just as the physical sciences seek to do in other sets of phenomena.—*Henry George.*

It requires reflection to see that manifold effects result from a single cause, and that the remedy for a multitude of evils may lie in one simple reform.

—*Henry George.*

THE NEW POLITICAL ECONOMY

THE word economy, in its derivative sense, means "house-law," and signifies, ordinarily, the wise regulation and prudent management of the affairs of the house for the good of the whole family. In this sense it has come to be applied to that larger family, that greater household, the State. To distinguish these two applications we speak of the former as "domestic" economy and of the latter as "political" economy. Nor is this latter application wanting in fitness, for, after all, what is this round old earth, with its vaulted ceiling and its tapestry of green, but a goodly habitation into which we are born, and to which we are in our time and turn heirs. The fertile valleys and the verdant sunlit plains, what are they but the choice apartments? And the great reservoirs of coal and iron and other useful natural deposits, are they not but the storehouses which a beneficent Parent has filled in lavish abundance for the common benefit of His children?

It is the province of political economy to indicate those means of orderly adjustment by which this rich inheritance may be most amply and equitably enjoyed, securing to the individual the largest measure of material welfare and to the State the highest degree of prosperity. It seeks to determine those laws by virtue of which nations become rich and flourishing, or fall into impoverishment and decay. It has to do with poverty and riches, with want and affluence, and all those problems which arise out of the ceaseless expenditure of human effort in the production and distribution of what we call wealth.

The problem of the Eighteenth Century was the production of wealth, how to increase the quantity of the good

things of life; the problem of this century is how to distribute them, not equally, but equitably.

The most pressing social questions of the day all have their root in this deeper question of the distribution of wealth.

The problem of production was beset by no such difficulties as is that of distribution. The former had to do with mechanical laws and the adaptation of physical means to physical ends, and was met by the inventive genius of a few men. The steam engine, coupled with the spinning jenny and the power loom, solved the problem of production.

The question of distribution, however, has come to be looked upon as the problem of the age. It is largely a moral and social question, it has to do with justice and equity, is bound up with law and custom, and is interwoven with the whole social fabric as it has developed out of the past.

Why is it, that with wonderfully increased powers of production the struggle for existence is becoming more intense; that amid a multitude of labor-saving inventions which transform with the rapidity of magic the crude materials of nature into myriad forms of beauty and utility, the masses of men are still burdened with a weary round of ill-requited toil; and that wages, in spite of temporary advances, steadily tend to a bare living; that, however much they may rise for a time, as in an era of great material development, and while we are wooing the virgin soil of a new continent, the ultimate and inevitable tendency is downward?

This is the question, it has been said, which the Sphinx of Fate puts to our civilization, and which not to answer is to be destroyed.

What answer does the current political economy give to this question? Does it hold out to the wage-worker the possibility of bettering his condition? Is there anything in its teachings calculated to inspire hope in the masses struggling for a foothold in life? On the contrary, the current political economy, in spite of its renunciation of some classical errors and its endeavor to assume a more sympathetic attitude towards the toiling masses, still remains one of the bulwarks of the prevailing system of distribution, and the most fruitful source of those arguments employed, not only to deprive the poor of hope, but to discourage all philanthropic effort for the betterment of their condition. The brutalities of Culture are among the curiosities of civilization. When Greek art was in the zenith of its glory Greek philosophy made slavery to exist as a law of nature. The Romans, who were vastly inferior to the Greeks in all matters of intellectual taste and refinement, and incapable of being even their disciples in the domain of art deluded themselves with no such pretence. With the Romans, slavery rested upon the fortunes of war, servitude was a consequence of capture. Hard and unfeeling as it was, this idea of slavery, compared with that of the Greeks, does honor to the Roman character. And it is not impossible that the future historian, in comparing the institutions of our day with those of a ruder period, may regard the existing system of economic servitude under the forms of political liberty and the teachings we employ to justify it, as more dishonoring to our boasted civilization than the institution of chattel slavery itself.

But, "Society, like Nature," says Castellar, "devours what it can no longer use," and so this sombre and hopeless political economy, against which the heart and the conscience are in revolt, is destined to be repudiated by the

intellect. Academic conservatism and respectability alone perpetuate it. In its teachings the rankest abuses fortify and panoply themselves, while to the student it has become but a barren maze of complexity. Take up any journal devoted to this science and glance over the discussions. You will be reminded of those hair-splitting controversies of the medieval schoolmen, who laboriously discussed such questions as how many angels could stand on the point of a cambric needle. Is it any wonder that our generous-minded youth as soon as they escape from the university kick the whole thing aside?

When one contemplates the fruitful labors of that great author, Adam Smith, who is justly called the father of political economy, and considers what he achieved for the welfare of mankind by the publication of a single work, one is only the more amazed at the present incoherent state into which this science has been conducted.

The whole force of Smith's great abilities, however, was directed against the obstacles that impeded trade and the restrictions that hampered commerce. Had those who came after him obeyed with the same courage the spirit that animated his inquiries and the principles that guided him in his investigations, far deeper truths would have been revealed, and political economy would not have been doomed to become fossilized.

The almost sacred veneration, however, in which many forms of vested right and special privilege had come to be held, caused the custodians of this new science not only to avoid conclusions that militated against these forms of injustice, but to incorporate in its teachings doctrines that apologized for their existence and even argued for their perpetuation. This prostitution of political economy to the service of special privilege and institutional wrong rendered

it impotent to deal with the vital problems which confronted it, while the teachings of Malthus, resting upon it like a dark shadow, conducted it at last into a morass of despair.

Carlyle in his day called it the dismal science, and indignantly hurled against it the fierce rhetoric of that volcanic jargon with which he dazzled and bewildered his generation.

The Economists of the schools declared that poverty persisted because population tended to increase faster than the means of subsistence; because the number of mouths to be fed tended to increase more rapidly than the means of satisfying them; and this in the very face of the fact that wealth was being multiplied with such rapidity that the common difficulty was not to supply a deficiency of good things, but to get rid of an abundance; that the great problem with the captains of industry was not how to cope with demand, but how to avoid what is called an over-production.

They taught also, as a corollary of the foregoing Malthusian statement, that the rate of wages depended upon the ratio between the number of laborers and the amount of capital devoted to their employment; that capital tended to increase in a less ratio than the number of laborers, and that, as a consequence, wages must tend to the point at which laborers would obtain but a bare living.

This was called the "iron law of wages."

The economists perceived accurately enough that the tendency of wages was to decline. Their error lay in attributing this tendency to natural law, and regarding it as fixed and inevitable.

By specious reasoning and unwarranted assumptions they attributed to laws of nature some of the most lament-

able evils that afflict society, disregarding in their inquiry deep-seated social wrongs and maladjustments that from their nature must inevitably produce the very evils in question.

It was this "iron law of wages" that gave a scientific basis to socialism. Lassalle, who preached and popularized what Karl Marx had formulated in theory, declared to the working men of Germany that he was versed in all the teachings of the schools, and that there was nothing in the science of political economy to give them hope; that a law as immutable as the laws of the physical universe determined them to irremediable poverty, and that their only hope lay in collectively appropriating the means and instruments of production. Lassalle was intellectually honest, and as he accepted this iron law of wages he also accepted the conclusions drawn from it by irrefragable logic. Granting that this law of wages had its basis in natural law there was no escape from the logic of socialism. But the economists, as the apologists for the existing order of things, shrank from accepting these conclusions; while the privileged classes, and that still more numerous class who do their thinking largely through their sympathetic nerves, sought solace and security in proclaiming that poverty was divinely ordained, and that all that could be done here was to apply the dole of charity and point the way to a distant and better world where things, somehow, were to be evened up.

One cannot but marvel that so many of those who are seeking to evangelize the world should still fail to see how little better than idle it is to talk to men of the existence of a beneficent Creator, while teaching them that those conditions, under which they are compelled to bid away a larger and larger share of what they produce in exchange for the

mere privilege of producing, are part of the divine plan.

Toward the closing years of the last century, Henry George, in an exhaustive examination of these teachings of the economists, conclusively demonstrated their fallacy, thus cutting the ground at once from beneath the feet of the socialist and the orthodox economist. The socialists, deprived of what had long served them as a most destructive weapon in their warfare against the existing order, 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, such as: "The cost of producing the laborer;" "The laborer's standard of life;" "The ratio of the labor force to the employing fund;" "The residuum left from the other contributive shares;" "The specific productivity imputable to labor," etc.

This theory of wages was contrived by the economists to fit the existing industrial system in which labor has become a commodity; it is based upon the economic dependence of the laborer, and can have no shadow of validity in a just and equitable order of society. It has no relation whatever to the natural law of wages, as I hope to show, but is an artificial theory formulated to harmonize with things as they are, and to justify a system of distribution saturated with injustice.

Although the economists contend there is nothing in their present theory of wages to preclude the laborer from receiving an "economically sufficient wage"—whatever that may mean—yet they are obliged to admit that he is unable to command an equitable share of the product; but they attribute this to the laborer's "relatively weaker position in industrial bargaining as compared with the capitalist

employer." They would have us believe that this inequitable division of the product and the dependent condition of the laborer, are owing to a natural and legitimate advantage which capital gives to its possessor; whereas they are owing, as we shall see, to an artificial and unjust advantage based upon a morally illegitimate legal privilege, upon private dominion over the natural means of production, to the existence of laws that rob humanity of its birthright, and send the masses of men forth into the world disinherited and dependent upon the few for permission to toil. Capital employed in the purchase of a special privilege or any form of monopoly in natural resources ceases to be capital in an economic sense. The value of a piece of land is the value of the monopoly of a natural opportunity, of its use and yield present and prospective. The return that it gives is the profit of monopoly and not the earnings of capital. On the other hand the value of a machine is a capital value and depends on what it would cost to reproduce it. The return that it gives is the earnings of capital and not the fruit of monopoly.

Land is a fixed quantity. Machines may be multiplied indefinitely.

Capital, as I purpose to show, has no power to oppress labor or impair wages; on the contrary, it functions in a way that tends to strengthen the economic position of the laborer and secure to him, automatically, his full share of the wealth produced.

The socialists, clearly perceiving that the economists' present theory of wages is as hopeless for the wage-earner as the old wage-fund theory, and finding themselves baffled at every turn in their efforts to find a way of escape from the ever-tightening coils of the existing system, seek

to cut the knot by putting men in leading-strings to "a brainless abstraction called the State."

They fail to perceive that the natural source of all wealth being locked in private possession gives rise to the economic exploitation of labor; that this is why the wage-earner tends to become what in their terminology they call a wage-slave.

There is nothing to be gained, however, by opposing socialism with mere denunciation. There was a time when socialism was a mere nebulous vision, but that day is past. From a vague ideal that for centuries flitted through the minds of men, tincturing the teachings of the Fathers of the Church and the sages of philosophy, it has developed into a theory armed with all the logic of the schools, and boldly challenges its opponents to open encounter in the arena of scientific discussion. Accoutered as it is, it stands today the most powerful of all the forces that menace the existing order of society.

Nor can it be doubted that it is largely owing to the bankruptcy of scholastic political economy, to the impotence of its teachings in face of the relentless industrial strife that is intensified as material development goes on, that socialism, in spite of its revolutionary character, gains such widespread acceptance among cultivated minds.

For the problem presses for solution.

With all our remedial legislation and ingeniously devised palliatives, the dark shadow of poverty thickens, and the rising tide of industrial discontent surges against the barriers of society.

The new political economy to which I am about to invite your attention repudiates the idea that the tendency of wages to decline has any basis in nature, has any natural justification. On the contrary, it teaches that those condi-

tions under which laborers in competition with each other bid away an increasing share of what they produce, in exchange for the mere permission to labor, and which ultimately results in their accepting an amount barely sufficient for their subsistence, are the result of artificial restrictions; that the tendency of wages to decline arises from the existence of a fundamental wrong in social institutions; that it prevails solely by reason of man-made laws that violate the natural order and thwart the beneficence of the Creator.

Let us take a brief lesson in this new political economy. If we analyze production we find that there enter into it three factors, land, labor and capital, or, more strictly speaking, two factors, land and labor, capital being merely the stored product of labor which is employed to facilitate production. Land is the passive factor of production, labor is the active factor. Labor can produce nothing without land. The buildings that shelter us, the clothing that protects us, the tools with which we labor, even those beautiful objects of art the contemplation of which fills us with a strange and exquisite pleasure, and those dainty fabrics the threads of which are drawn like gossamer and whose tints rival in delicacy the hues of nature—every material embellishment of life indeed—aye, the very substance of our bodies, all are drawn from the land.

Land, labor and capital being the factors of production, all wealth produced is shared by them. Now, if, as production advances, wages, the share which goes to labor, and interest, the share which goes to capital, decreases, it is evident that rent, the share which goes to the landowner, must increase. The most obvious facts go to sustain this inference. We have but to look around us to see that the very index of increasing production, of advancing wealth, is not increase of wages or interest, but the increase of land values; that

while wages and interest are gradually declining as a proportion of the wealth produced, rent is gradually advancing. Rent, following in the wake of advancing production, ultimately swallows up all the increase in wealth which springs from the increased skill and efficiency of labor and the invention of labor-saving machinery.

What is rent, how does it arise, and what is the law expressing it? When I speak of rent I use the word in its economic sense, as the price paid for the use of land alone, not what is paid for the use of buildings and improvements. Buildings and improvements are the products of labor and therefore fall into the category of wealth or capital. What is received for their use is properly interest, though in common speech we use the term rent to include what is received for the use of both land and buildings.

Rent was first investigated in its relation to agriculture, and it is in this direction that the law expressing it is most easily apprehended. Approaching the subject from this point of view, it may be said that rent is the value of the surplus which lands of superior productiveness yield above the produce obtained by an equal application of labor or capital from the least productive lands in use.

I might illustrate this by supposing a period of early settlement in this region, and that the land along the margin of the Allegheny river would produce thirty bushels of wheat to the acre with the ordinary application of labor, while the land on the heights above the river would yield only fifteen bushels. Now, while population remained sparse and there was an abundance of the more fertile low land to be had free, the growing of wheat would be confined to the low land, and the wages of labor would be the full amount of the product, thirty bushels per acre. But suppose that with the advance of population all this more productive land

has been taken up and is owned, and that the demand for wheat has so increased that it becomes necessary to resort to the cultivation of the less fertile upland which remains free; is it not clear, that if the laborer by working on the more fertile land in the valley below could produce thirty bushels with the same application of labor that on the high land would produce only fifteen, he would just as willingly cultivate the more fertile low land and give fifteen bushels per acre to the owner as cultivate the high land and retain all that he produced? The fifteen bushels which labor would pay to the owner for the privilege of cultivating the more fertile land would be rent, and the wages of labor instead of being thirty bushels per acre, as before, would now be reduced to fifteen, while the owners of the superior land would be enabled to appropriate half of its product without performing any labor of cultivation whatever.

Land that would yield in produce any surplus above what was required to pay the labor and capital employed in cultivating it would have a rental value. Such land as would yield barely enough to pay the labor employed in cultivating it we may assume would be free, since there would be no advantage in owning land for the purpose of hiring it which required all that it would produce to pay the cost of cultivation. Under existing conditions, however, such land is largely owned, for the simple reason that men speculate on its future value; they anticipate the growth of population and the increasing needs of the people, and monopolize land in advance of productive requirements, which has the effect of creating an artificial scarcity.

Land, however fertile, has no value until two persons want the same piece. However productive a piece of land may be, so long as there is plenty of equally productive land freely available it will have no rental value. It is only when

population so increases as to give rise to competition for the use of the more productive lands that they acquire a rental value. And just as population advances, just as it becomes necessary to resort to land of inferior productiveness, does there attach to the superior land a value which measures the productive advantages it affords.

The value of land in a city is based on essentially the same principle; that is, the land in some localities is more productive than in others, not in the sense that it is more fertile, but that as a location for carrying on trade or industry, as a site for the marketing of goods or their convenient distribution, it affords superior advantages. Now the superior advantage which one site or location affords as compared with another is measured in rent. The same amount of labor and capital employed in the sale of shoes, dry goods, or cigars on a back street or in the suburbs, if employed for the same purpose on the main street, would be enabled by the superior advantage of the location to sell or exchange a much larger quantity of such commodities. While hundreds are passing on the one street thousands are passing on the other. Thus we see that where population is dense, where there are a great number of human wants to be supplied, the site or location which commands the largest opportunity of supplying those wants will have the greatest value, will command the highest rent.

Every increase in population, every expansion in man's material wants and desires, everything that tends to cheapen the cost of production, to facilitate exchange and extend the bounds of trade, in short, everything that makes for the general progress and development of society tends to increase the value of land.

The building of railroads, or street car and telegraph lines, the construction of bridges, the opening of waterways,

the invention of labor-saving machinery, the utilization of the subtile forces of nature, these do not serve to raise the wages of labor, but to raise the value of land; and the reason they do not raise the wages of labor is because they do raise the value of land. That is to say, the ownership of land upon which wealth is produced carries with it the power ultimately to appropriate the increased wealth which labor produces by the aid of the facilities which I have just mentioned; and just as rapidly as this power enables the owner to obtain an increased share of what labor produces, so rapidly does the value of land increase.

When the Federal Government purchased the locks and dams of the Monongahela Navigation Company and abolished the lockage charges, making navigation free for the great coal fleets, it did not serve to increase the wages of miners or decrease the price of coal, but it caused a pronounced increase in the price of coal land along the Monongahela river.

Man is the serf of Nature. The serf of the Middle Ages was bound to the soil by the feudal law. Nature has decreed all men to be appendages of the land by the law of their physical being. Man cannot divorce himself from the land. His right of access to it may be denied by private ownership, but when so denied he must purchase the privilege or beg it, or cease to live. A seamstress in a tenement-house garret is as truly a user of land as is any cultivator of the soil; buildings can rest only upon land, and it is a notorious fact that the rents which the poor pay are largely ground rents, since the buildings they occupy have usually little value as compared with the value of the land upon which they rest.

It is a common mistake to look upon land as wealth. Wealth is matter which has been mixed with or wrought

upon by labor and made to assume forms or conditions that serve to gratify human wants or desires. Houses, machinery, clothing, all those manifold good things which labor produces are wealth; but land, land is not wealth, no more than a southern slave was wealth. The emancipation of the slave did not decrease the wealth of the nation an iota, it merely deprived some men of the power to take from other men all the wealth they produced except what was necessary to maintain them in physical health and strength.

Land, while it is not wealth, is, however, the source of all wealth, and the value of it in exchange depends upon the power that ownership gives of appropriating a share of the wealth produced on it by labor, just as the value of a slave depended upon the power of the owner to appropriate the slave's earnings. To call land capital, or wealth, is to mistake the source for the substance.

The owner who sold a slave did not transfer any wealth to the purchaser, he merely transferred the power to command the wealth which the slave's future labor might produce; and so the transfer of a title to land that has a rental value does not transfer wealth, but merely the power to command a share of the wealth which labor may produce upon it in the future.

Thus we may see how the private appropriation of rent, this power to lay hold upon and monopolize the storehouse of nature, the bounty of God, the common heritage of man, to which labor must have access in order to live and move and have its being, results in depriving the masses of men of any participation in the increased wealth which springs from the increased skill and efficiency of labor, and the invention of labor-saving machinery.

Further, we may now see that wages, contrary to the teachings of the economists, primarily depend upon what

labor can earn by employing itself upon the most productive natural opportunity open to it free of rent; the so-called "contributory factors," upon which the economists base their theory of wages, being but artificial and incidental influences that can affect the rate of wages only as the winds may be said to affect the flow of the tide.

However sharp competition among laborers may be, it is clear that the laborer will not work for another for less than he can earn by employing himself. On the other hand, it is equally clear that so long as there are two men after the same job, the employer will not pay more than what the man willing to work for the least will take; and as competition among laborers serves to bring wages to a level with what men can earn by employing themselves, it is apparent that whatever restricts the laborer's ability to employ himself, or diminishes the amount he can thus earn, must serve to lower wages. This private monopoly of land does by depriving labor of free access to natural opportunities except at a very low limit of productiveness, where the returns are barely sufficient to support existence. Labor is thus driven to a competition that enables the owners of the superior natural opportunities to appropriate all that labor produces above what it could earn on the poorest land in use.

Not only this, but it withholds inferior land from use for speculative purposes, thus tending to force the point at which labor can obtain free access to land beyond the margin of cultivation, or that limit at which the value of the entire product is barely sufficient to afford the average rate of wages.

The law that wages depend upon the margin of cultivation, or what labor can earn by employing itself upon the most productive opportunity open to it free of rent,

when once grasped, has all the force and clearness of a self-evident truth.

As soon as we clearly apprehend this law of rent and the law of wages which correlates with it, it at once becomes apparent how impossible it is to extirpate poverty as long as private appropriation of rent prevails; so long as some men are permitted to reap where they have not sown and to appropriate wealth which they have had no share in producing.

I would have you see, also, that all those efforts for social amelioration, so excellent in themselves, such as the promotion of temperance, the purification of politics, greater efficiency in moral and religious instruction, the heightening of the civic sense and the political judgment, every aspiration indeed for what is higher and better, every impulse towards what is good and noble that finds organized expression in society, serve but to increase the rental value of land without increasing the wages of labor. Imagine, if you please, a community in which all the citizens were honest, temperate and industrious; in which vice and indolence and immorality were no longer to be found! Would it not be deemed a most desirable place to live, and would not many persons eagerly seek homes in such a community in order that they might enjoy the peace and security and all the good influences that would abound? But what would be the economic effect of all this? Is it not clear that it would find expression in increased rent, that those who owned the land in such a community would charge a premium for the use of it? Manifestly they would. And since this increased price would have to be paid by the laborer out of his earnings, it becomes apparent that the economic effect of such reforms is not to increase wages or lighten toil or mitigate want, but to increase the value of land. And the capitalist

who employed his means in productive enterprise in such a community, would not he also find the rent-taker devouring his returns by increasing demands, and thus rendering him less able to pay even a living wage?

If the material basis of society be rooted in injustice how shall we hope to make its moral foundations sure? Will there not arise distorted conceptions of right and justice and duty? Without adopting in all its fullness the materialistic conception of history, which attributes to the economic organization of a society a determining influence that moulds into conformity with it conceptions of law, politics and morality, yet, is it not apparent to those who analyze social conditions and trace the influences that determine them—influences that frame laws, form custom and mould conduct —that they emanate largely from the underlying economic plane; that from the material basis of society arise forces that leave their deep impress upon every feature of the social fabric, and that even give form and direction to ethical thought and teaching? When wealth springs from special privilege, or unjust economic advantage, the power which it gives is commonly employed to justify and perpetuate the source from which it is derived. Every species of social wrong and injustice that has brought profit to a proprietary class has found its appropriate moral and legal defence. "Law," says Anatole France, "law being instituted for the defence of society cannot be, in spirit, more equitable than society. Just in proportion as society is based on injustice the function of the laws will be to defend and support injustice, and they will seem the more respectable the more unjust they are."

Property in things which are the product of labor and property in land, rest upon widely different principles. That sacredness which attaches to property in the products of

human labor, 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 forms, 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 labor, 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 corrollaries 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 or 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 labor, 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 labor without performing any service in exchange.

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 thousands of dollars 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 labor. 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 labor. 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 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 labor and the products of labor, 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 labor 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 labor 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, labor 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 labor 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 labor 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 labor

and the products of labor being exempt from all taxation, would leave to the laborer 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 laborers 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 labor, 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.

The institution of private property in land is of comparatively recent origin. In England, from whence our laws relating to property are largely derived, the land for centuries was regarded as the property of the people, and was charged with the entire expense of government. The King, in his capacity as the representative of the people collectively, conferred the right to hold land, which carried with it the obligation to make a proportionate contribution to the public needs according to the manner of feudal tenures. The land was charged with the whole burden of the civil, military and religious establishments, including education and the care of the poor, for which the church provided.

Even today the highest title to land in England is tenancy-in-fee, which implies holding and denies ownership. The rise of poverty and the increase of pauperism in England follow in striking parallel the gradual dispossession of the English people of their rights in the soil. In the Fifteenth Century, long before the era of invention and when the productive powers of labor were but a fraction of what they are today, the English laborer enjoyed the highest degree of well-being he has ever known. Those were the days of "Merrie England;" want and involuntary poverty were practically unknown. In 1914, the most trustworthy authorities in that country were united in the opinion that poverty was the portion of thirty per cent. of the English people. Lord Lucas, Secretary of the Board of Agriculture in the British Government, speaking from his place in Parliament on the second of April, 1914, four months before war was declared, said: "It is well within the mark to say that fifty per cent. of the ordinary laborers in the country and their families are underfed. There is no doubt that two-thirds of these laborers are worse off in regard to the purchasing power of their wages than in 1900."

Nor was the situation any better on the Continent.

Premier Giolitti, speaking before the Italian Senate on the 26th of September, 1920, stated that when he was serving as Minister of the Interior, city wage-earners, and above all the rural laborers throughout the greater part of Italy, were not paid enough to live on; that the wages of agricultural laborers were less than one lira a day, and that strikes were started for the purpose of securing an advance of less than five cents in the daily wage.

In January, 1922, according to the *Manchester Guardian*, a reliable authority, the real value of the wages paid to

the farm laborer in England had "thrown him back to conditions as bad as those before the war."

The evil results of the private appropriation of rent that we find so apparent in the Old World, have manifested themselves still more rapidly in the New.

If we turn to our own country, or to other of the newly settled portions of the world, and but glance back over a period covered by the life of men still living, we find ominous changes.

Consider Australia. And if I mention Australia it is that, even better than our own land, it affords an example of how rapidly social conditions have altered, and emphasizes the fact that the question we are considering is world-wide.

In 1830 the *Sydney* (Australia) *Gazette* contained the following:

"While England is groaning under a population for which she cannot provide bread, here is an unmeasured extent of rich soil that has lain fallow for ages, and to which the starving thousands of the North are beckoned to repair. The great want of England is employment, the great want of New South Wales is labor. England has more mouths than food; New South Wales has more food than mouths. England would be the gainer by lopping off one of her superfluous millions; New South Wales would be the gainer by their being planted upon her ample plains. In England the lower orders are perishing for lack of bread; in New South Wales they are like Jeshuron, 'waxing fat and kicking' amid superabundance. In England, the master is distracted to find work for his men; in New South Wales, he is distracted to find men for his work. In England, the capitalist is glad to make his 3 per cent.; in New South Wales he

looks for 20. In England capital is a mere drug—the lender can scarcely find a borrower, the borrower can scarcely repay the lender. In New South Wales capital is the one thing needful. It would bring a goodly interest to the lender and would make the fortune of the borrower. Then let the capitalist wend his way hither and his one talent will soon gain ten and his ten twenty. Let the workhouses and the jails disgorge their squalid inmates upon our shores, and the heartbroken pauper and the abandoned profligate shall be converted into honest, industrious, jolly-faced yoemen."

Nor was this mere declamation, the promise was made good; the miracle was indeed wrought, and for more than a generation it was boasted of Australia that she paid the highest wages of any country in the world. Then, a few years ago, came the announcement that the days of golden opportunity were gone; that in the streets of Sydney and Melbourne thousand of laborers were wandering in idleness, and that unemployment had become a serious and deep-seated problem.

This marked change in conditions could not have been the result of over-population, for the population of the country was only about four million, a mere fringe of civilization on the verges of a continent. It could not have been the result of protection, for New South Wales had long held to free trade. It could not have been the result of free trade, for Victoria had had a high protective tariff for many years. It could not have been the fault of her political institutions, for Australia had led the world in political reform. It could not have been owing to the niggardliness of nature, for that stretch of virgin soil referred to in the article I have just quoted was still practically unbroken. It could not have resulted from any diminution in the productive power

of labor, for the productive power of labor had increased ten-fold since that article was written.

What, then, is the explanation?

In reply, let me quote from the Sydney correspondence of the London *Times* of March 20, 1909:

"We have with us a monopoly of big estates, by persons who neither put the land to the most productive use themselves, nor allow others to do so. It is asking a good deal when people requiring land for settlement are requested to go out in the arid back-blocks, and pass on the way immense tracts of much more productive country that are withheld from occupation merely to enrich further already over-rich individuals."

In these words, so pathetic in their import, the answer to our question "leaps to the eyes." Is it not apparent that wherever the equal right to land is denied, there society reaps the bitter fruit of injustice?

This right to land is clear to the natural perceptions of men, and in all primitive societies has been recognized and in some manner secured. Private dominion invariably began in force or fraud, and the power which it subsequently gave was used to confirm possession and legalize the wrong, while the lapse of time and the increasing complexity of the social organization tended to conceal the injustice. 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 tomorrow 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 every one 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 and progress, while equality of advantage would be maintained in the use and enjoyment of the bounties of nature.

Under this system of economic equity the wealth produced would find a just distribution.

Competition, being truly free as a consequence of the free interplay of natural forces governing the exchange of services, would, in the sequence of economic law, become co-operation. The individual in pursuing his own good would be working out the good of society, the social structure would find its basis in economic justice, and the harmonious development of moral and material progress would be assured.

And now, in conclusion, may I not bespeak a further and fuller consideration of this doctrine, of which I have

given you but a brief and imperfect outline? Above all, do not disregard it simply because it would supersede what is old and established. "Wrong," says Lowell, "wrong, though its title deeds go back to the days of Sodom, is by nature a thing of yesterday. While the right of which we became conscious but an hour ago is more ancient than the stars, of the essence of Heaven."

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