

Fundamental Economics

III

13279

I N S T R U C T O R S

G U I D E

Henry George School
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INTRODUCTION

This guide is not a abrupt departure from past methodology of instruction. Rather it has been written to meet the needs of instructors who have wanted some new ideas and more contemporary teaching materials. The purpose of this guide is to blend the traditional with fresh and more meaningful materials.

Although the basic course has been conceived of as a ten week course, it may be taught as a "mini-course" in five week periods. During the first five sessions new methods and materials are introduced to better present George's principal ideas; the last five sessions will follow a more traditional approach.

This guide in no way represents a substitute for teacher individuality and originality. It may, however, offer some valuable assistance in classroom situations.

Your comments and suggestions are extremely important in the effort to constantly update and improve instructional materials.

SESSION I

OBJECTIVES & PURPOSE: Those who attend the opening sessions come for a variety of reasons. Although their reasons may differ, they all share one experience in common--their unfamiliarity with Henry George and Georgist philosophy; therefore, a major objective of this first session is to place George and Georgism into the context of the 19th century American reform movement.

SUGGESTED SEQUENCE OF ACTIVITIES:

First, introduce yourself by means of a brief autobiographical sketch. Then distribute both the enrollment cards and the questionnaire. Please request that both be filled out. (10 minutes).

Next, begin to develop George's relation to the reform movement of the 19th century. Briefly discuss this period (1870's-1890's) as a time when vast fortunes were being created, government intervention into the workings of business was being initiated, and the voices of reforms were being raised against the social and economic evils of the day.

Discuss George's concern with the problem of poverty and his over-riding belief that the march of progress was so interrelated with the existence of poverty. Be sure to stress that this course will study the same basic Georgist concern: to make the world a better place in which to live. (Eric Goldman's study of reform, Rendez-vous with Destiny is an excellent source for both instructor and students. (15 minutes)

So that students understand more about George and how George was perceived by others, read the 8-10 quotes (Supplement A). From the rich variety of comments, it can be seen that George's appeal and influence was by no means limited or narrow.

The instructor should then raise the question as to reasons for the relative unfamiliarity of George and Georgism today. Discuss the relationship between the validity of ideas and their popular acceptance. Historically, how has the political and unpopular majority reacted to the expression of unpopular or non-traditional ideas. (20 minutes)

After this brief overview, give the students an opportunity to carry forward the discussion. Undoubtedly they will have much to say concerning the questionnaire. The questionnaire may easily be changed so that it can better relate to the special problems of your particular locale. In suburbia, where many of the students are homeowners, questions on the property tax are especially appropriate. Classes taught in urban areas may well stress the issues of slums and poverty. All these questions should offer the students ample opportunity for self-expression. The instructor might do well to play the role of the "devil's advocate" here challenging currently accepted programs and ideas. One intended outcome of this discussion is to have the students recognize that there is something wrong with the way current economic problems are being handled. (30 minutes)

In moving from the specific to the general, stress the importance of definitions, particularly the difference between LAND and CAPITAL. It should be noted that many economists recognize little if any difference between the two. George, however, presents these differences with great clarity.

If students have difficulty in grasping the differences then use the blackboard. Head one column "CAPITAL" and one column "LAND":

CAPITAL

Labor products & the result of individual exertion.

Being a labor product, it is unusable and wears out. Increases, based upon the needs of society.

Constant maintenance is necessary to keep up value.

Its use reduces exertion in production of goods, increasing production and reducing value.

Arises only with the use of the land.

Ability to increase or decrease negates any monopolistic tendencies.

LAND

Land is not the product of human exertion.

Land, although used, does not wear out, but lasts forever. Land is limited; the more one person appropriates, the less is available for others.

Increases in value regardless of maintenance.

Since LAND cannot be reproduced; competition increases for its use increasing its value.

Does not arise with the use of capital.

Being finite, open to all kinds of monopolies.

Using the above chart, discuss whether many of our contemporary problems are problems of CAPITAL or LAND.

Differentiate between corporation A as a LANDOWNER and corporation as a CAPITALIST.

Before concluding the first session, briefly explain the purpose and outline of the course. Stress what understandings students will obtain as a result of taking the course. Explain the readings and two items they should have: Progress and Poverty, and the Harper's article. (15 minutes)

SESSION I-Supplement A

Mortimer Adler: The reading of Progress and Poverty is an unforgettable experience...It is an incomparable statement of the democratic credo.

Albert Einstein: Men like Henry George are rare, unfortunately. One cannot imagine a more beautiful combination of intellectual keenness, artistic form, and fervent love of justice.

Winston Churchill advocated Henry George's idea in England during the great budget debates of 1909-10.

Leo Tolstoy: People do not argue with the teachings of Henry George; they simply do not know it. He who becomes acquainted with it cannot but agree.

Sun Yat Sen: I intend to devote my future to the promotion of the welfare of the Chinese people as a people. The teachings of Henry George will be the basis of our program of reform.

Helen Keller: Who reads shall find in Henry George's philosophy a rare beauty and power of inspiration, and a splendid faith in the essential nobility of human nature.

Franklin Roosevelt: Henry George was one of the really great thinkers produced by this country...I wish his writings were better known and more clearly understood.

Woodrow Wilson: The country needs a new and sincere thought in politics, coherently, distinctly and boldly uttered by men who are sure of their ground. The power of men like Henry George seems to me to mean that.

Louis Brandeis: I find it very difficult to disagree with the principles of Henry George.

Aldous Huxley: If I were to rewrite the book, I would offer a third alternative...the possibility of sanity...Economics would be decentralist and Henry Georgian. (Author of Brave New World)

Dwight Eisenhower voted for Henry George for the Hall of Fame in 1950.

SESSION II-Land and its Importance

Readings:

Harper's article and P&P

OBJECTIVES AND PURPOSES: Unlike many of today's economists, George emphasized the importance of Land. Use the Harper's article to show that land is still heavily concentrated in the hands of the few. Through the use of the charts and diagrams, indicate that there may be more than a casual relationship between monopolies and land ownership.

SUGGESTED SEQUENCE OF ACTIVITIES:

Often students will declare that George's ideas are outdated. By a careful integration of George's ideas and the more recent Harper's article this belief can be quite readily proved incorrect.

On page 3 of P&P distress and depression relate to contemporary issues. Have one of the students read the paragraph beginning with "...Now, however we are coming..."

On page 5 of P&P George sets forth the all-important generalization that both poverty and progress appear to coexist. The paragraph beginning with "...sums it up rather well".

Also on page 5 can be found statements which could be used to initiate endless class discussion. The paragraph "The idea that there is ..." offers opportunity for controversial discussion. (25 minutes) Before discussing the Harper's article, make sure that students are aware of the factors of production as there will be occasion to refer to these terms often.

Definitions are important but use them primarily to illustrate points you are planning to make during the course of the lesson. Since you have probably spent some time in defining LAND, now show how the other factors of production-LABOR and CAPITAL-combine to produce wealth. (20 minutes)

The Harper's article can be used for the balance of this lesson. Try to elicit some responses from the quotation "LAND is a means of distributing and exercising power". Indicate the timeliness of that quotation for today as it was for the past.

A major point to stress is that many of today's giant corporations own large concentration of land. In order to dispel the notion that our philosophy is anti-capitalistic, it will be necessary to distinguish between the corporation as a capitalist and the corporation as a land owner. The chart on page 47 lists the largest corporate landowners in the United States. Ask the group what products these corporations make. It will become apparent that all of these products come from the land. Stress the importance of natural resources. Note the great number of energy related corporations on the list.

After dealing with the topic of corporate concentration, discuss land ownership by classification, i.e.; public or private. The three charts on pp 48-49 indicate the nature of government land ownership and detail the breakdown of land ownership by government agencies. (Later on, George's solution will cause some confusion with this concept).

It is well to note that the residential sector of privately owned land in this country amounts to approximately 2% of the total. Students should now begin to gain an understanding of just how small is the extent of residential homeownership. (15 minutes)

Land is a constant factor and the ownership of large land holdings remain constant. Now discuss briefly the reasons for increasing land values. Page 52 deals somewhat with this concept. Touch upon the property and indicate how as land value increases LAND represents a larger percentage of the total (which includes LAND and IMPROVEMENTS). (15 minutes)

In light of the information presented in the Harper's article, continue discussing the validity of the quotation with which we began the session. That corporations have immense power is self-evident, but now stress the power they wield as owners of land.

QUESTIONS for SESSION II

Readings: Harper's article (Jan. 1979), pages 47-55
P&P, Chapter 1, pages 1-7

1. "Land is a means of distributing and exercising power". To what extent do you agree with this statement?
2. Name some of the corporations owning extensive acreage and their major business fields.
3. What are the percentages of ownership in this country in residential, commercial, industrial, government, ranches, farms, and forest land?
4. What are some examples of large land ownership and concentration in the United States?
5. Cite some examples of concentration in farm land.
6. What has accounted for the increased value of land?
7. What are some of the conclusions you can draw from the charts on pages 53 and 54?
8. What is the great enigma of our times?
9. Why has political economy failed to solve these important problems?

SESSION III-Today's Alternatives for
Eliminating Poverty

Readings:

Booklet Single Tax

P&P, Chap. 14-16

p. 11 to 13

OBJECTIVES AND PURPOSE: Most proposed solutions to today's economic ills stem from the effort to lessen poverty. There are many people who would disagree. But the study of efforts to eliminate poverty is a legitimate activity. Unemployment, inflation and energy costs can all be related to the issue of poverty. In this session, allow the class to express their opinions and even give vent to their frustrations. There may be some confusion when George's solution is stated, but explain that this is but the beginning of understanding his ideas.

SUGGESTED SEQUENCE OF ACTIVITIES:

If a more structured lesson is desired, list the various alternatives on the blackboard:

ALTERNATIVES	ASSUMPTIONS	ACHIEVEMENTS	ASSESS.
More govt. regulation			
Greater economy in govt.			
More Inventions and capital spending			
Better Education and more skilled workers.			
Stronger Unions.			

If, however, you want a more flexible and open lesson have the students state the alternatives. The order in which these alternatives are given is not necessarily important but do allow ample time for consideration of the more important ones. In discussion of alternatives it is not necessary to dwell upon their overall success or failure; it is essential to emphasize their failure to solve the problem of poverty. At this time it would be well to open the door to George's solution. (45 minutes) The factors of production (Session II) might be reviewed before introducing its counterpart-the distribution of wealth (Supplement A). In order to focus the lesson on the Georgist solution it would be best to concentrate primarily on rent. At this time you need not develop the LAW OF RENT, but do show the portion allotted to RENT when the distribution pie is divided.

You might put the following diagram on the board as an aid:

PRODUCTION		DISTRIBUTION
LAND	WEALTH	RENT
LABOR		WAGES
CAPITAL		INTEREST

In presenting George's solution, you may wish to quote directly from the booklet, Single Tax or explain it in your own words. But be sure to stress the following points:

1. The profit is removed from land ownership as such.
2. The community gets it
3. All other taxes are removed. (10 minutes)

Expect many questions from the class.

The nature of questions will afford you the opportunity to evaluate the degree of understanding that has taken place until now. In responding to these questions, explain that future sessions will attempt to provide some answers.

...But, DO NOT hedge about answering those you can now. (30 minutes)

SESSION III-SUPPLEMENT AThe Laws of Distribution

The distribution of wealth in political economy means the division of wealth among the factors that have produced it. The meaning is thus different from "distribution" in common parlance, which usually means the transportation of goods. As noted in Lesson II, transportation is really part of production.

The laws of distribution means the natural laws which determine what portion of wealth produced is the return to each factor of production-i.e., land, labor and capital.

Economic laws are not man-made or legal rules, but are natural laws of human behavior. The basic law that concerns us is: Men seek to gratify their desires with the least exertion. In studying the laws of distribution, we learn how this basic law fixes the return to each factor of production; that is, land, labor and capital.

Natural laws deal with underlying tendencies. For instance, man will always seek gratification with the least possible effort, though he may not always succeed. In the laws of distribution, we must first look for the underlying tendencies. Man-made laws may have an influence on economic processes, and on the distribution of wealth. Various obstacles and hindrances may change the picture. After we discover the basic laws, we may then study the effects of all those other conditioning factors.

Some modern economists do not agree that there are natural laws in economics. They limit themselves to a description of business processes and statistical data. But in so doing, they fail to build up a clear and coherent explanation of economic phenomena, especially of the distribution of wealth. This can only be done by a study of the natural laws involved.

Some economists do not accept only three factors of production and three avenues of distribution. Some would add a fourth factor, "enterprise", the return to which is "profits". Upon examination, it may seem that enterprise is included in the economic term labor, and that there is no such thing as profits apart from rent, wages, and interest. Some speak of a fifth factor, "Government", the return to which is "taxes". Insofar as government renders a service, it is like enterprise. Wasteful government, of course, does not produce wealth at all, and may even destroy it. Taxes can only come from rent, wages and interest. Some economists would reduce the factors of production to two-labor and capital-maintaining that land is but a form of capital. But this lumping

together of things essentially different results only in confusion. Land is not produced by man; capital is. Land is fixed in quantity; capital is not. The laws governing the returns to land and capital are essentially different.

The entire product (wealth) is distributed as rent, wages and interest; and hence this distribution must account for the entire product.

Land	}	Wealth	{	Rent
Labor				Wages
Capital				Interest

LESSON III-SUPPLEMENT BQUESTIONNAIRE

This is not an examination. Most of the following questions can be answered "yes" or "no". It will provide us with a starting point in our discussions and also allow you to sharpen your thinking.

1. Is the current property tax in Nassau County fairer than either the sales tax or income tax in Nassau and New York State? _____
2. Should a tax be based upon the ability to pay- the more you earn the higher the percentage you pay? _____
3. Should the homeowner pay the same rate in the property tax as the manufacturer and the store owner? _____
4. Does a tax on improvements have the same effect as taxing only the values on land? _____
5. Should a homeowner pay more in taxes than the owner of vacant land? _____
6. Is poverty inevitable in the United States or do we have the capabilities to feed everyone? _____
7. Is poverty inevitable throughout the world or are there too many people to feed, house and take care of? _____
8. Which of the following would you consider wealth?
Money _____
Stocks and Bond _____
Land _____
An Automobile _____
Forest _____
9. Economically and morally is there a difference between owning land and owning an automobile or a suit? _____
10. Is man's progress limited by his access to natural resources? _____

QUESTIONS FOR SESSION III

Readings:

Booklet Single Tax

P&P Chap. 14-16

P. 11 to 13

1. What is the cause of inequality in the distribution of wealth?
2. What is necessary for the production of wealth?
3. What effect would economy in govt. and reduced taxes have upon the general level of wages?
4. Can skill, industry or thrift eliminate poverty?
5. Can cooperative enterprises raise the general level of wages?
6. What is the effect of govt. regulation of industry upon poverty?
7. Can a more general distribution of land raise the general level of wages?
8. What is Henry George's remedy? Explain.
9. What advantages can we expect from the Single Tax?
10. Mention some of the moral benefits of the Single Tax.

SESSION IV-Implementation and Effects of the Solution

Readings:

P&P Chap. 17-18-22

P. 132-144, 169-175.

OBJECTIVES AND PURPOSE: Since many students have had little familiarity with the Single Tax, it may be necessary to show once again the working of this tax. Bring the benefits of Single Tax into sharper focus by comparing it to other well-known kinds of taxes. This can be done by concentrating on such areas as housing, energy and employment.

SUGGESTED SEQUENCE OF ACTIVITIES:

Begin with a review of the last part of the previous session--an explanation of George's solution. It may be necessary to answer more questions from the class. Move toward a discussion of the concept of land ownership. (Supplement A) Before discussing the differences between private, government and community ownership it is suggested that several quotations from the Bible, Locke, Blackstone, Jefferson, and Lincoln be used. (Supplement B) (20 minutes)

In P&P mention is made of Skith's Canons of Taxation. You need not confine yourself to those nor even discuss those mentioned. Certainly several of these canons are worth discussing. Below is a suggested chart to be placed on the blackboard. Have the students supply the kinds of taxes. Use only those that are most commonly used.

TAXES	LIGHT ON PRODUCTION	EASY TO COLLECT	CERTAINTY
Income			Degree
Sales			of
Property			Equality
Corporation			
Others			
Land Value Tax			

Since inflation has become an increasingly important part of economic life, you may wish to add another column for this factor. Let students observe the effects of all the taxes listed upon inflation.

Introduce LVT (land value tax). After you have demonstrated the effect of these canons on land value tax, discuss the possibilities of these taxes being passed on to the consumer. Show how the land value tax cannot be passed on. (Supplement C)

During the second part of the session give concrete illustrations of the effects the land value tax would have on various segments of the economy. It may be wise to limit the discussion to areas of contemporary interest and concern--housing, energy and employment.

With the high costs of homes and sky rocketing mortgage rates housing represents the largest investment that families make. Utilize knowledge of the immediate area to illustrate your points. The Harper's article states that land represents almost 40% of the cost of a home. Over \$20,000 in a \$60,000 home, for example, is represented by the cost of LAND. Given a heavy tax on land, show how the selling price would decrease as the profit motive in holding land for the sake of owning land is removed. Explain the effects on home construction (accelerated), and mortgage rates (decreased) as prices of land drop. Stress the overall effect on the housing industry and employment. The Harper's article is also useful in discussing the effects of the land value tax on our most serious energy problems. Show how with the removal of taxes on capital more land would be brought into use, more energy produced, and competition among energy producers increased. Resource-rich land previously held for speculative purposes would either be developed by the energy producers or else sold to others more desirous of producing energy. You may ask the class to consider if there is indeed a shortage of natural resources or rather an inability to effectively use existing resources. The instructor should review the chapter on spurious returns on capital in order to show that presently a portion of the return to energy producers is the result of their ownership of land and not because of the energy they produce. There are none more affected nor familiar than your students. The removal of taxes on the wages of labor means more goods and greater incentive to work for additional wealth. Living standards would be opened for development, new untapped resources would be utilized, new opportunities would be created. Increased investment will lead to the creation of more jobs thus reducing the dependency of labor in a limited market. (60 minutes)

SESSION IV-SUPPLEMENT ATHE MEANING OF "COMMON PROPERTY IN LAND"

Henry George says, "We must make land common property". This statement requires explanation. Basically, there are three types of property: common, government, and private.

Common property is that which belongs to all men in common; that which all men have an equal right to use and enjoy.

Government (or public) property is that which belongs to the state and is subject to the direction of the government.

Private property is that which an individual (or group of individuals) has the exclusive right to possess, enjoy and dispose of as he (or they) sees fit.

It is thus seen that common property is not government property. Common property in the ocean is generally recognized; the ocean does not belong to any government. Common property is different from private property. Common property permits of private use, but it implies an obligation to the rest of the community, since the rights of others must be recognized.

By its very nature, land is common property and our laws and traditions already go far toward recognizing it as such. Society fixes the conditions under which land may be held. The principle of eminent domain asserts the superior claim of society to land. Sec. 1, Par. 10, of the New York State Constitution states, "The people of the State, in their rights of sovereignty, possess the original and ultimate property in and to all lands within the jurisdiction of the State". English and American law generally recognize absolute ownership of goods, but not of land. The law deals with the land "owner" as a land holder, who holds his land under the sovereignty of the state.

To effectuate common property in land, Henry George proposed that individuals retain title to land, and be assured of fixity of tenure and undisturbed possession. He showed that the rent of the land expresses the exact amount which the individual should pay to the community to satisfy the equal rights of all other members of the community. This payment is all that is required to "make land common property".

SESSION IV-SUPPLEMENT B

QUOTATIONS

Leviticus XXV-The land shall not be sold forever; for the land is Mine; for ye are strangers and sojourners with Me.

John Locke: God hath given the world to men in common...Yet every man has a property in his own person. The labor of his body and the work of his hands are properly his. (Civil Government)

William Blackstone: The earth, therefore, and all things therein, are the general property of all mankind, exclusive of all other beings, from the immediate gift of the Creator. (Commentaries on the Laws of England)

Thomas Jefferson: The earth belongs in usufruct to the living... Whenever there are in any country uncultivated lands and unemployed poor, it is clear that the laws of property have so far been extended as to violate natural right. The earth is given a common stock for men to labor and live on. (Letters to James Madison)

Abraham Lincoln: The land, the earth God gave to man for his home, sustenance, and support should never be the possession of any man, corporation, society, or unfriendly government, any more than the air or water, if as much. An individual, or company, or enterprise requiring land should hold no more than is required for their home and sustenance, and never more than they have in actual use in the prudent management of their legitimate business, and this much should not be permitted when it creates an exclusive monopoly. (Lincoln and the Men of his Time)

SESSION IV-SUPPLEMENT CCan the Land Value Tax be Shifted to the Tenant?

The price of all goods, services or land is determined by the law of supply and demand. Anything and everything that affects the supply or demand for anything automatically affects the price of it.

It is common knowledge that a tax on commodities can be and generally is passed on to the buyer. The reason is that the tax will reduce production by adding to the cost of production. Our incomes are limited. The more taxes we pay, the less we have left for commodities-and the less demand, the less production. Thus, the supply of commodities is lessened by the imposition of a tax on commodities. But nothing that a landowner, a government, or a consumer can do will increase or decrease the supply of land.

By the Law of Rent, the rent of land is determined by the excess of its production (with the same application of labor and capital) over that of the least productive land in use. In circumstances where there is no free land, the landowner is already claiming as rent all that the tenants can possibly pay.

The supply of land is fixed by nature. A tax on land values does not add to the price of the land; on the contrary, it reduces the price of land by putting more land on the market.

A tax on the value of all land would also be applied to land which is being held out for use for an expected increase in price. A great deal of land in this country is so held. When the owner of unused land is compelled to pay the same tax on the value of his land as the owner of improved land of equal desirability, he must either use the land or dispose of it. This will bring more land into use. Hence, the result would be a relative increase in the amount of land offered for use as compared with existing demand.

With more land being offered in the free market, the landowner could not ask more rent; he would have to ask less. He could not pass the tax on to the tenant, for the reason that the landowner, who is already demanding as much rent as he can get, cannot demand more rent unless he is able to reduce the available supply of land. It is manifestly impossible for him to do that when more land is being forced on the market by the tax on land values, which reduces the share of rent which the landowner can retain.

Nor can a merchant pass on the rent he pays to the landowner by raising the price of a product he sells. The price of a product (demand being equal) depends on its cost of production under the least favorable conditions; that is, at the margin of production. The rent of land absorbs all the advantages of superior location. A merchant must pay more rent for a more favorable location because he will do more business there, but he cannot increase the price of his products to pay the higher rent. Either he will do a volume

of business to warrant his using the superior location, or he will cease business on that site. Thus, the tax on land values would not be passed on into the price of products.

The general principles which determines the incidence of taxation are these: A tax upon anything (or upon the methods or means of production of anything), the price of which is kept down by the ability to produce additional supplies, will by increasing the cost of production, check supply. This will add to the price of that thing, and ultimately fall on the consumer. But a tax upon anything of which the supply is fixed, or monopolized, and of which the cost of production is therefore a determining element, as it has no effect in checking supply, does not increase prices and falls entirely on the owner.

SESSION IV

QUESTIONS

Readings:

P&P, Chap. 17-18-22

P. 132-144, 169-175

1. What are considered to be the canons of taxation most commonly accepted?
2. How does a tax on land affect production?
3. To what degree is there certainty with a tax on land value?
4. Can the value of land be distinguished from the value of improvements?
5. To what degree is there equality with the Single Tax?
6. How do the various taxes affect our economy?
7. What would be the effect of untaxing industry?
8. Discuss new opportunities that would accrue with a land value tax.
9. How would the land value tax affect our social structure?
10. To what degree would government be simplified?

SESSION V-Rightful Basis of Property

READINGS:

Booklet, Justice the Object
P&P Chap. 20, P. 153-161

OBJECTIVES AND PURPOSES: During the first four sessions, attention has been focused upon the Georgist approach to economic problems. The use of contemporary data and illustrations has been a major vehicle in showing the real benefits of the Georgist solution. But George was not merely addressing himself to economic conditions. This lesson should demonstrate the moral and ethical basis which underlies Georgist philosophy. The Georgist belief that labor is the source of all ownership is a theme at the very root of our democracy.

SUGGESTED SEQUENCE OF ALTERNATIVES:

Students should now be thoroughly familiar with the factors of production and distribution. It would be well to emphasize the precise meaning of those terms which have not been clearly defined. Most important is a clear definition of wealth in the Georgist sense. In developing this concept, draw a sharp distinction between personal and total or national wealth. (30 minutes)

It is important to reemphasize the difference between land and all other properties. Elicit from the class the distinctions between LAND and WEALTH and underline the dangers in not clearly defining these differences. (15 minutes)

With the increase of government intervention and the emergence of a variety of socialist philosophies, the concept of ownership has changed radically in the 20th century. In western democracies, taxation has been a prime method of readjusting our concepts of ownership. Despite these dramatic changes, we can still utilize the methods which George stated in P&P.

Property, he said, was acquired by robbery, begging or production (labor and capital). Compare George's statements with the basis of ownership of property today. (20 minutes)

In continuing the discussion of the basis of property, indicate the differences between George and Socialist thinkers. (Supplement A) While these differences are discussed, it may be advisable to illustrate the Georgist solution. (20 minutes)

At some point in the session, the instructor should offer a brief description of the historical development of the concept of ownership in LAND. You might point out that lands discovered by the 16th and 17th century European explorers were considered the property of the monarchs of Europe. Continue to trace the subsequent division of the land and the acquisition of additional land by treaty with the Indians, who had a very different conception of land ownership. (15 minutes)

Encourage questions-especially those which relate economic development to land ownership. Without land ownership, some will say, there would be no incentive for future development. Make a very clear distinction between use and ownership. (10 minutes)

SESSION V-SUPPLEMENT AGeorgism vs. Socialism

GEORGISM: The philosophy of Henry George which holds that land, the free gift of nature, belongs to all men in common and can rightfully be subjected to private ownership only with due regard for the rights of others; and, as a corollary, that the wealth produced by labor rightfully belongs to the producer. To implement this philosophy, Georgism proposes that the rent of land be paid by the owners of land to the community for social purposes, and that all products of labor, all trade, and commerce be freed of taxes and other burdens.

SOCIALISM: A political and economic theory of social organization based on collective or governmental ownership and democratic management of the essential means for the production and distribution of goods. Socialism favors great extensions of governmental action. COMMUNISM (at present often used interchangeably with Socialism): Any system of social organization in which all goods are held in common. (Webster's New International Dictionary Unabridged, 1955).

COMPARISON OF THE PROPOSALS OF GEORGISM AND SOCIALISMProposals
regarding:GEORGISMSOCIALISM

LAND	Private ownership with due regard for the rights of others; use controlled by individual title holder.	Governmental ownership; use controlled by government.
RENT	Collected as sole public revenue for social services.	Collected as part of overall governmental plan.
CAPITAL	Private ownership.	Governmental ownership.
INTEREST	Retained by private owners of capital.	Confiscated by government.
LABOR	Free access to natural materials and freedom to choose direction of effort.	Directed by government. "From each according to his abilities".
WAGES	In proportion to contribution to production.	"To each according to his wants". (Louis Blanc)
GENERAL	Private enterprise and competition in the open market-a free field and no favors. Recognition of the natural rights of the individual.	Competition and private enterprise to give way to direction by government. No individual rights except as granted by the government.

"We differ from the Socialists in our diagnosis of the evil, and we differ from them in remedies. We have no fear of capital, regarding it as the natural handmaiden of labor; we look on interest in itself as natural and just; we would set no limit to accumulation, no impose on the rich any burden that is not equally placed on the poor; we see no evil in competition,

, but deem unrestricted competition to be as necessary to the health of the industrial and social organism as the free circulation of the blood is to the health of the bodily organism to be the agency whereby the fullest cooperation is to be secured. We would simply take for the community what belongs to the community, the value that attaches to land by the growth of the community; leave sacredly to the individual all that belongs to the individual; and treating necessary monopolies as functions of the State, abolish all restrictions and prohibitions save those required for public health, safety, morals and convenience".--From The Condition of Labor by Henry George.

SESSION V

QUESTIONS

Readings:

Booklet Justice the Object

P&P, Chap. 20, P. 153-161

1. How does wealth differ from land?
2. What, according to George, is meant by equal rights to land?
3. What constitutes the rightful basis of property?
4. How is this basis of ownership supported by our history?
5. Is private property in wealth (things produced by labor) supported by this principle?
6. Is private property in land in accordance with the rightful basis of property?
7. What is the origin of land titles?
8. What are the various roots of ownership?
9. What is the basis of ownership in socialistic countries?
10. What is the difference between ownership and use?

SESSION VI-THE LAW OF RENT AND WAGES

Readings:

Booklet, Land for the People
P&P, Chap. 8-9, Pgs 66-80

OBJECTIVES AND PURPOSE: After the first five sessions, students should now have some greater understanding of the ideas of Henry George. The next two sessions will focus on economics. Georgist economics will be demonstrated mathematically by use of charts. The LAW OF RENT AND WAGES will be illustrated and their importance in understanding the workings of our economy will be stressed.

SUGGESTED SEQUENCE OF ACTIVITIES:

Place the term LAW on the board and ask the class to give examples of various laws. Most of the examples offered by the class will be laws enacted by the government.

You should now have the class make the distinction between man-made laws and natural laws. The class may know some physical laws (the law of gravity, for example). Develop the understanding that economic laws are natural laws. During this segment, you might discuss the question of the existence of economic laws. (20 minutes) Before discussing the LAW OF RENT AND WAGES, discuss the purpose and use of models in economics. Models can be simple or quite complicated, but their purpose is always the same-to understand some phenomenon. The purpose of the model used is to show what takes place without many kinds of government intervention. Because we live in a world surrounded by many kinds of government intervention, it will be extremely difficult to observe this model in actuality. The main purpose, however, is to aid in developing and understanding of the roots of economic systems.

Place the non-familiar charts of the factors of Production on the board, with the term WEALTH between both circles. Divide circles into three parts-LAND, LABOR and CAPITAL in one, and RENT, WAGES and INTEREST in the other. Then indicate that our purpose will be to discover how much of the circle should be allotted to RENT. (10 minutes)

In developing the LAW OF RENT, (Supplement A) place a series of boxes on the board. Divide each box into four segments numbered 8,7,6,5. These numbers represent any type of production-tomatoes, potatoes, apples, etc. Then, illustrate the steps that go into the decision making process as to which land to use. As you develop the concept of the LAW OF RENT, show how and why it arises. Emphasize that in its timeliness and universality, it conforms to the criteria of a natural and economic law.

While developing this law, indicate that it is applicable to all types of land. Farm land is used only for purposes of illustration. As a concluding activity, let the students restate how the rent of land is arrived at. (40 minutes)

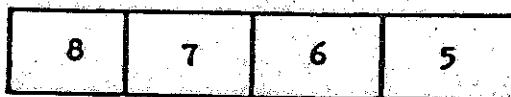
Examine the reasons for the difficulty in observing the LAW OF RENT in action today, because of the many man-made laws. (10 minutes)

As you explain the LAW OF RENT, you have also explained the LAW OF WAGES. Repeat some of the steps in order to reinforce understanding. Explain that wages depend upon the margin, or where labor will most efficiently work without the payment of rent, falling as it falls and rising as it rises. Demonstrate how man-made laws prevent this from fully occurring. Explain the axion, "Man seeks to satisfy his desires with the least amount of effort". (15 minutes)

THE LAW OF RENT

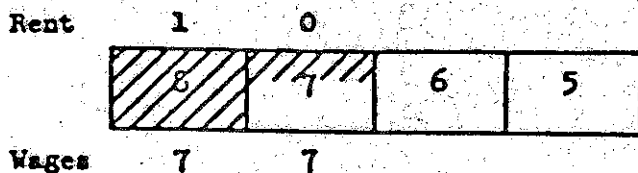
These illustrations show how rent arises and is measured in relation to wages, in a new society where capital is not yet used. As the course proceeds, we will see the effect on rent of an advanced, complex society and what happens when capital is employed..

Let us imagine a new country where settlers are first arriving, and all the land is free. Different lands have varying degrees of productivity. In these illustrations we will assume that all the laborers have equal productivity. In the next lesson we will take note of differences in the skill, industriousness, etc. of laborers.



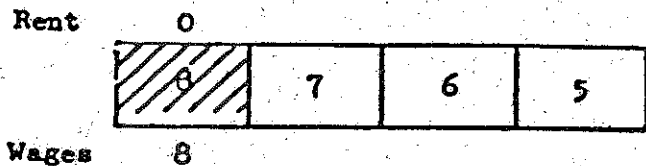
1. Represents a new country divided into areas of varying productivity. The figures represent what each grade of land will yield per unit of labor - e.g., 8 bushels of potatoes for one day's work; 7 bushels, etc.

In reality, lands are not marked off so sharply as on this diagram, but blend into one another, as the colors of the spectrum.



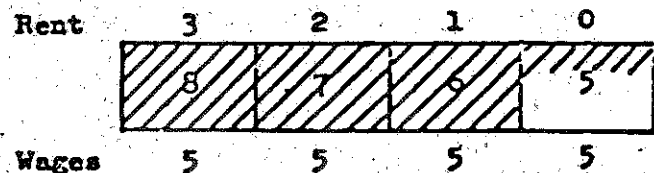
- C. Eventually, all the "8" land is occupied, and the next comers must resort to "7" land. This land is free and yields no rent. The entire product of 7 goes to labor as wages. This "7" land is now the margin of production - the best land to be had for nothing.

Wages also drop to "7" on "8" land which now yields a rent of 1. If the owner of "8" land wanted to hire labor, he would have to pay 7 in wages, since that is what the laborer could get working for himself on "7" land. If a laborer from "7" land wanted to work on "8" land, he would have to pay 1 to the owner in rent, since he can get no more than 7 working on free land.



- B. As settlers begin to arrive, they will naturally take up the Number 8 or most productive land, since "Men seek to gratify their desires with the least exertion."

As the land is free, there is no rent. All they produce constitutes their wages. (Shaded portion represents settled land.)



- D. Settlers keep coming and "7" land is used up, so the next comers must go to "6" land, pushing down the margin of production to "6". Wages then go down to 6 on all lands.

New settlers must next go to "5" land, as illustrated above - "5" land is now the margin of production. Wages drop to 5 on all lands, and rent correspondingly goes up on all superior lands.

The rent of land is determined by the excess of its produce over that which the same application of labor and capital can secure from the least productive land in use (the margin of production).

1. How does the common meaning of the term "rent" differ from its meaning in the economic sense?
2. If the same person is both the owner and the user of land, can there be rent?
3. Can land yield rent, if no one is willing to pay for its use?
4. Does rent depend exclusively on its productivity? Explain.
5. What is Ricardo's "Law of Rent"?
6. Why is the Law of Rent a deduction from the law of competition?
7. What is meant by the "margin of production?"
8. What is the fundamental principle of human action?
9. What is the "Law of Wages"?
10. Is the Law of Wages a law of quantity or a law of proportion?

SESSION VII-EFFECTS OF MATERIAL PROGRESS
ON DISTRIBUTION

Readings:

P&P, Chap. 10, 11, & 13

Pgs 81-94, 102-110

OBJECTIVES AND PURPOSE: Lesson VI dealt with the operation of the LAWS OF RENT AND WAGES. This session affords us the opportunity to observe the effect upon the LAW OF RENT as society advances, population expands, and material progress increases. Once again the boxes may serve as a model to demonstrate this effect. Keep the discussion as uncomplicated as possible by dealing only with CAPITAL and INTEREST and their effect upon supply and demand, but remember to make RENT the focal point of the lesson.

SUGGESTED SEQUENCE OF ACTIVITIES: Using the boxes on the black board, review briefly the LAW OF RENT. Have the students supply the answers with respect to the development of RENT and WAGES. Acknowledgment of the workings of the LAW OF RENT is essential to an understanding of this lesson. After a review of the LAW OF RENT, introduce the concept of INTEREST (a product of labor); its purpose and the way it accumulates. Illustrate what happens to INTEREST when capital is scarce and the demand is great. Then as capital becomes abundant and demand slackens, explain the effect on INTEREST. An provocative question might be introduced: can capital ever become a monopoly? (35 minutes)

Use the boxes (Supplement A) to demonstrate what occurs as society develops and utilizes more and improved technology. Particularly, what are the effects of technological advances upon production and the margin. Discuss what would happen if society advanced without the use of machinery. Compare the plight of non-industrial countries (with increasing populations) with the more industrialized nations. Try to make a linkage here with the LAW OF RENT. (20 minutes)

As population increases and people put aside land they cannot presently use, demonstrate the effect that this speculation has upon the margin (the lowering of WAGES and the increase of RENT). A study of speculation should help the student to develop an understanding of speculative rent. Again, refer back to the Harper's article. Do the large revenue-rich corporations use all their vast land holdings? If not, then have the class offer some explanations for the failure to do so. (20 minutes)

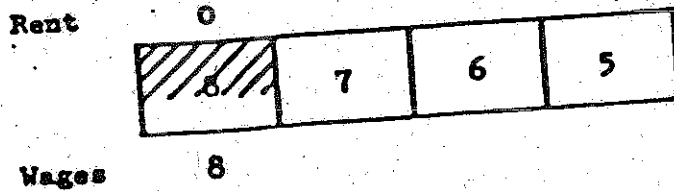
As speculation continues, the amount which goes toward RENT bites more and more deeply into both WAGES and INTEREST. Develop this concept further by indicating the fact of speculation as a cause of economic depressions. Emphasize the negative economic effects of speculation in LAND.

Use the boxes to illustrate the Georgist solution-the elimination of speculation and its disastrous effect upon WAGES and INTEREST. While George spoke of crowded populations you might make the contemporary analogy to our crowded cities. (25 minutes)

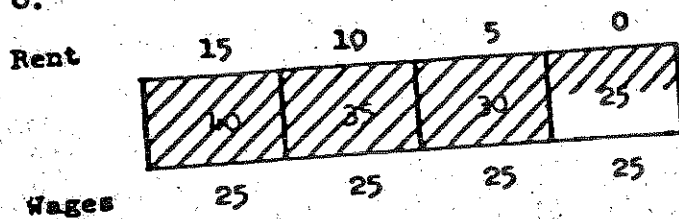
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SESSION VII
(Supplement A)
EFFECTS OF MATERIAL PROGRESS

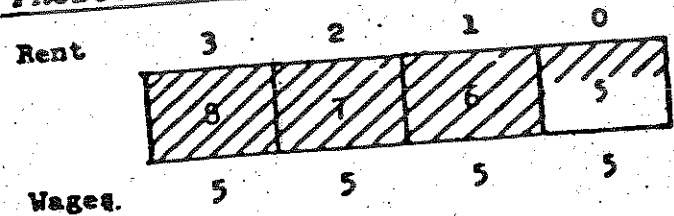
1. INCREASE IN PRODUCTIVITY



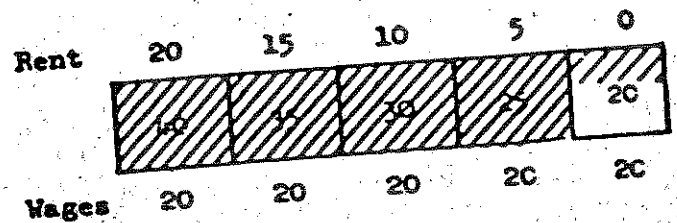
A. Society when the first settlers have settled on the best land (man seeks to satisfy his desires with the least effort). Wages are the whole product, or 8.



C. Society after increase in population and improvements in the arts of production have increased productive power. For simplicity, we assume that it has been increased 5 times on all locations. Wages and rent have been increased proportionately on all land. The most productive locations, of course, would be business and industrial sites.



B. The same land, but with settlement now spread out to the 5 land. Wages are now 5 everywhere, and rent is the difference.



D. The margin of production pushed out to poorer land because of the increased demand for raw materials to go into the increased production. Notice that, although wages have been decreased, and rent increased over Chart C, still wages are very much greater as a quantity than in the frontier days.

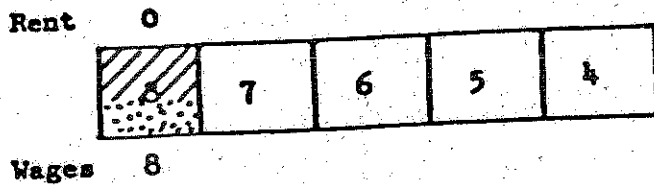
Chart D illustrates how, due to increased production, wages may actually rise as a quantity while falling as a proportion of the total production (as compared to frontier days). The natural tendency, if the desirable locations are fully utilized, is for productive power to increase faster than the margin of production falls, thus increasing wages as a quantity. However, another factor, speculation, alters this natural movement, as we shall see in the next series of charts.

Note: In the foregoing and following charts, the white spaces represent free land. The figures for wages would also include interest, if capital were used. However, for simplicity, we label them "wages," meaning, the return to the active factor in production. (Land is the passive factor, being acted upon.)

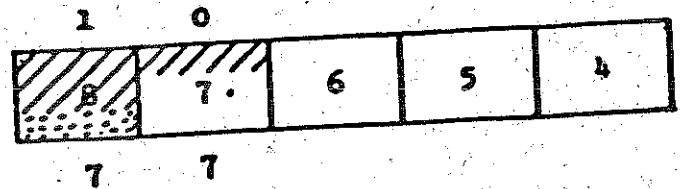
(Supplement B)

EFFECTS OF LAND SPECULATION

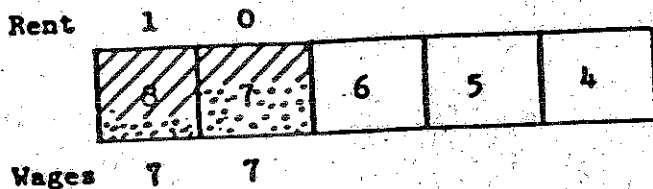
In our previous illustrations we have assumed that the margin was extended only as it became necessary, because all superior land was in use. What happens in the settlement of a country is this: The first-comers, knowing that others will follow, and that where they came from land had a value and that the wealthy class owned large areas of valuable land, take more land than they themselves can use. Our charts show what this speculation does: (The diagonal lines indicate land in use, while the dotted areas indicate speculation.)



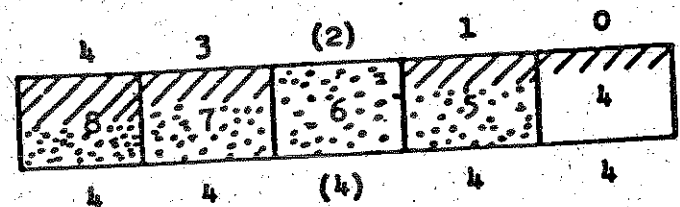
E. The first settlers take more land than they can use.



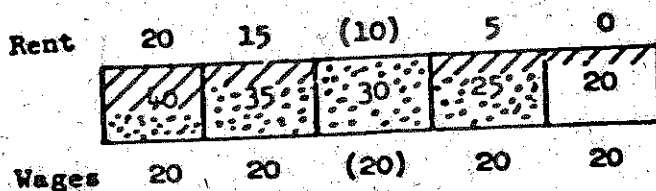
F. Thus the next settlers are forced to poorer land much sooner than they would be if land were freely available.



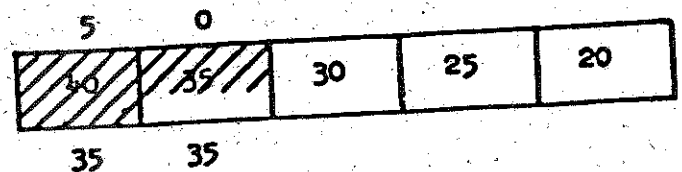
G. The next settlers appropriate in turn more than they can use.



H. And so the following settlers are forced out still farther.



I. The same situation as in Chart D, but with productive power increased, as in Charts C and D.



J. Shows what wages and rent would be, after productive power has been increased, if there were no land speculation.

Note that in Chart J the margin of production is higher because the most desirable locations are being utilized, instead of being held for speculation. There are the same number of laborers in Chart J as in Chart I. They are merely accommodated on better land. Consequently, wages have been increased, and rent has been decreased.

Note that for "6" land in Chart H and "30" land in Chart I, rent and wages are in brackets (). This means that there is potential rent and wages on such land. Since no production is taking place, there is no actual rent or wages.

EFFECTS OF MATERIAL PROGRESS ON DISTRIBUTION

1. What is the maximum and minimum return that can be obtained for the use of capital?
2. Is capital a fixed quantity? Explain?
3. How is the term profits confused with the term interest?
4. Name the changes which contribute to material progress.
5. What is the effect of inventions and better machinery on production?
6. How does it effect the margin, rent wages and interest?
7. What is the effect of increasing population upon the productive power of labor?
8. What is the effect ~~on~~ on rent and wages?
9. As progress continues, what is the effect on landholders?
10. What is the effect of speculation on the production and distribution of wealth?

top-81

top-81

-84-5-6

-87

-91

- Suppl. A

-88

-89-90

- they benefit
- they speculate

← Supp. B -

- Pg 109

- Incentive Tariff
Fall 1980

} refers to "A"

SESSION VIII-AN HISTORICAL CONSIDERATION
OF LAND

Readings:

P&P, Chap. 12 & 19

Pgs 95-101, & 145-152

OBJECTIVES AND PURPOSE: Land has been at the heart of many economic problems. This should be illustrated by a brief historical overview. This lesson should also introduce some of the world-wide attempts to apply Georgist solutions to economic problems.

SUGGESTED SEQUENCE OF ACTIVITIES:

Discuss the Georgist solution but now stress that by urging the collection of all RENTS, George would change the structure of our economy. Show that the Georgist goal was to change man's relation to the land and nature and to provide all mankind with an opportunity to earn a livelihood. (10 minutes)

The "UNBOUNDED SAVANAH" traces the rise of RENT, but without the need to use boxes or charts. Its clear and simple language offers students an opportunity to understand how societies develop and grow. You may wish to read the entire selection or just excerpts. Try to relate the theme to the development of your city or community. The class will begin to see clearly how increases in land values lead to increases in RENT. Some questions for class discussion:

- a) In what ways is the growth of your city or town comparable to the Savannah story?
- b) Why were homes, stores, and factories built where they are now? (20 minutes)

Show the problem of land ownership and how it has existed throughout history. You may begin with the concept of LAND OWNERSHIP in primitive societies. With the Greeks and Romans, LAND OWNERSHIP became more concentrated and the concept of communal ownership of property faded. The feudal period in Europe can be cited as an example of the further landlessness of the general population.

As you present this historical overview, be sure to contrast the views of George, who recognized what the struggle really was all about, and the ideas of Marx, who never made a differentiation between landowner and capitalist. It is ironic that the world which has changed so much because of Marxist philosophy has largely ignored the ideas of Henry George.

However, George has not been totally without adherents. Students are constantly interested in knowing where Georgist ideas have been put into practice. There are countries (New Zealand, Australia, and parts of Africa), and cities in the U.S., (particularly in California and Pennsylvania), that have experimented with the usage of a land value tax. (40 minutes) Appendix A

SESSION VIII-SUPPLEMENT A

LAND VALUE TAXATION AROUND THE WORLD

The following gives brief accounts of various places throughout the world where land value taxation is partially applied. Nowhere has the principle of exclusive land value taxation (approaching the full economic rent) with consequent abolition of all other taxes, been fully applied on a large scale. Nevertheless, partial applications indicate results commensurate with the degree of application.

DENMARK

Although Denmark collects much revenue from taxes on incomes and products, about 50% of the total annual ground rent is presently collected through various methods. A national valuation is held approximately every five years. The Danish methods are as follows:

1. Rental of government-acquired land to farmers at 4% of its selling value. This was begun in 1919. About 12,000 small farmers rent their land in this way.
2. Local and national taxation of land values, with consequent reduction of taxes on improvements.
3. A national tax on increases in land values.

Results are impressive. Danish farm tenancy dropped from 42.5% in 1850 to less than 5% in 1939. Denmark has the lowest tariffs of any European country, and enjoys the highest standard of living of any European country involved in World War II. Denmark was the first country to restore itself to normalcy after the war, in spite of five years of Nazi exploitation.

Denmark is looking forward to collecting the full economic rent with consequent reflection of other taxes. A majority in the Parliament is in favor of this plan, and a Justice (Single Tax) Party is vigorously promoting the idea.

AUSTRALIA

All six states and a majority of the municipalities in the Commonwealth of Australia tax land values to a certain degree, and some exempt improvements in whole or in part. However, there are many other non-real estate taxes. Following are some details:

The Capital Territory: The Commonwealth owns most of the land in the Capital Territory, including that in the capital city, Canberra. The leases this land to private parties, and also levies a tax on its value.

Queensland: Most of the land in Queensland is owned by the state, and leased. It is subject to local land values taxes. There is also a state land value tax on privately owned land. Improvements are not

New South Wales: Like Queensland, all the local taxing units in this state tax land values only, exempting improvements. However, the percentage of the ground rent collected is perhaps not as great. There is no state land value tax except in certain unincorporated areas, but the state collects royalties on minerals produced. The city of Sydney became, in 1916, the largest city in the world to derive all its municipal revenue from land value taxation. (Its population is over one million). It has resulted in elimination of real estate booms and slums, has kept the price of land reasonable, and has encouraged the replacement of old buildings by new ones. Slum areas have largely been taken over for factories.

Western Australia: Of the 147 local taxing units (municipalities and road districts), 32 tax land values only. The remainder tax both land and improvements, but in the 128 road districts, 84% of the revenue is from land values only. There is also a state land value tax, which is heavier on absentee owners. The combined amount of ground rent taken in taxation, however, is not as great as in Queensland or New South Wales.

Other Australian States: South Australia has a state land value tax, with an additional penalty on absentee landholders. In addition, 8 incorporated cities, 11 counties, and 8 district councils have adopted land value taxation. The law provides that a poll may be held to rescind land value taxation. There have been 25 successful polls conducted; four were held to repeal land value taxation, with none of these successful.

Victoria has a state and local land value tax, with 24 out of 198 local taxing units taxing land values only. The result has been to bring idle land into use.

Tasmania has a state land value tax, but as of yet, no local ones (although local government bodies have the option to initiate this, if they choose).

Summary Regarding Australia: Comparing Queensland, New South Wales, and Western Australia (as states taxing land values more heavily) on the one hand, with South Australia, Victoria, and Tasmania (as states having lower taxes on land values and also largely taxing improvements) on the other, the following findings have been made: The first group (the land value group) had increases in land under crops, while the second had decreases in the period considered. Comparing the value of improvements with land, it was found to be 151% in the first group, as against only 79% in the second, and was much higher (198%) in Queensland, which collects the greatest amount of economic rent. Factory wages were higher in the first group and larger in purchasing power. Finally, it was found that population was flowing from the second group to the first group, indicating that people in Australia found conditions better in the first group. The inflow for Queensland, the state taxing land values the most, was the greatest.

NEW ZEALAND

New Zealand, like Australia, has both local and state (in this case national) government taxes on land values. Local taxing units adopt it by local elections. In 1953, 15 such "polls" were held. Since 1944, 35 local taxing units have adopted the system, and only two have repealed it. By far the majority of local units tax land values only.

Hon. Walter Nash, Minister of New Zealand to the U.S. during World War II, said: "It (land value taxation). . .has contributed in some degree to the breaking up of larger estates, while. . .it has not in any way handicapped the small farmer. . .it has assisted . . .in extending the productivity of the country by acting as an incentive to landowners to improve their lands and by fostering the development of more efficient methods of land valuation. . .the tax has certainly taken for the benefit of the community as a whole, some of . . . 'unearned increment' of value which the community itself has created".

AFRICA

Union of South Africa: 20 of the 60 cities in the Transvaal tax land values only. In the other 40, the tax on land values is higher than on improvements. H. Earle Russell, American Consul-General, reports: "City Authorities believe the land tax is fairer than taxing both land and improvements. There is no tax on machinery or merchandise. . .it undoubtedly has helped to replace old buildings with new ones. . ."

15 of the 65 municipalities in the Orange Free State tax land values exclusively for every city need except water and sanitary services. 23 of the 35 municipalities in Natal tax land values at a higher rate than improvements.

The Rhodesias: Salisbury (Southern Rhodesia) taxes land at a much higher rate than improvements, as does Livingstone, the capital of Northern Rhodesia. Several other towns have taken similar action.

Kenya Colony: Nairobi has taxed only land values since 1921, and Mombasa followed suit in 1949. The Taxation Inquiry Committee, appointed in 1947 by the Kenya government reported in part: ". . .the Committee favors the site-value system in the taxation pattern of the Colony and the principle of levying a comparatively high rate on land, thus insuring that it will not be left idle or insufficiently developed for long, rather than the taxation of improvement".

CANADA

Various cities in western Canada tax land values at a higher rate than improvements. In British Columbia, 54 of the 104 municipalities exempt improvements 50%, 13 exempt them more than 50%.

W.M. Mott, former Mayor of New Westminster (the third largest port in Canada) said: "86% of our householders own their own property,

which we believe is the highest percentage in Canada. Land speculation has entirely disappeared. . . The manufacturers and business men are in an enviable position, since they can and do make improvements to their plants without the fear of increased taxation. . . " New Westminster has the largest invested capital per person of any city in Canada; it has no local port duties.

Alberta requires its seven "cities" to exempt improvements 40% from taxation. The province taxes land values to a certain extent, including a land-transfer tax called the "unearned increment tax". The province obtains such considerable revenue from oil leases, rentals and royalties, (a form of land rent), that it declared a per capita dividend in 1957.

In Saskatchewan, all but one of the cities and towns exempt improvement values 40%; Regina grants a 70% exemption. In the rural municipalities land value taxation is the principal source of revenue. In Manitoba, cities and towns exempt improvements 33 1/3%.

JAMAICA, WEST INDIES

In November, 1956, the Jamaican Government passed the Land Valuation Law. Formerly, the improved value of land was taxed. Under the new law, land is valued as raw land, and improvements are exempted from taxation.

To accomplish this valuation, a complete serial map of Jamaica was made, and data on each area was supplied, so that every parcel of land could be properly valued. In 1959, the job of valuation was completed in the parishes of St. Catherine and St. Ann, and the new tax was levied. Out of 75,000 property owners in these parishes, only 2,000 were paying more taxes than before. These are the large landowners whose property was undervalued prior to the new system. Other parishes have since gone on the new system.

A Government booklet explains that "The simple purpose of the law is to encourage development of the land. Because if land is properly taxed as land, a man cannot afford to keep his land idle, which so many people do".

THE UNITED STATES

The general property tax and the real property tax in so far as it falls on land values, takes for local or state purposes part of the ground rent of the U.S. In some of our principal cities, it is estimated that 25% or more of the rent is thus taken in taxation. This may in some cases be as much or ground rent (percentage-wise) than is collected in other parts of the world, where improvements are partially or wholly exempted. And it is apparent to students of economic principles, although evidence is hard to compile to prove it, that to the extent that land values are taxed, to that extent land speculation is discouraged, and the best use of land is encouraged. Of course,

to the extent that improvements and personal property are taxed under the general property tax, or the real estate tax, it permits a lower tax rate on land, discourages the erection of homes and buildings, contributes to land speculation and the high price of land.

In many cities, the cost of streets, water mains, sewers, curbs, lights and other improvements is charged directly to the adjoining property, including vacant lots, through special assessments. This is a partial application of the principle of land value taxation. Government collection of royalties on mineral lands, oil fields, etc. are also an approach to land value taxation. Government collection of royalties on mineral lands, oil fields, etc. are also an approach to land value taxation, as is government leasing of public lands, fishing and water rights, etc.

Some cities and other local taxing units in the U.S. practice partial or complete exemption of improvements, collecting more ground rent in taxation as a result. Details follow:

Pennsylvania: Pittsburgh and Scranton, defined by law as "cities of the second class", apply what is termed the "Graded Tax Plan", whereby improvements are taxed at just one-half the rate applicable to land. This was begun (on a graduated scale) in 1913. David L. Lawrence, Mayor of Pittsburgh for many years (since 1946) said: "There is no doubt in my mind that the Graded Tax Law has been a good thing for Pittsburgh. It has discouraged the holding of vacant land for speculation, and provides an incentive for building improvements. In the distribution of the tax burden, it is beneficial to the home owners". Roy Stauffer, Chairman of the New Industries Committee of the Scranton Chamber of Commerce, said: "We have found that our method of taxation... is a factor in attracting new industries".

In 1951 the Pennsylvania Legislature passed an act (by an overwhelming majority), permitting the so-called "third-class cities" (all the remaining cities in the state with the exception of Philadelphia) to tax land and improvements at different rates. It is possible for them to go farther than Pittsburgh and Scranton have done in taxing land values and exempting improvements. Several cities have shown interest in the system, notably Erie and McKeesport.

California: In 1909, the California Legislature required new irrigation districts (and gave the option to established ones) to tax land values only, exempting improvements, crops, etc. Today over 100 districts, serving 4,000,000 acres of the best farm land in the state, raising about 75% in value of its crops, follow this system. However, residents of these districts still pay other taxes to counties, cities, etc., where they reside, as well as all state and federal taxes. Also the tax rates have

been lowered considerably of late years, due partly to revenue from sale of power, etc., so that not nearly as much of the ground rent is collected as formerly. However, as far as the irrigation district tax is concerned, it is 100% on land values.

R.V. Meikle, Chief Engineer of the Turlock Irrigation District (which includes the cities of Modesto and Turlock) recently said: "The successful development of irrigation districts as compared with the failure of private irrigation companies in the past has been due largely to the district law which allows districts to tax all land within their boundaries on the basis of valuation. . . It is practically impossible to profit by the (mere) ownership of land in an irrigation district unless that land is prepared for irrigation and cropped".

Fairhope, Alabama was founded in 1895 on the shores of Mobile Bay, by the Fairhope Single Tax Corporation, which purchased and leases to residents much of the land comprising the present city of Fairhope. The corporation collects the full economic rent, and with half of it pays all real and personal property taxes levied by state, county, and city. The remainder is used for public improvements. Since its founding, Fairhope has considerably out-distanced her neighboring towns (which were already established and flourishing before the founding of Fairhope) in development, population, and popularity.

The Three Ardens, in Delaware, operate similarly. The first to be founded was Arden, in 1900. Adjoining Ardentown was founded in 1922, while Ardencroft was born in 1950. The policy is much the same as in Fairhope. In Arden and Ardentown the land is held by trustees, while in Ardencroft it is held by a non-profit corporation set up for this purpose. The land is leased to users, and there are long waiting lists for it. With the proceeds of the rent, as in Fairhope, all local taxes are paid, and the balance of the rent is used for public improvements.

(For further information, see the book Land Value Taxation Around the World, published by the Robert Schalkenbach Foundation.)

Land Historically Considered

1. To what extent is the "Unbounded Savannah" a story of what really happened?
2. With increasing population, what happened to the farm land? Why? What does this tell us about the uses of land?
3. According to this story, how did cities develop? Was it a natural or forced development?
4. What causes land values to increase?
5. How did earlier societies differ from modern societies in their ideas of land ownership?
6. What were the reasons for this change?
7. How did this change affect the civilizations of Rome and Greece during the ancient period?
8. How was land treated during the feudal period?
9. What affect did the Enclosures have upon common land?
- 10 To what degree is the tenure of land the basic fact which determines the conditions of political, social and economic life?

pg 99

pg 98

advantages of social contact; naturally
pg 99 "social organism"

pg 101

trans/property
pg 145-6

pg 146

pg 147

pg 148

opinion
pg 151 etc.

SESSION IX

HUMAN PROGRESS AND THE DECLINE OF CIVILIZATION

Readings:

P&P, Chap. 24-27

Pgs 184-220

OBJECTIVES AND PURPOSE: All of the previous sessions have focused primarily on economics, but the focus of this lesson is much wider. Every day we witness signs of the decay of which George wrote, and these breakdowns in our civilization are not isolated instances. Therefore, the main issue in this session is the inevitability of the decline of western civilization.

SUGGESTED SEQUENCE OF ACTIVITIES:

Begin with a discussion of the problems of today. Emphasize those that are not particularly economic in nature, i.e. honesty, morality, etc. Discuss with the class the reasons for the apparent decline in public and private moral and ethical behavior (20 minutes). By illustrating the historical rise and fall of past civilizations, lead the class into discussing the following question: "Are the problems we've just discussed limited only to the United States or are they indications of a world-wide breakdown of civilization?" As has been shown before, other civilizations have declined. . . so may we. George cites a number of portents that may well signal this decline. Refer to the paragraphs below and ask the class to comment on the accuracy of George's words:

- a) P. 202 "This transformation. . . political decline"
- b) P. 202 "The very foundations . . . Barbarism"
- c) P. 203 "Where this course. . . civilization"
- d) P. 203 "Though we may . . . corrupted"
- e) P. 204 "And how the . . . of the times"

Again, emphasize what George believed to be the cause of our decline, namely the monopolization of land. Monopolization has lead to the development of inequality in the distribution of wealth, thus creating many of our problems. George presents a world based upon the law of human progress (Association in Equality); it is a world in which individualism and liberty reign. As a concluding activity, read the moving "On Liberty" (Pg 208-210 "Liberty . . . Shall we not trust her?") (30 minutes)

SESSION XSUMMARY OF COURSE

Readings:

Review

OBJECTIVES AND PURPOSE: This is the wrap-up session, affording you an opportunity to summarize the course and pull together any loose ends. You should make very clear that the course has just scratched the surface, and that Georgist thought encompasses considerably more than has been presented in these sessions.

SUGGESTED SEQUENCE OF ACTIVITIES:

A concise summary of the course stressing the four or five major points should be presented. Have the students write a brief paragraph containing the following items:

- a) what they consider to be the most important contribution of George;
- b) what do they feel are important flaws in the Georgist philosophy?

Ask several students to read their comments. This should lead into a general discussion which will give you an opportunity to assess the degree of understanding which has taken place. (40 minutes) Describe the history and objectives of the Henry George School, noting that for over thirty-five years it has served to educate adults in the basics of economics. Mention the many other schools or extensions operating throughout this country and in England, Canada, and Australia. Indicate other organizations that promote the philosophy of Henry George, such as the Henry George Institute, the Henry George Foundation, the Robert Schalkenbach Foundation, L.E.A.F. (Land, Equality, and Freedom) on the West Coast, and the Center for Local Tax Research. (15 minutes)

"Where do we go from here?" is a topical question asked by students at the close of these sessions. Encourage them, as there is much that can be done if the interest and desire is there. For example, they can:

- a) write letters to newspapers and politicians.
- b) become active in state and local politics.
- c) discuss these ideas with friends and neighbors.
- d) attend Georgist meetings and conferences.
- e) subscribe to various Georgists publications and journals.
- f) enroll in other courses--it is most important to stress this activity. Odds increase tenfold for participation by your group if students enroll in follow-up courses (25 minutes)

It might be worthwhile to have a supply of materials available for purchase by members of the class.

FUNDAMENTAL ECONOMICS (Six-Session Course)
Text: "Progress & Poverty" (Abridged Edition)

Session Two Pages 36 through 71

1. FUNCTIONS OF CAPITAL. Keeping in mind that capital is a form of wealth, which by definition is invariably tangible, it follows that capital must have physical substance. Further, since all wealth is man-made, nothing in a state of nature can be capital, nor can anything human. Capital consists of that part of wealth devoted to the aid of production, i. e.; which is used to help produce more wealth. Examples of capital are tools, implements, machines, devices, animals, materials, etc. - anything employed by labor in production. The purpose of producing wealth being to satisfy human desires, production cannot be deemed complete until the product reaches its consumer or user. Hence, wealth in the course of exchange is still in the course of production, and also is capital.

2. MALTHUS AND POPULATION. The Malthusian doctrine, that population increases faster than subsistence, is generally discounted nowadays as a statistically unfounded pseudo-scientific theory. Its implications, however, continue to condition popular opinion. So there prevails even presently a belief that there are too many people, that there isn't enough to go around, and that poverty arises from too many seeking to share limited availabilities. These conclusions, which unfortunately rationalize and justify poverty as being inevitable, ignore the fact that there may be other causes for poverty.

3. DISTRIBUTION OF WEALTH. The three factors which combine to produce wealth are land, labor, and capital. (Wealth can, of course, result from a union of the first two, without the third, but only the most primitive forms of wealth can be produced without capital.) Each participant in the productive process receives a return from the wealth produced, as compensation for its contribution, which are called rent, wages, and interest, respectively. These are the only avenues of economic distribution, so any return of any kind must fit into one or more of these three categories. (A careful reading or re-reading of "Definitions Restated" at Page 64 is recommended.)

4. LAWS OF DISTRIBUTION. The distribution of wealth to the factors that produce it, in the form of rent, wages, and interest, is governed by natural economic laws, which determine the nature and extent of such distribution. Clearly, added together all must comprise the entirety, and the three laws of distribution necessarily must be harmonious. The Law of Rent (revealed and recognized long before the publication of Progress & Poverty) is that: The rent of land is determined by the excess of its produce over that which the same application can secure from the least productive land in use. (Class discussion will clarify and illustrate the Law of Rent; and demonstrate its relationship to the other laws of distribution.)

Reading assignment for Session Three: Pages 72 through 101.

FUNDAMENTAL ECONOMICS (Six-Session Course)
Text: "Progress & Poverty" (Abridged Edition)

Session Three

Pages 72 through 101

1. LAWS OF DISTRIBUTION (Cont'd). The Law of Wages and the Law of Interest are corollaries of the Law of Rent. Once the Law of Rent is established, the laws determining wages and interest are revealed as logical and inevitable consequences. Since all wealth is economically distributed as rent, wages, and interest, it follows that when the share of wealth allocated to rent is subtracted from the whole, only the remainder is available for distribution as wages and interest. Clearly, then, wages and interest are determined at the same point at which rent is fixed: at the Margin of Production, which is the least productive land in use OR the most productive land available to labor without the payment of rent.

2. NATURE OF CAPITAL. As has been shown, the purpose and function of capital, (by definition a type of wealth), is to aid labor in the production of wealth. Thus capital is an extension of labor, an amplification of labor's power and ability. This concept is better comprehended if one considers that capital is in fact a form of labor. It is labor impressed upon matter, stored up materially to be released as needed. Accordingly, George observes that the distribution of wealth actually is dual, not tripartite. Moreover, it is important to recognize that capital is never a fixed quantity, but can always be increased or decreased. This is effected either by more or less labor being applied to the production of capital, or by the conversion of wealth into capital or vice versa.

3. LAWS OF WAGES AND INTEREST. As indicated above, the Law of Wages is that: Wages depend on the margin of production, or on the maximum produce labor can obtain from the best land open to it without rent. The Law of Interest stems from and relates to the Law of Wages, and essentially is that: As rent rises, interest will fall as wages fall, or will be determined by the margin of production. Wages and interest constantly tend toward an equilibrium between them, based on the increase or decrease in labor's production of capital.

4. EFFECT OF MATERIAL PROGRESS. As population grows, and as civilization and society progress, vast improvements in the production of wealth ensue. This applies to both the quantity and the quality of wealth brought to the marketplace. Where does this greater volume of better things go? Is it shared proportionately and equitably by the various factors of production? The continuing prevalence of widespread subsistence-level living requires a negative answer. (Class discussion will provide a means of clarifying the question.) Students are urged to read Chapter 12, "The Unbounded Savannah," starting at Page 95.

Reading assignment for Session Four: Pages 102 through 144.

FUNDAMENTAL ECONOMICS (Six-Session Course)
Text: "Progress & Poverty" (Abridged Edition)

Session Four

Pages 102 through 144

1. BASIC CAUSE OF DEPRESSIONS. "Given...a progressive community," writes Henry George, "in which population is increasing and one improvement succeeds another, land must constantly increase in value." This phenomenon is too self-evident to be questioned. Moreover, it is a normal and logically anticipated concomitant of social and industrial development. But unhappily, under the current system of land tenure, the confident expectation of future growth of land values leads to speculation, i. e.; the holding of land at a price higher than it would otherwise bring on the market. This keeps desirable land out of use, thus forcing the margin of production farther than present production requires, thereby lowering wages and interest to an unacceptable level. As a result, production begins to stop, and a depression ensues, continuing until (a) the advance of rent has subsided; (b) improvements in production have increased it sufficiently to overtake the speculative rent, and/or (c) labor and capital capitulate and accept smaller returns. Herein is found the explanation for the problem of poverty: "The reason why, in spite of increase of productive power, wages constantly tend to a minimum that will give but a bare living, is that, with increase of productive power, rent tends to even greater increase, thus producing a constant tendency to the forcing down of wages."

2. SOME PROPOSED REMEDIES. In Chapter 15, George considers various suggested "remedies" for poverty, including: economy in government, education of the working classes, unions, cooperation between capital and labor, government controls, and wider distribution of land. Whatever temporary alleviation any of these might give affected individuals, all of them after careful examination are found insufficient economically, chiefly because none of them is directed at the basic cause of poverty. Says George, "There is but one way to remove an evil, and that is to remove its cause."

3. "THE FIRST GREAT REFORM." Since the private appropriation of speculative rent is demonstrably the cause of industrial depression and its attendant poverty, George proposes a remedy designed to eliminate it. His simple proposal is that rent be collected by the community by means of taxation, and that all other forms of taxation (i. e.; on labor, capital, and production) be abolished. This so-called "single tax" conforms with the Canons of Taxation in that: (a) it bears lightly on production, (b) it is easily and cheaply collected, (c) it is certain, and (d) it is just and equitable. In addition, the taxation of land values (which actually is the collection of economic rent) by the community compensates every individual for giving up his right of access to land.

Reading assignment for Session Five: Pages 145 through 183.

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FUNDAMENTAL ECONOMICS (Six-Session Course)
Text: "Progress & Poverty" (Abridged Edition)

Session Five

Pages 145 through 183

1. PROPERTY IN LAND. The further man "progresses," and the more "civilized" he becomes, the more conditioned he seems to be to the concept of private property in land. Simpler, less advanced, and perhaps more primitive societies conversely tend to regard land as common property, and to consider access to and the use of land a common right. But such economic naiveté is not widely prevalent in the modern world. Historically, through conquest, force, and fraud, land has vested in private holdings, and mere title to land has enabled its owners quite legally to enjoy large portions of its fruits and produce, though production is effected by the labor of others. One may ask, can this be just and right?

2. RIGHTFUL BASIS OF PROPERTY. The essence (and the test) of justifiable ownership of property are rather neatly expressed in two brief sentences of George (P & P Abridged, p. 154): "Nature acknowledges no ownership or control in man save as the result of exertion. In no other way can her treasures be drawn forth, her powers directed, or her forces utilized or controlled." It follows that what a man makes or produces is his own; "No one else can properly claim it, and his exclusive right to it involves no wrong to anyone else." We must, however, never fail to distinguish between things that are the products of labor and things that are gratuitous offerings of nature. Since land is not a product of labor, no individual can rightfully claim private ownership in land. Moreover, such private ownership denies and prevents access to the land involved by others equally entitled to its use. One who foregoes his rights of access and use should be compensated, as he would be if the economic rent of the land were collected via taxation for the benefit of the whole community.

3. CHANGES TO BE ACCOMPLISHED. What benefits might the taxing of land values bring about? Consider these: (a) it would substitute a single, simple, readily imposed, easily collected tax for the many complex and problematical taxes now in effect; (b) it would eliminate the current taxes on labor and production, which inhibit production by penalizing industry, thrift, and skill; (c) it would give full reward to those who add to the general store of wealth; (d) it would curtail inflation by increasing the supply of goods in the marketplace; (e) it would create employment by opening new opportunities to labor by way of increased access to land, and thus remedy the many evils resulting from mass unemployment, and (f) it would greatly simplify government. Above all, by obviating the need for constant economic struggle, it would pave the way for a better mental, spiritual, and social life for all.

Reading assignment for Session Six: Pages 184 through 220.

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FUNDAMENTAL ECONOMICS (Six-Session Course)
Text: "Progress & Poverty" (Abridged Edition)

Session Six

Pages 184 through 220

1. ECONOMIC PRINCIPLES OR SOCIAL PHILOSOPHY? It must become evident to the thoughtful student that the ultimate aim of Henry George is not merely to bring about land reform, fiscal change, or a solution to the tax problem. All of these, while imperative as first steps toward economic equity and the elimination of poverty, are means rather than ends. George's real goals are the encouragement of human progress, the attainment of liberty, and the freeing of man's mental powers so that he may strive for a higher and better life. (See Chapters 23, 24, and 26, Progress & Poverty, Abridged.)
2. LAW OF HUMAN PROGRESS. George points out that: "Men improve as they become civilized, or learn to cooperate in society." He further observes that: "Men are social in nature," and that as they come closer together, they tend to progress. Association among human beings is clearly a prerequisite to social and economic advancement. But this necessarily presupposes association without conflict or injustice. Justice, i. e.: equality, is the second essential of progress. If there is free association and justice prevails, there can be no impediment to going forward. Association in equality is the law of human progress.
3. CALL TO LIBERTY. Among the unalienable rights with which "all men" are divinely endowed are "life, liberty, and the pursuit of happiness." These rights, says George, are denied when the equal right to land - on which and by which alone men can live - is denied.... Political liberty, when the equal right to land is denied, becomes, as population increases and invention goes on, merely the liberty to compete for employment at starvation wages.
4. CONCLUSION. In the final chapter of Progress & Poverty, Henry George makes these curiously prophetic statements: "The truth that I have tried to make clear will not find easy acceptance. If that could be, it would have been accepted long ago. If that could be, it would never have been obscured. But it will find friends. . ."

FUNDAMENTAL ECONOMICS (Six-Session Course)
Text: "Progress & Poverty" (Abridged Edition)

Session One Pages 1 through 35

1. THE PROBLEM. The association of poverty with progress (observes Henry George) is the great enigma of our times. He puts it in the form of a Problem: "Why, in spite of increase in productive power, do wages tend to a minimum which will give but a bare living?" Believing the answer lies within the province of Political Economy, he undertakes in Progress & Poverty to establish the cause of and find a remedy for "increase of want with increase of wealth." His attitude is clearly stated: "I propose...to take nothing for granted...to beg no question, to shrink from no conclusion, but to follow truth wherever it may lead."

2. BASIC DEFINITIONS. In any scientific investigation, the need for clear and precise definitions of terms is self-evident. The following definitions reflect the exact meanings attributed to the key words (and concepts) which are fundamental to this course of study.

POLITICAL ECONOMY: The science which treats of the nature of wealth, and of the natural laws which govern its production and distribution.

WEALTH: All material objects produced by labor from land to satisfy human desires, having exchangeability. (Note that there are five elements involved, all of which must be present for economic wealth to exist.)

LAND: All natural materials, forces, and opportunities. (I.e.: the entire universe, excepting man and his products.)

LABOR: All human exertion devoted to the production of wealth. (This includes any human activity, whether physical, mental, spiritual, psychological, artistic, etc.)

CAPITAL: That form of wealth which is devoted to aiding in the production of further wealth. (This necessarily includes wealth still in the course of exchange.)

RENT: The return or consideration for the use of land.

WAGES: The reward or compensation for the exertion of labor.

INTEREST: The return or consideration for the use of capital.

3. THE SOURCE OF WAGES. Are wages drawn from a "fund" set aside for the purpose from "capital"? The answer must be negative if the economic definitions are applied. Are wages paid by employers in advance of labor performed? Not unless it constitutes charity, a loan, or a contractual guarantee. Clearly, there can be but one source of wages: the product of labor. Without such product, there is nothing from which wages can be taken. Therefore, production must (and always does) precede wages. The only "fund" from which wages can be drawn is the wealth produced by labor.

Reading assignment for Session Two: Pages 36 through 71.

FUNDAMENTAL ECONOMICS (Six-Session Course)
Text: "Progress & Poverty" (Abridged Edition)

Session Two Pages 36 through 71

1. FUNCTIONS OF CAPITAL. Keeping in mind that capital is a form of wealth, which by definition is invariably tangible, it follows that capital must have physical substance. Further, since all wealth is man-made, nothing in a state of nature can be capital, nor can anything human. Capital consists of that part of wealth devoted to the aid of production, i. e.: which is used to help produce more wealth. Examples of capital are tools, implements, machines, devices, animals, materials, etc. - anything employed by labor in production. The purpose of producing wealth being to satisfy human desires, production cannot be deemed complete until the product reaches its consumer or user. Hence, wealth in the course of exchange is still in the course of production, and also is capital.

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Reading assignment for Session Three: Pages 72 through 101.

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Session Three

Pages 72 through 101

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Reading assignment for Session Four: Pages 102 through 144.

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Session Four

Pages 102 through 144

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2. SOME PROPOSED REMEDIES. In Chapter 15, George considers various suggested "remedies" for poverty, including: economy in government, education of the working classes, unions, cooperation between capital and labor, government controls, and wider distribution of land. Whatever temporary alleviation any of these might give affected individuals, all of them after careful examination are found insufficient economically, chiefly because none of them is directed at the basic cause of poverty. Says George, "There is but one way to remove an evil, and that is to remove its cause."

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Reading assignment for Session Five: Pages 145 through 183.

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Session Five

Pages 145 through 183

1. PROPERTY IN LAND. The further man "progresses," and the more "civilized" he becomes, the more conditioned he seems to be to the concept of private property in land. Simpler, less advanced, and perhaps more primitive societies conversely tend to regard land as common property, and to consider access to and the use of land a common right. But such economic naiveté is not widely prevalent in the modern world. Historically, through conquest, force, and fraud, land has vested in private holdings, and mere title to land has enabled its owners quite legally to enjoy large portions of its fruits and produce, though production is effected by the labor of others. One may ask, can this be just and right?

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Reading assignment for Session Six: Pages 184 through 220.

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Session Six

Pages 184 through 220

1. ECONOMIC PRINCIPLES OR SOCIAL PHILOSOPHY? It must become evident to the thoughtful student that the ultimate aim of Henry George is not merely to bring about land reform, fiscal change, or a solution to the tax problem. All of these, while imperative as first steps toward economic equity and the elimination of poverty, are means rather than ends. George's real goals are the encouragement of human progress, the attainment of liberty, and the freeing of man's mental powers so that he may strive for a higher and better life. (See Chapters 23, 24, and 26, Progress & Poverty, Abridged.)
2. LAW OF HUMAN PROGRESS. George points out that: "Men improve as they become civilized, or learn to cooperate in society." He further observes that: "Men are social in nature," and that as they come closer together, they tend to progress. Association among human beings is clearly a prerequisite to social and economic advancement. But this necessarily presupposes association without conflict or injustice. Justice, i. e.: equality, is the second essential of progress. If there is free association and justice prevails, there can be no impediment to going forward. Association in equality is the law of human progress.
3. CALL TO LIBERTY. Among the unalienable rights with which "all men" are divinely endowed are "life, liberty, and the pursuit of happiness." These rights, says George, are denied when the equal right to land - on which and by which alone men can live - is denied.... Political liberty, when the equal right to land is denied, becomes, as population increases and invention goes on, merely the liberty to compete for employment at starvation wages.
4. CONCLUSION. In the final chapter of Progress & Poverty, Henry George makes these curiously prophetic statements: "The truth that I have tried to make clear will not find easy acceptance. If that could be, it would have been accepted long ago. If that could be, it would never have been obscured. But it will find friends. . ."

REFORMERS AND REFORM MOVEMENTS

From Henry George to the 1980's.

Oct. 8: HENRY GEORGE & EDWARD BELLAMY: Successful Critics of Social Darwinism?

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Oct. 15: THE FARMERS REVOLT: Progressive Reformers or for the Status Quo?

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Oct. 29: Robt. M. LaFollette: Was the "Wisconsin Idea" Unique?

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Wm. E. Leuchtenburg, FDR & the New Deal(1963), 41-62, 143-96, 326-41

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Nov. 19: NORMAN THOMAS & THE SOCIALISTS: Conscience of the Nation?

- Goldman, Rendezvous, nary a word.
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 Frank A. Warren, An Alternative Vision, The S.P. in the 1930s(1974)
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Nov. 26: EARL BROWDER: The Romance or Tragedy of U.S. Communism?

- Goldman, Rendezvous, 274-77, 281, 293, 321-23, 332-33, 337-38.
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Dec. 9: WHAT'S LEFT IN THE 1980s?

COURSE FUNDAMENTAL ECONOMICSINSTRUCTOR MARK SULLIVANRM. LOUNGEDAY THURSDAYHOUR 5:30 - 7:30 pmDATE (from) 2/5/81(to) 4/9/81

2/5 12/12 1/19 1/26 3/5 1/12 1/19 1/26 4/2 1/9
1 2 3 4 5 6 7 8 9 10

Name

Address

Don Abramowitz		✓	Lib								
Elaine R. Angelini	✓	✓	✓	✓	0	✓	0	✓			
Olive Biggar	✓	✓	✓	✓	✓	✓	✓	✓	✓		
Barbara Carpino	✓	✓	Lib								
Connie Chen											
Saralyn Dyme		✓	✓	✓	0	0	0	0			
Ursula Finkheiner			✓								
Florence Giberstone			Cancelled								
Eva Greenstein			Cancelled								
Anne Lavin											
Claire Mazen	✓										
Patrick J Mc Devitt	✓	✓	✓	✓	✓	✓	✓	0	✓		
Roderick Plummer											
Johnathan Roth		✓	Lib								
Bob Schaeffer	✓		Lib								
Edith Shapiro											
Elizabeth Sunne											
Cyrene Taylor											
Anastacio N. Teodoro III	✓	✓	Lib	✓	0	✓	0	0			
Lana Turner											
Elizabeth Waters											
Mike Murphy	✓	✓		✓	✓	0	0	0			
Simone Thornber		✓									

7 10

cancelling bec. of work (phone) 2/26/81

cancelling bec. of Riverside ptg. class 2/25/81

SUGGESTED READINGS
for
Progress and Poverty

- Lesson 1 Introduction to course
- Lesson 2 Land Today and Its Importance
Harper's article, January 1979 (pages 47-55)
Progress and Poverty, Chapter 1 (pages 1-7)
- Lesson 3 Today's Alternatives for Eliminating Poverty
Booklet: Single Tax
Progress and Poverty, Chapters 14, 15, and 16 (Pp. 111-131)
- Lesson 4 Implementation and Effects of the Solution
Progress and Poverty, Chapters 17 and 18 (Pp. 132-144)
Chapter 22 (Pp. 169-175)
- Lesson 5 Rightful Basis of Property
Booklet: Justice the Object
Progress and Poverty, Chapter 20 (Pp. 153-161)
- Lesson 6 Laws of Rent and Wages
Booklet: Land for the People
Progress and Poverty, Chapters 8 and 9 (Pp. 66-80)
- Lesson 7 Effects of Material Progress on Distribution of Wealth
Progress and Poverty, Chapters 10 and 11 (Pp. 81-94)
Chapter 13 (Pp. 102-110)
- Lesson 8 An Historical Consideration of Land
Progress and Poverty, Chapter 12 (Pp. 95-101)
Chapter 19 (Pp. 145-152)
- Lesson 9 Human Progress and the Decline of Civilization
Progress and Poverty, Chapters 24 through 27 (Pp. 184-220)
- Lesson 10 Summary and Impact of Progress and Poverty

Henry George School of Social Science

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697-9880

FUNDAMENTAL ECONOMICS - Reading Assignments

- II - Progress and Poverty, Chapter 1
Harper's article - Land Rush
- III- P & P, Ch. 2, 14, 15, 16
Booklet - Single Tax
- IV - P & P, Ch. 17, 18, 22
- V. - P & P, Ch. 20
Booklet - Justice the Object
- VI - Booklet - The Land for the People
P & P, Ch. 8, 9
- VII- P & P, Ch. 10, 11, 13
- VIII-P & P, Ch. 12, 19
- IX - P & P, Ch. 24, 25, 26, 27
- X. - Review of the Course

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FUNDAMENTAL ECONOMICS - Reading Assignments

II - Progress and Poverty, Chapter 1
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IV - P & P, Ch. 17, 18, 22

V. - P & P, Ch. 20
Booklet - Justice the Object

VI - Booklet - The Land for the People
P & P, Ch. 8, 9

VII- P & P, Ch. 10, 11, 13

VIII-P & P, Ch. 12, 19

IX - P & P, Ch. 24, 25, 26, 27

X. - Review of the Course

SESSION I-Supplement A

Mortimer Adler: The reading of Progress and Poverty is an unforgettable experience...It is an incomparable statement of the democratic credo.

Albert Einstein: Men like Henry George are rare, unfortunately. One cannot imagine a more beautiful combination of intellectual keenness, artistic form, and fervent love of justice.

Winston Churchill advocated Henry George's idea in England during the great budget debates of 1909-10.

Leo Tolstoy: People do not argue with the teachings of Henry George; they simply do not know it. He who becomes acquainted with it cannot but agree.

Sun Yat Sen: I intend to devote my future to the promotion of the welfare of the Chinese people as a people. The teachings of Henry George will be the basis of our program of reform.

Helen Keller: Who reads shall find in Henry George's philosophy a rare beauty and power of inspiration, and a splendid faith in the essential nobility of human nature.

Franklin Roosevelt: Henry George was one of the really great thinkers produced by this country...I wish his writings were better known and more clearly understood.

Woodrow Wilson: The country needs a new and sincere thought in politics, coherently, distinctly and boldly uttered by men who are sure of their ground. The power of men like Henry George seems to me to mean that.

Louis Brandeis: I find it very difficult to disagree with the principles of Henry George.

Aldous Huxley: If I were to rewrite the book, I would offer a third alternative...the possibility of sanity...Economics would be decentralist and Henry Georgian. (Author of Brave New World)

Dwight Eisenhower voted for Henry George for the Hall of Fame in 1950.

If students have difficulty in grasping the differences then use the blackboard. Head one column "CAPITAL" and one column "LAND":

CAPITAL

Labor products & the result of individual exertion.

Being a labor product, it is unusable and wears out. Increases, based upon the needs of society.

Constant maintenance is necessary to keep up value.

Its use reduces exertion in production of goods, increasing production and reducing value.

Arises only with the use of the land.

Ability to increase or decrease negates any monopolistic tendencies.

LAND

Land is not the product of human exertion.

Land, although used, does not wear out, but lasts forever. Land is limited; the more one person appropriates, the less is available for others.

Increases in value regardless of maintenance.

Since LAND cannot be reproduced, competition increases for its use increasing its value.

Does not arise with the use of capital.

Being finite, open to all kinds of monopolies.

QUESTIONS for SESSION II

Readings: Harper's article (Jan. 1979), pages 47-55
P&P, Chapter 1, pages 1-7

1. "Land is a means of distributing and exercising power".
To what extent do you agree with this statement?
2. Name some of the corporations owning extensive acreage and their major business fields.
3. What are the percentages of ownership in this country in residential, commercial, industrial, government, ranches, farms, and forest land?
4. What are some examples of large land ownership and concentration in the United States?
5. Cite some examples of concentration in farm land.
6. What has accounted for the increased value of land?
7. What are some of the conclusions you can draw from the charts on pages 53 and 54?
8. What is the great enigma of our times?
9. Why has political economy failed to solve these important problems?

SESSION III-SUPPLEMENT A

The Laws of Distribution

The distribution of wealth in political economy means the division of wealth among the factors that have produced it. The meaning is thus different from "distribution" in common parlance, which usually means the transportation of goods. As noted in Lesson II, transportation is really part of production.

The laws of distribution means the natural laws which determine what portion of wealth produced is the return to each factor of production-i.e., land, labor and capital.

Economic laws are not man-made or legal rules, but are natural laws of human behavior. The basic law that concerns us is: Men seek to gratify their desires with the least exertion. In studying the laws of distribution, we learn how this basic law fixes the return to each factor of production; that is, land, labor and capital.

Natural laws deal with underlying tendencies. For instance, man will always seek gratification with the least possible effort, though he may not always succeed. In the laws of distribution, we must first look for the underlying tendencies. Man-made laws may have an influence on economic processes, and on the distribution of wealth. Various obstacles and hindrances may change the picture. After we discover the basic laws, we may then study the effects of all those other conditioning factors.

Some modern economists do not agree that there are natural laws in economics. They limit themselves to a description of business processes and statistical data. But in so doing, they fail to build up a clear and coherent explanation of economic phenomena, especially of the distribution of wealth. This can only be done by a study of the natural laws involved.

Some economists do not accept only three factors of production and three avenues of distribution. Some would add a fourth factor, "enterprise", the return to which is "profits". Upon examination, it may seem that enterprise is included in the economic term labor, and that there is no such thing as profits apart from rent, wages, and interest. Some speak of a fifth factor, "Government", the return to which is "taxes". Insofar as government renders a service, it is like enterprise. Wasteful government, of course, does not produce wealth at all, and may even destroy it. Taxes can only come from rent, wages and interest. Some economists would reduce the factors of production to two-labor and capital-maintaining that land is but a form of capital. But this lumping

together of things essentially different results only in confusion. Land is not produced by man; capital is. Land is fixed in quantity; capital is not. The laws governing the returns to land and capital are essentially different.

The entire product (wealth) is distributed as rent, wages and interest; and hence this distribution must account for the entire product.

Land	}	Wealth	{	Rent
Labor				Wages
Capital				Interest

LESSON III-SUPPLEMENT B

QUESTIONNAIRE

This is not an examination. Most of the following questions can be answered "yes" or "no". It will provide us with a starting point in our discussions and also allow you to sharpen your thinking.

1. Is the current property tax in Nassau County fairer than either the sales tax or income tax in Nassau and New York State? _____
2. Should a tax be based upon the ability to pay-the more you earn the higher the percentage you pay? _____
3. Should the homeowner pay the same rate in the property tax as the manufacturer and the store owner? _____
4. Does a tax on improvements have the same effect as taxing only the values on land? _____
5. Should a homeowner pay more in taxes than the owner of vacant land? _____
6. Is poverty inevitable in the United States or do we have the capabilities to feed everyone? _____
7. Is poverty inevitable throughout the world or are there too many people to feed, house and take care of? _____
8. Which of the following would you consider wealth?
Money _____
Stocks and Bond _____
Land _____
An Automobile _____
Forest _____
9. Economically and morally is there a difference between owning land and owning an automobile or a suit? _____
10. Is man's progress limited by his access to natural resources? _____

QUESTIONS FOR SESSION III

Readings:

Booklet Single Tax

P&P Chap. 14-16

P. 11 to 13

1. What is the cause of inequality in the distribution of wealth?
2. What is necessary for the production of wealth?
3. What effect would economy in govt. and reduced taxes have upon the general level of wages?
4. Can skill, industry or thrift eliminate poverty?
5. Can cooperative enterprises raise the general level of wages?
6. What is the effect of govt. regulation of industry upon poverty?
7. Can a more general distribution of land raise the general level of wages?
8. What is Henry George's remedy? Explain.
9. What advantages can we expect from the Single Tax?
10. Mention some of the moral benefits of the Single Tax.

SESSION IV-SUPPLEMENT ATHE MEANING OF "COMMON PROPERTY IN LAND"

Henry George says, "We must make land common property". This statement requires explanation. Basically, there are three types of property: common, government, and private.

Common property is that which belongs to all men in common; that which all men have an equal right to use and enjoy.

Government (or public) property is that which belongs to the state and is subject to the direction of the government.

Private property is that which an individual (or group of individuals) has the exclusive right to possess, enjoy and dispose of as he (or they) sees fit.

It is thus seen that common property is not government property. Common property in the ocean is generally recognized; the ocean does not belong to any government. Common property is different from private property. Common property permits of private use, but it implies an obligation to the rest of the community, since the rights of others must be recognized.

By its very nature, land is common property and our laws and traditions already go far toward recognizing it as such. Society fixes the conditions under which land may be held. The principle of eminent domain asserts the superior claim of society to land. Sec. 1, Par. 10, of the New York State Constitution states, "The people of the State, in their rights of sovereignty, possess the original and ultimate property in and to all lands within the jurisdiction of the State". English and American law generally recognize absolute ownership of goods, but not of land. The law deals with the land "owner" as a land holder, who holds his land under the sovereignty of the state.

To effectuate common property in land, Henry George proposed that individuals retain title to land, and be assured of fixity of tenure and undisturbed possession. He showed that the rent of the land expresses the exact amount which the individual should pay to the community to satisfy the equal rights of all other members of the community. This payment is all that is required to "make land common property".

SESSION IV-SUPPLEMENT B

QUOTATIONS

Leviticus XXV-The land shall not be sold forever; for the land is Mine; for ye are strangers and sojourners with Me.

John Locke: God hath given the world to men in common...Yet every man has a property in his own person. The labor of his body and the work of his hands are properly his. (Civil Government)

William Blackstone: The earth, therefore, and all things therein, are the general property of all mankind, exclusive of all other beings, from the immediate gift of the Creator. (Commentaries on the Laws of England)

Thomas Jefferson: The earth belongs in usufruct to the living... Whenever there are in any country uncultivated lands and unemployed poor, it is clear that the laws of property have so far been extended as to violate natural right. The earth is given a common stock for men to labor and live on. (Letters to James Madison)

Abraham Lincoln: The land, the earth God gave to man for his home, sustenance, and support should never be the possession of any man, corporation, society, or unfriendly government, any more than the air or water, if as much. An individual, or company, or enterprise requiring land should hold no more than is required for their home and sustenance, and never more than they have in actual use in the prudent management of their legitimate business, and this much should not be permitted when it creates an exclusive monopoly. (Lincoln and the Men of his Time)

SESSION IV-SUPPLEMENT C

Can the Land Value Tax be Shifted to the Tenant?

The price of all goods, services or land is determined by the law of supply and demand. Anything and everything that affects the supply or demand for anything automatically affects the price of it.

It is common knowledge that a tax on commodities can be and generally is passed on to the buyer. The reason is that the tax will reduce production by adding to the cost of production. Our incomes are limited. The more taxes we pay, the less we have left for commodities-and the less demand, the less production. Thus, the supply of commodities is lessened by the imposition of a tax on commodities. But nothing that a landowner, a government, or a consumer can do will increase or decrease the supply of land.

By the Law of Rent, the rent of land is determined by the excess of its production (with the same application of labor and capital) over that of the least productive land in use. In circumstances where there is no free land, the landowner is already claiming as rent all that the tenants can possibly pay.

The supply of land is fixed by nature. A tax on land values does not add to the price of the land; on the contrary, it reduces the price of land by putting more land on the market.

A tax on the value of all land would also be applied to land which is being held out for use for an expected increase in price. A great deal of land in this country is so held. When the owner of unused land is compelled to pay the same tax on the value of his land as the owner of improved land of equal desirability, he must either use the land or dispose of it. This will bring more land into use. Hence, the result would be a relative increase in the amount of land offered for use as compared with existing demand.

With more land being offered in the free market, the landowner could not ask more rent; he would have to ask less. He could not pass the tax on to the tenant, for the reason that the landowner, who is already demanding as much rent as he can get, cannot demand more rent unless he is able to reduce the available supply of land. It is manifestly impossible for him to do that when more land is being forced on the market by the tax on land values, which reduces the share of rent which the landowner can retain.

Nor can a merchant pass on the rent he pays to the landowner by raising the price of a product he sells. The price of a product (demand being equal) depends on its cost of production under the least favorable conditions; that is, at the margin of production. The rent of land absorbs all the advantages of superior location. A merchant must pay more rent for a more favorable location because he will do more business there, but he cannot increase the price of his products to pay the higher rent. Either he will do a volume

of business to warrant his using the superior location, or he will cease business on that site. Thus, the tax on land values would not be passed on into the price of products.

The general principles which determines the incidence of taxation are these: A tax upon anything (or upon the methods or means of production of anything), the price of which is kept down by the ability to produce additional supplies, will by increasing the cost of production, check supply. This will add to the price of that thing, and ultimately fall on the consumer. But a tax upon anything of which the supply is fixed, or monopolized, and of which the cost of production is therefore a determining element, as it has no effect in checking supply, does not increase prices and falls entirely on the owner.

SESSION IV

QUESTIONS

Readings:

P&P, Chap. 17-18-22-

P. 132-144, 169-175

1. What are considered to be the canons of taxation most commonly accepted?
2. How does a tax on land affect production?
3. To what degree is there certainty with a tax on land value?
4. Can the value of land be distinguished from the value of improvements?
5. To what degree is there equality with the Single Tax?
6. How do the various taxes affect our economy?
7. What would be the effect of untaxing industry?
8. Discuss new opportunities that would accrue with a land value tax.
9. How would the land value tax affect our social structure?
10. To what degree would government be simplified?

SESSION V

QUESTIONS

Readings:

Booklet Justice the Object
P&P, Chap. 20, P. 153-161

1. How does wealth differ from land?
2. What, according to George, is meant by equal rights to land?
3. What constitutes the rightful basis of property?
4. How is this basis of ownership supported by our history?
5. Is private property in wealth (things produced by labor) supported by this principle?
6. Is private property in land in accordance with the rightful basis of property?
7. What is the origin of land titles?
8. What are the various roots of ownership?
9. What is the basis of ownership in socialistic countries?
10. What is the difference between ownership and use?

"We differ from the Socialists in our diagnosis of the evil, and we differ from them in remedies. We have no fear of capital, regarding it as the natural handmaiden of labor; we look on interest in itself as natural and just; we would set no limit to accumulation, no impose on the rich any burden that is not equally placed on the poor; we see no evil in competition,

, but deem unrestricted competition to be as necessary to the health of the industrial and social organism as the free circulation of the blood is to the health of the bodily organism--to be the agency whereby the fullest cooperation is to be secured. We would simply take for the community what belongs to the community, the value that attaches to land by the growth of the community; leave sacredly to the individual all that belongs to the individual; and treating necessary monopolies as functions of the State, abolish all restrictions and prohibitions save those required for public health, safety, morals and convenience".--From The Condition of Labor by Henry George.

SESSION V-SUPPLEMENT AGeorgism vs. Socialism

GEORGISM: The philosophy of Henry George which holds that land, the free gift of nature, belongs to all men in common and can rightfully be subjected to private ownership only with due regard for the rights of others; and, as a corollary, that the wealth produced by labor rightfully belongs to the producer. To implement this philosophy, Georgism proposes that the rent of land be paid by the owners of land to the community for social purposes, and that all products of labor, all trade, and commerce be freed of taxes and other burdens.

SOCIALISM: A political and economic theory of social organization based on collective or governmental ownership and democratic management of the essential means for the production and distribution of goods. Socialism favors great extensions of governmental action. COMMUNISM (at present often used interchangeably with Socialism): Any system of social organization in which all goods are held in common. (Webster's New International Dictionary Unabridged, 1955).

COMPARISON OF THE PROPOSALS OF GEORGISM AND SOCIALISM

<u>Proposals regarding:</u>	<u>GEORGISM</u>	<u>SOCIALISM</u>
LAND	Private ownership with due regard for the rights of others; use controlled by individual title holder.	Governmental ownership; use controlled by government.
RENT	Collected as sole public revenue for social services.	Collected as part of overall governmental plan.
CAPITAL	Private ownership.	Governmental ownership.
INTEREST	Retained by private owners of capital.	Confiscated by government.
LABOR	Free access to natural materials and freedom to choose direction of effort.	Directed by government. "From each according to his abilities".
WAGES	In proportion to contribution to production.	"To each according to his wants". (Louis Blanc)
GENERAL	Private enterprise and competition in the open market-a free field and no favors. Recognition of the natural rights of the individual.	Competition and private enterprise to give way to direction by government. No individual rights except as granted by the government.

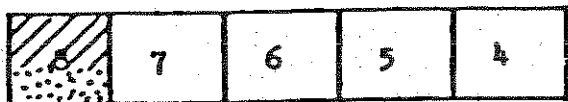
EFFECTS OF MATERIAL PROGRESS ON DISTRIBUTION

1. What is the maximum and minimum return that can be obtained for the use of capital?
2. Is capital a fixed quantity? Explain?
3. How is the term profits confused with the term interest?
4. Name the changes which contribute to material progress.
5. What is the effect of inventions and better machinery on production?
6. How does it effect the margin, rent wages and interest?
7. What is the effect of increasing population upon the productive power of labor?
8. What is the effect upon rent and wages?
9. As progress continues, what is the effect on landholders?
10. What is the effect of speculation on the production and distribution of wealth?

EFFECTS OF LAND SPECULATION

In our previous illustrations we have assumed that the margin was extended only as it became necessary, because all superior land was in use. What happens in the settlement of a country is this: The first-comers, knowing that others will follow, and that where they came from land had a value and that the wealthy class owned large areas of valuable land, take more land than they themselves can use. Our charts show what this speculation does: (The diagonal lines indicate land in use, while the dotted areas indicate speculation.)

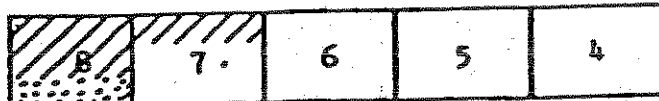
Rent 0



Wages 8

E. The first settlers take more land than they can use.

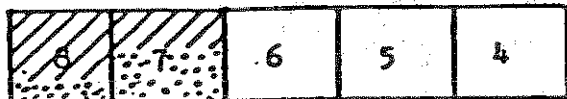
1 0



7 7

F. Thus the next settlers are forced to poorer land much sooner than they would be if land were freely available.

Rent 1 0



Wages 7 7

G. The next settlers appropriate in turn more than they can use.

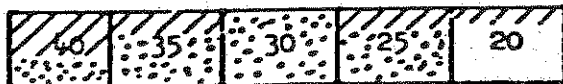
4 3 (2) 1 0



4 4 (4) 4 4

H. And so the following settlers are forced out still farther.

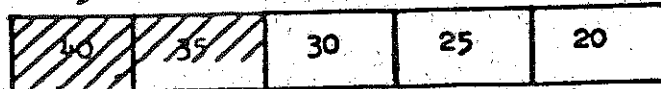
Rent 20 15 (10) 5 0



Wages 20 20 (20) 20 20

I. The same situation as in Chart D, but with productive power increased, as in Charts C and D.

5 0



35 35

J. Shows what wages and rent would be, after productive power has been increased, if there were no land speculation.

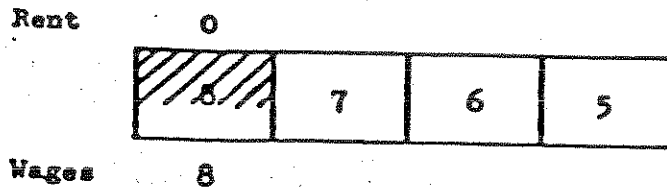
Note that in Chart J the margin of production is higher because the most desirable locations are being utilized, instead of being held for speculation. There are the same number of laborers in Chart J as in Chart I. They are merely accommodated on better land. Consequently, wages have been increased, and rent has been decreased.

Note that for "6" land in Chart H and "30" land in Chart I, rent and wages are in brackets (). This means that there is potential rent and wages on such land. Since no production is taking place, there is no actual rent or wages.

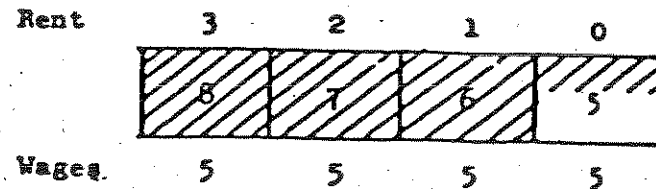
Page

SESSION VII
(Supplement A)
EFFECTS OF MATERIAL PROGRESS

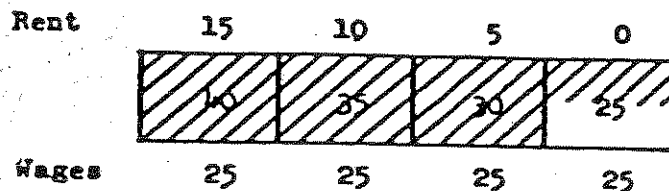
1. INCREASE IN PRODUCTIVITY



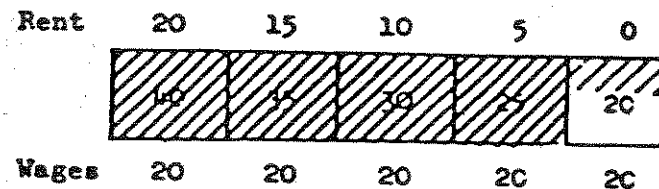
A. Society when the first settlers have settled on the best land (man seeks to satisfy his desires with the least effort). Wages are the whole product, or 8.



B. The same land, but with settlement now spread out to the 5 land. Wages are now 5 everywhere, and rent is the difference.



C. Society after increase in population and improvements in the arts of production have increased productive power. For simplicity, we assume that it has been increased 5 times on all locations. Wages and rent have been increased proportionately on all land. The most productive locations, of course, would be business and industrial sites.



D. The margin of production pushed out to poorer land because of the increased demand for raw materials to go into the increased production. Notice that, although wages have been decreased, and rent increased over Chart C, still wages are very much greater as a quantity than in the frontier days.

Chart D illustrates how, due to increased production, wages may actually rise as a quantity while falling as a proportion of the total production (as compared to frontier days). The natural tendency, if the desirable locations are fully utilized, is for productive power to increase faster than the margin of production falls, thus increasing wages as a quantity. However, another factor, speculation, alters this natural movement, as we shall see in the next series of charts.

Note: In the foregoing and following charts, the white spaces represent free land. The figures for wages would also include interest, if capital were used. However, for simplicity, we label them "wages," meaning, the return to the active factor in production. (Land is the passive factor, being acted upon.)

Mark Sullivan

I N S T R U C T O R S

G U I D E

Henry George School
May, 1980

INTRODUCTION

This guide is not a abrupt departure from past methodology of instruction. Rather it has been written to meet the needs of instructors who have wanted some new ideas and more contemporary teaching materials. The purpose of this guide is to blend the traditional with fresh and more meaningful materials.

Although the basic course has been conceived of as a ten week course, it may be taught as a "mini-course" in five week periods. During the first five sessions new methods and materials are introduced to better present George's principal ideas; the last five sessions will follow a more traditional approach.

This guide in no way represents a substitute for teacher individuality and originality. It may, however, offer some valuable assistance in classroom situations.

Your comments and suggestions are extremely important in the effort to constantly update and improve instructional materials.

SESSION I

OBJECTIVES & PURPOSE: Those who attend the opening sessions come for a variety of reasons. Although their reasons may differ, they all share one experience in common-their unfamiliarity with Henry George and Georgist philosophy; therefore, a major objective of this first session is to place George and Georgism into the context of the 19th century American reform movement.

SUGGESTED SEQUENCE OF ACTIVITIES:

First, introduce yourself by means of a brief autobiographical sketch. Then distribute both the enrollment cards and the questionnaire. Please request that both be filled out. (10 minutes).

Next, begin to develop George's relation to the reform movement of the 19th century. Briefly discuss this period (1870's-1890's) as a time when vast fortunes were being created, government intervention into the workings of business was being initiated, and the voices of reforms were being raised against the social and economic evils of the day.

Discuss George's concern with the problem of poverty and his overriding belief that the march of progress was so interrelated with the existence of poverty. Be sure to stress that this course will study the same basic Georgist concern: to make the world a better place in which to live. (Eric Goldman's study of reform, Rendez-vous with Destiny is an excellent source for both instructor and students. (15 minutes)

So that students understand more about George and how George was perceived by others, read the 8-10 quotes (Supplement A). From the rich variety of comments, it can be seen that George's appeal and influence was by no means limited or narrow.

The instructor should then raise the question as to reasons for the relative unfamiliarity of George and Georgism today. Discuss the relationship between the validity of ideas and their popular acceptance. Historically, how has the political and unpopular majority reacted to the expression of unpopular or non-traditional ideas. (20 minutes)

After this brief overview, give the students an opportunity to carry forward the discussion. Undoubtedly they will have much to say concerning the questionnaire. The questionnaire may easily be changed so that it can better relate to the special problems of your particular locale. In suburbia, where many of the students are homeowners, questions on the property tax are especially appropriate. Classes taught in urban areas may well stress the issues of slums and poverty. All these questions should offer the students ample opportunity for self-expression. The instructor might do well to play the role of the "devil's advocate" here challenging currently accepted programs and ideas. One intended outcome of this discussion is to have the students recognize that there is something wrong with the way current economic problems are being handled. (30 minutes)

In moving from the specific to the general, stress the importance of definitions, particularly the difference between LAND and CAPITAL. It should be noted that many economists recognize little if any difference between the two. George, however, presents these differences with great clarity.

SESSION II-Land and its Importance

Readings:

Harper's article and P&P

OBJECTIVES AND PURPOSES: Unlike many of today's economists, George emphasized the importance of Land. Use the Harper's article to show that land is still heavily concentrated in the hands of the few. Through the use of the charts and diagrams, indicate that there may be more than a casual relationship between monopolies and land ownership.

SUGGESTED SEQUENCE OF ACTIVITIES:

Often students will declare that George's ideas are outdated. By a careful integration of George's ideas and the more recent Harper's article this belief can be quite readily proved incorrect.

On page 3 of P&P distress and depression relate to contemporary issues. Have one of the students read the paragraph beginning with "...Now, however we are coming..."

On page 5 of P&P George sets forth the all-important generalization that both poverty and progress appear to coexist. The paragraph beginning with "...sums it up rather well".

Also on page 5 can be found statements which could be used to initiate endless class discussion. The paragraph "The idea that there is ..." offers opportunity for controversial discussion. (25 minutes)

Before discussing the Harper's article, make sure that students are aware of the factors of production as there will be occasion to refer to these terms often.

Definitions are important but use them primarily to illustrate points you are planning to make during the course of the lesson. Since you have probably spent some time in defining LAND, now show how the other factors of production-LABOR and CAPITAL-combine to produce wealth. (20 minutes)

The Harper's article can be used for the balance of this lesson. Try to elicit some responses from the quotation "LAND is a means of distributing and exercising power". Indicate the timeliness of that quotation for today as it was for the past.

A major point to stress is that many of today's giant corporations own large concentration of land. In order to dispel the notion that our philosophy is anti-capitalistic, it will be necessary to distinguish between the corporation as a capitalist and the corporation as a land owner. The chart on page 47 lists the largest corporate landowners in the United States. Ask the group what products these corporations make. It will become apparent that all of these products come from the land. Stress the importance of natural resources. Note the great number of energy related corporations on the list.

After dealing with the topic of corporate concentration, discuss land ownership by classification, i.e.; public or private. The three charts on pp 48-49 indicate the nature of government land ownership and detail the breakdown of land ownership by government agencies. (Later on, George's solution will cause some confusion with this concept).

SESSION III--Today's Alternatives for
Eliminating Poverty

Readings:

Booklet Single Tax

P&P, Chap. 14-16

p. 11 to 13

OBJECTIVES AND PURPOSE: Most proposed solutions to today's economic ills stem from the effort to lessen poverty. There are many people who would disagree. But the study of efforts to eliminate poverty is a legitimate activity. Unemployment, inflation and energy costs can all be related to the issue of poverty. In this session, allow the class to express their opinions and even give vent to their frustrations. There may be some confusion when George's solution is stated, but explain that this is but the beginning of understanding his ideas.

SUGGESTED SEQUENCE OF ACTIVITIES:

If a more structured lesson is desired, list the various alternatives on the blackboard:

ALTERNATIVES	ASSUMPTIONS	ACHIEVEMENTS	ASSESS.
More govt. regulation			
Greater economy in govt.			
More Inventions and capital spending			
Better Education and more skilled workers.			
Stronger Unions.			

If, however, you want a more flexible and open lesson have the students state the alternatives. The order in which these alternatives are given is not necessarily important but do allow ample time for consideration of the more important ones. In discussion of alternatives it is not necessary to dwell upon their overall success or failure; it is essential to emphasize their failure to solve the problem of poverty. At this time it would be well to open the door to George's solution. (45 minutes) The factors of production (Session II) might be reviewed before introducing its counterpart--the distribution of wealth (Supplement A). In order to focus the lesson on the Georgist solution it would be best to concentrate primarily on rent. At this time you need not develop the LAW OF RENT, but do show the portion allotted to RENT when the distribution pie is divided.

You might put the following diagram on the board as an aid:

PRODUCTION		DISTRIBUTION
LAND	WEALTH	RENT
LABOR		WAGES
CAPITAL		INTEREST

In presenting George's solution, you may wish to quote directly from the booklet, Single Tax or explain it in your own words.

But be sure to stress the following points:

1. The profit is removed from land ownership as such.
2. The community gets it
3. All other taxes are removed. (10 minutes)

Expect many questions from the class.

The nature of questions will afford you the opportunity to evaluate the degree of understanding that has taken place until now. In responding to these questions, explain that future sessions will attempt to provide some answers.

...But, DO NOT hedge about answering those you can now. (30 minutes)

SESSION IV-Implementation and Effects of the Solution

Readings:

P&P Chap. 17-18-22

P. 132-144, 169-175

OBJECTIVES AND PURPOSE: Since many students have had little familiarity with the Single Tax, it may be necessary to show once again the working of this tax. Bring the benefits of Single Tax into sharper focus by comparing it to other well-known kinds of taxes. This can be done by concentrating on such areas as housing, energy and employment.

SUGGESTED SEQUENCE OF ACTIVITIES:

Begin with a review of the last part of the previous session-an explanation of George's solution. It may be necessary to answer more questions from the class. Move toward a discussion of the concept of land ownership. (Supplement A) Before discussing the differences between private, government and community ownership it is suggested that several quotations from the Bible, Locke, Blackstone, Jefferson, and Lincoln be used. (Supplement B) (20 minutes)

In P&P mention is made of Skith's Canons of Taxation. You need not confine yourself to those nor even discuss those mentioned. Certainly several of these canons are worth discussing. Below is a suggested chart to be placed on the blackboard. Have the students supply the kinds of taxes. Use only those that are most commonly used.

TAXES	LIGHT ON PRODUCTION	EASY TO COLLECT	CERTAINTY
Income			Degree
Sales			of
Property			Equality
Corporation			
Others			
Land Value Tax			

Since inflation has become an increasingly important part of economic life, you may wish to add another column for this factor. Let students observe the effects of all the taxes listed upon inflation.

Introduce LVT (land value tax). After you have demonstrated the effect of these canons on land value tax, discuss the possibilities of these taxes being passed on to the consumer. Show how the land value tax cannot be passed on. (Supplement C) During the second part of the session give concrete illustrations of the effects the land value tax would have on various segments of the economy. It may be wise to limit the discussion to areas of contemporary interest and concern-housing, energy and employment.

With the high costs of homes and sky rocketing mortgage rates housing represents the largest investment that families make. Utilize knowledge of the immediate area to illustrate your points. The Harper's article states that land represents almost 40% of the cost of a home. Over \$20,000 in a \$60,000 home, for example, is represented by the cost of LAND. Given a heavy tax on land, show how the selling price would decrease as the profit motive in holding land for the sake of owning land is removed. Explain the effects on home construction (accelerated), and mortgage rates (decreased) as prices of land drop. Stress the overall effect on the housing industry and employment.

The Harper's article is also useful in discussing the effects of the land value tax on our most serious energy problems. Show how with the removal of taxes on capital more land would be brought into use, more energy produced, and competition among energy producers increased. Resource-rich land previously held for speculative purposes would either be developed by the energy producers or else sold to others more desirous of producing energy. You may ask the class to consider if there is indeed a shortage of natural resources or rather an inability to effectively use existing resources. The instructor should review the chapter on spurious returns on capital in order to show that presently a portion of the return to energy producers is the result of their ownership of land and not because of the energy they produce.

There are none more affected nor familiar than your students. The removal of taxes on the wages of labor means more goods and greater incentive to work for additional wealth. Living standards would be opened for development, new untapped resources would be utilized, new opportunities would be created. Increased investment will lead to the creation of more jobs thus reducing the dependency of labor in a limited market. (60 minutes)

SESSION V-Rightful Basis of Property

READINGS:

Booklet, Justice the Object
P&P Chap. 20, P. 153-161

OBJECTIVES AND PURPOSES: During the first four sessions, attention has been focused upon the Georgist approach to economic problems. The use of contemporary data and illustrations has been a major vehicle in showing the real benefits of the Georgist solution. But George was not merely addressing himself to economic conditions. This lesson should demonstrate the moral and ethical basis which underlies Georgist philosophy. The Georgist belief that labor is the source of all ownership is a theme at the very root of our democracy.

SUGGESTED SEQUENCE OF ALTERNATIVES:

Students should now be thoroughly familiar with the factors of production and distribution. It would be well to emphasize the precise meaning of those terms which have not been clearly defined. Most important is a clear definition of wealth in the Georgist sense. In developing this concept, draw a sharp distinction between personal and total or national wealth. (30 minutes)

It is important to reemphasize the difference between land and all other properties. Elicit from the class the distinctions between LAND and WEALTH and underline the dangers in not clearly defining these differences. (15 minutes)

With the increase of government intervention and the emergence of a variety of socialist philosophies, the concept of ownership has changed radically in the 20th century. In western democracies, taxation has been a prime method of readjusting our concepts of ownership. Despite these dramatic changes, we can still utilize the methods which George stated in P&P.

Property, he said, was acquired by robbery, begging or production (labor and capital). Compare George's statements with the basis of ownership of property today. (20 minutes)

In continuing the discussion of the basis of property, indicate the differences between George and Socialist thinkers. (Supplement A) While these differences are discussed, it may be advisable to illustrate the Georgist solution. (20 minutes)

At some point in the session, the instructor should offer a brief description of the historical development of the concept of ownership in LAND. You might point out that lands discovered by the 16th and 17th century European explorers were considered the property of the monarchs of Europe. Continue to trace the subsequent division of the land and the acquisition of additional land by treaty with the Indians, who had a very different conception of land ownership. (15 minutes)

Encourage questions-especially those which relate economic development to land ownership. Without land ownership, some will say, there would be no incentive for future development. Make a very clear distinction between use and ownership. (10 minutes)

SESSION VI-THE LAW OF RENT AND WAGES

Readings:

Booklet, Land for the People

P&P, Chap. 8-9, Pgs 66-80

OBJECTIVES AND PURPOSE: After the first five sessions, students should now have some greater understanding of the ideas of Henry George. The next two sessions will focus on economics. Georgist economics will be demonstrated mathematically by use of charts. The LAW OF RENT AND WAGES will be illustrated and their importance in understanding the workings of our economy will be stressed.

SUGGESTED SEQUENCE OF ACTIVITIES:

Place the term LAW on the board and ask the class to give examples of various laws. Most of the examples offered by the class will be laws enacted by the government.

You should now have the class make the distinction between man-made laws and natural laws. The class may know some physical laws (the law of gravity, for example). Develop the understanding that economic laws are natural laws. During this segment, you might discuss the question of the existence of economic laws. (20 minutes) Before discussing the LAW OF RENT AND WAGES, discuss the purpose and use of models in economics. Models can be simple or quite complicated, but their purpose is always the same-to understand some phenomenon. The purpose of the model used is to show what takes place without many kinds of government intervention. Because we live in a world surrounded by many kinds of government intervention, it will be extremely difficult to observe this model in actuality. The main purpose, however, is to aid in developing and understanding of the roots of economic systems.

Place the non-familiar charts of the factors of Production on the board, with the term WEALTH between both circles. Divide circles into three parts-LAND, LABOR and CAPITAL in one, and RENT, WAGES and INTEREST in the other. Then indicate that our purpose will be to discover how much of the circle should be allotted to RENT. (10 minutes)

In developing the LAW OF RENT, (Supplement A) place a series of boxes on the board. Divide each box into four segments numbered 8,7,6,5. These numbers represent any type of production-tomatoes, potatoes, apples, etc. Then, illustrate the steps that go into the decision making process as to which land to use. As you develop the concept of the LAW OF RENT, show how and why it arises. Emphasize that in its timeliness and universality, it conforms to the criteria of a natural and economic law.

While developing this law, indicate that it is applicable to all types of land. Farm land is used only for purposes of illustration. As a concluding activity, let the students restate how the rent of land is arrived at. (40 minutes)

Examine the reasons for the difficulty in observing the LAW OF RENT in action today, because of the many man-made laws. (10 minutes)
As you explain the LAW OF RENT, you have also explained the LAW OF WAGES. Repeat some of the steps in order to reinforce understanding. Explain that wages depend upon the margin, or where labor will most efficiently work without the payment of rent, falling as it falls and rising as it rises. Demonstrate how man-made laws prevent this from fully occurring. Explain the axiom, "Man seeks to satisfy his desires with the least amount of effort". (15 minutes)

THE LAW OF RENT

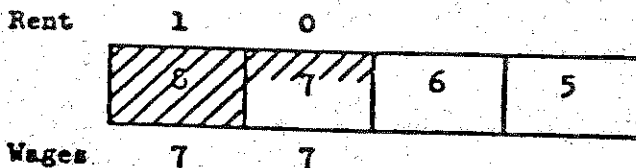
These illustrations show how rent arises and is measured in relation to wages, in a new society where capital is not yet used. As the course proceeds, we will see the effect on rent of an advanced, complex society and what happens when capital is employed.

Let us imagine a new country where settlers are first arriving, and all the land is free. Different lands have varying degrees of productivity. In these illustrations we will assume that all the laborers have equal productivity. In the next lesson we will take note of differences in the skill, industriousness, etc. of laborers.



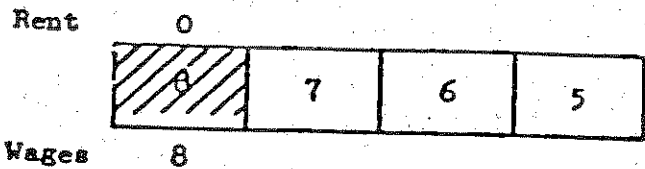
1. Represents a new country divided into areas of varying productivity. The figures represent what each grade of land will yield per unit of labor - e.g., 8 bushels of potatoes for one day's work; 7 bushels, etc.

In reality, lands are not marked off so sharply as on this diagram, but blend into one another, as the colors of the spectrum.



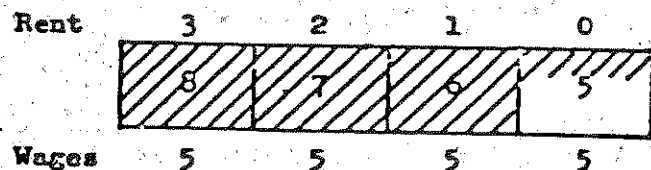
- C. Eventually, all the "8" land is occupied, and the next comers must resort to "7" land. This land is free and yields no rent. The entire product of 7 goes to labor as wages. This "7" land is now the margin of production - the best land to be had for nothing.

Wages also drop to "7" on "8" land which now yields a rent of 1. If the owner of "8" land wanted to hire labor, he would have to pay 7 in wages, since that is what the laborer could get working for himself on "7" land. If a laborer from "7" land wanted to work on "8" land, he would have to pay 1 to the owner in rent, since he can get no more than 7 working on free land.



- B. As settlers begin to arrive, they will naturally take up the Number 8 or most productive land, since "Men seek to gratify their desires with the least exertion."

As the land is free, there is no rent. All they produce constitutes their wages. (Shaded portion represents settled land.)



- D. Settlers keep coming and "7" land is used up, so the next comers must go to "6" land, pushing down the margin of production to "6". Wages then go down to 6 on all lands.

New settlers must next go to "5" land, as illustrated above - "5" land is now the margin of production. Wages drop to 5 on all lands, and rent correspondingly goes up on all superior lands.

The rent of land is determined by the excess of its produce over that which the same application of labor and capital can secure from the least productive land in use (the margin of production).

1. How does the common meaning of the term "rent" differ from its meaning in the economic sense?
2. If the same person is both the owner and the user of land, can there be rent?
3. Can land yield rent, if no one is willing to pay for its use?
4. Does rent depend exclusively on its productivity? Explain.
5. What is Ricardo's "Law of Rent"?
6. Why is the law of Rent a deduction from the law of competition?
7. What is meant by the "margin of production?"
8. What is the fundamental principle of human action?
9. What is the "Law of Wages"?
10. Is the Law of Wages a law of quantity or a law of proportion?

SESSION VII-EFFECTS OF MATERIAL PROGRESS
ON DISTRIBUTION

Readings:

P&P, Chap. 10, 11, & 13

Pgs 81-94, 102-110

OBJECTIVES AND PURPOSE: Lesson VI dealt with the operation of the LAWS OF RENT AND WAGES. This session affords us the opportunity to observe the effect upon the LAW OF RENT as society advances, population expands, and material progress increases. Once again the boxes may serve as a model to demonstrate this effect. Keep the discussion as uncomplicated as possible by dealing only with CAPITAL and INTEREST and their effect upon supply and demand, but remember to make RENT the focal point of the lesson.

SUGGESTED SEQUENCE OF ACTIVITIES: Using the boxes on the black board, review briefly the LAW OF RENT. Have the students supply the answers with respect to the development of RENT and WAGES. Acknowledgment of the workings of the LAW OF RENT is essential to an understanding of this lesson. After a review of the LAW OF RENT, introduce the concept of INTEREST (a product of labor); its purpose and the way it accumulates. Illustrate what happens to INTEREST when capital is scarce and the demand is great. Then as capital becomes abundant and demand slackens, explain the effect on INTEREST. An provocative question might be introduced: can capital ever become a monopoly? (35 minutes)

Use the boxes (Supplement A) to demonstrate what occurs as society develops and utilizes more and improved technology. Particularly, what are the effects of technological advances upon production and the margin. Discuss what would happen if society advanced without the use of machinery. Compare the plight of non-industrial countries (with increasing populations) with the more industrialized nations. Try to make a linkage here with the LAW OF RENT. (20 minutes)

As population increases and people put aside land they cannot presently use, demonstrate the effect that this speculation has upon the margin (the lowering of WAGES and the increase of RENT). A study of speculation should help the student to develop an understanding of speculative rent. Again, refer back to the Harper's article. Do the large revenue-rich corporations use all their vast land holdings? If not, then have the class offer some explanations for the failure to do so. (20 minutes)

As speculation continues, the amount which goes toward RENT bites more and more deeply into both WAGES and INTEREST. Develop this concept further by indicating the fact of speculation as a cause of economic depressions. Emphasize the negative economic effects of speculation in LAND.

Use the boxes to illustrate the Georgist solution-the elimination of speculation and its disastrous effect upon WAGES and INTEREST. While George spoke of crowded populations you might make the contemporary analogy to our crowded cities. (25 minutes)

SESSION VIII-SUPPLEMENT A

LAND VALUE TAXATION AROUND THE WORLD

The following gives brief accounts of various places throughout the world where land value taxation is partially applied. Nowhere has the principle of exclusive land value taxation (approaching the full economic rent) with consequent abolition of all other taxes, been fully applied on a large scale. Nevertheless, partial application indicate results commensurate with the degree of application.

DENMARK

Although Denmark collects much revenue from taxes on incomes and products, about 50% of the total annual ground rent is presently collected through various methods. A national valuation is held approximately every five years. The Danish methods are as follows:

1. Rental of government-acquired land to farmers at 4% of its selling value. This was begun in 1919. About 12,000 small farmers rent their land in this way.
2. Local and national taxation of land values, with consequent reduction of taxes on improvements.
3. A national tax on increases in land values.

Results are impressive. Danish farm tenancy dropped from 42.5% in 1850 to less than 5% in 1939. Denmark has the lowest tariffs of any European country, and enjoys the highest standard of living of any European country involved in World War II. Denmark was the first country to restore itself to normalcy after the war, in spite of five years of Nazi exploitation.

Denmark is looking forward to collecting the full economic rent with consequent reflection of other taxes. A majority in the Parliament is in favor of this plan, and a Justice (Single Tax) Party is vigorously promoting the idea.

AUSTRALIA

All six states and a majority of the municipalities in the Commonwealth of Australia tax land values to a certain degree, and some exempt improvements in whole or in part. However, there are many other non-real estate taxes. Following are some details:

The Capital Territory: The Commonwealth owns most of the land in the Capital Territory, including that in the capital city, Canberra. The leases this land to private parties, and also levies a tax on its value.

Queensland: Most of the land in Queensland is owned by the state, and leased. It is subject to local land values taxes. There is also a state land value tax on privately owned land. Improvements are not

New South Wales: Like Queensland, all the local taxing units in this state tax land values only, exempting improvements. However, the percentage of the ground rent collected is perhaps not as great. There is no state land value tax except in certain unincorporated areas, but the state collects royalties on minerals produced. The city of Sydney became, in 1916, the largest city in the world to derive all its municipal revenue from land value taxation. (its population is over one million). It has resulted in elimination of real estate booms and slums, has kept the price of land reasonable, and has encouraged the replacement of old buildings by new ones. Slum areas have largely been taken over for factories.

Western Australia: Of the 147 local taxing units (municipalities and road districts), 32 tax land values only. The remainder tax both land and improvements, but in the 128 road districts, 84% of the revenue is from land values only. There is also a state land value tax, which is heavier on absentee owners. The combined amount of ground rent taken in taxation, however, is not as great as in Queensland or New South Wales.

Other Australian States: South Australia has a state land value tax, with an additional penalty on absentee landholders. In addition, 8 incorporated cities, 11 counties, and 8 district councils have adopted land value taxation. The law provides that a poll may be held to rescind land value taxation. There have been 25 successful polls conducted; four were held to repeal land value taxation, with none of these successful.

Victoria has a state and local land value tax, with 24 out of 198 local taxing units taxing land values only. The result has been to bring idle land into use.

Tasmania has a state land value tax, but as of yet, no local ones (although local government bodies have the option to initiate this, if they choose).

Summary Regarding Australia: Comparing Queensland, New South Wales, and Western Australia (as states taxing land values more heavily) on the one hand, with South Australia, Victoria, and Tasmania (as states having lower taxes on land values and also largely taxing improvements) on the other, the following findings have been made: The first group (the land value group) had increases in land under crops, while the second had decreases in the period considered. Comparing the value of improvements with land, it was found to be 151% in the first group, as against only 79% in the second, and was much higher (198%) in Queensland, which collects the greatest amount of economic rent. Factory wages were higher in the first group and larger in purchasing power. Finally, it was found that population was flowing from the second group to the first group, indicating that people in Australia found conditions better in the first group. The inflow for Queensland, the state taxing land values the most, was the greatest.

NEW ZEALAND

New Zealand, like Australia, has both local and state (in this case national) government taxes on land values. Local taxing units adopt it by local elections. In 1953, 15 such "polls" were held. Since 1944, 35 local taxing units have adopted the system, and only two have repealed it. By far the majority of local units tax land values only.

Hon. Walter Nash, Minister of New Zealand to the U.S. during World War II, said: "It (land value taxation) . . . has contributed in some degree to the breaking up of larger estates, while . . . it has not in any way handicapped the small farmer. . . it has assisted . . . in extending the productivity of the country by acting as an incentive to landowners to improve their lands and by fostering the development of more efficient methods of land valuation. . . the tax has certainly taken for the benefit of the community as a whole, some of . . . 'unearned increment' of value which the community itself has created".

AFRICA

Union of South Africa: 20 of the 60 cities in the Transvaal tax land values only. In the other 40, the tax on land values is higher than on improvements. H. Earle Russell, American Consul-General, reports: "City Authorities believe the land tax is fairer than taxing both land and improvements. There is no tax on machinery or merchandise. . . it undoubtedly has helped to replace old buildings with new ones. . ."

15 of the 65 municipalities in the Orange Free State tax land values exclusively for every city need except water and sanitary services. 23 of the 35 municipalities in Natal tax land values at a higher rate than improvements.

The Rhodesias: Salisbury (Southern Rhodesia) taxes land at a much higher rate than improvements, as does Livingstone, the capital of Northern Rhodesia. Several other towns have taken similar action.

Kenya Colony: Nairobi has taxed only land values since 1921, and Mombasa followed suit in 1949. The Taxation Inquiry Committee, appointed in 1947 by the Kenya government reported in part: ". . . the Committee favors the site-value system in the taxation pattern of the Colony and the principle of levying a comparatively high rate on land, thus insuring that it will not be left idle or insufficiently developed for long, rather than the taxation of improvement".

CANADA

Various cities in western Canada tax land values at a higher rate than improvements. In British Columbia, 54 of the 104 municipalities exempt improvements 50%, 13 exempt them more than 50%.

W.M. Mott, former Mayor of New Westminster (the third largest port in Canada) said: "86% of our householders own their own property,

which we believe is the highest percentage in Canada. Land speculation has entirely disappeared. . . The manufacturers and business men are in an enviable position, since they can and do make improvements to their plants without the fear of increased taxation. . . " New Westminster has the largest invested capital per person of any city in Canada; it has no local port duties.

Alberta requires its seven "cities" to exempt improvements 40% from taxation. The province taxes land values to a certain extent, including a land-transfer tax called the "unearned increment tax". The province obtains such considerable revenue from oil leases, rentals and royalties, (a form of land rent), that it declared a per capita dividend in 1957.

In Saskatchewan, all but one of the cities and towns exempt improvement values 40%; Regina grants a 70% exemption. In the rural municipalities land value taxation is the principal source of revenue. In Manitoba, cities and towns exempt improvements 33 1/3%.

JAMAICA, WEST INDIES

In November, 1956, the Jamaican Government passed the Land Valuation Law. Formerly, the improved value of land was taxed. Under the new law, land is valued as raw land, and improvements are exempted from taxation.

To accomplish this valuation, a complete serial map of Jamaica was made, and data on each area was supplied, so that every parcel of land could be properly valued. In 1959, the job of valuation was completed in the parishes of St. Catherine and St. Ann, and the new tax was levied. Out of 75,000 property owners in these parishes, only 2,000 were paying more taxes than before. These are the large landowners whose property was undervalued prior to the new system. Other parishes have since gone on the new system.

A Government booklet explains that "The simple purpose of the law is to encourage development of the land. Because if land is properly taxed as land, a man cannot afford to keep his land idle, which so many people do".

THE UNITED STATES

The general property tax and the real property tax in so far as it falls on land values, takes for local or state purposes part of the ground rent of the U.S. In some of our principal cities, it is estimated that 25% or more of the rent is thus taken in taxation. This may in some cases be as much or ground rent (percentage-wise) than is collected in other parts of the world, where improvements are partially or wholly exempted. And it is apparent to students of economic principles, although evidence is hard to compile to prove it, that to the extent that land values are taxed, to that extent land speculation is discouraged, and the best use of land is encouraged. Of course,

to the extent that improvements and personal property are taxed under the general property tax, or the real estate tax, it permits a lower tax rate on land, discourages the erection of homes and buildings, contributes to land speculation and the high price of land.

In many cities, the cost of streets, water mains, sewers, curbs, lights and other improvements is charged directly to the adjoining property, including vacant lots, through special assessments. This is a partial application of the principle of land value taxation. Government collection of royalties on mineral lands, oil fields, etc. are also an approach to land value taxation. Government collection of royalties on mineral lands, oil fields, etc. are also an approach to land value taxation, as is government leasing of public lands, fishing and water rights, etc.

Some cities and other local taxing units in the U.S. practice partial or complete exemption of improvements, collecting more ground rent in taxation as a result. Details follow:

Pennsylvania: Pittsburgh and Scranton, defined by law as "cities of the second class", apply what is termed the "Graded Tax Plan", whereby improvements are taxed at just one-half the rate applicable to land. This was begun (on a graduated scale) in 1913. David L. Lawrence, Mayor of Pittsburgh for many years (since 1946) said: "There is no doubt in my mind that the Graded Tax Law has been a good thing for Pittsburgh. It has discouraged the holding of vacant land for speculation, and provides an incentive for building improvements. In the distribution of the tax burden, it is beneficial to the home owners". Roy Stauffer, Chairman of the New Industries Committee of the Scranton Chamber of Commerce, said: "We have found that our method of taxation. . . is a factor in attracting new industries".

In 1951 the Pennsylvania Legislature passed an act (by an overwhelming majority), permitting the so-called "third-class cities" (all the remaining cities in the state with the exception of Philadelphia) to tax land and improvements at different rates. It is possible for them to go farther than Pittsburgh and Scranton have done in taxing land values and exempting improvements. Several cities have shown interest in the system, notably Erie and McKeesport.

California: In 1909, the California Legislature required new irrigation districts (and gave the option to established ones) to tax land values only, exempting improvements, crops, etc. Today over 100 districts, serving 4,000,000 acres of the best farm land in the state, raising about 75% in value of its crops, follow this system. However, residents of these districts still pay other taxes to counties, cities, etc., where they reside, as well as all state and federal taxes. Also the tax rates have

been lowered considerably of late years, due partly to revenue from sale of power, etc., so that not nearly as much of the ground rent is collected as formerly. However, as far as the irrigation district tax is concerned, it is 100% on land values.

R.V. Meikle, Chief Engineer of the Turlock Irrigation District (which includes the cities of Modesto and Turlock) recently said: "The successful development of irrigation districts as compared with the failure of private irrigation companies in the past has been due largely to the district law which allows districts to tax all land within their boundaries on the basis of valuation. . . It is practically impossible to profit by the (mere) ownership of land in an irrigation district unless that land is prepared for irrigation and cropped".

Fairhope, Alabama was founded in 1895 on the shores of Mobile Bay, by the Fairhope Single Tax Corporation, which purchased and leases to residents much of the land comprising the present city of Fairhope. The corporation collects the full economic rent, and with half of it pays all real and personal property taxes levied by state, county, and city. The remainder is used for public improvements. Since its founding, Fairhope has considerably out-distanced her neighboring towns (which were already established and flourishing before the founding of Fairhope) in development, population, and popularity.

The Three Ardens, in Delaware, operate similarly. The first to be founded was Arden, in 1900. Adjoining Ardentown was founded in 1922, while Ardencroft was born in 1950. The policy is much the same as in Fairhope. In Arden and Ardentown the land is held by trustees, while in Ardencroft it is held by a non-profit corporation set up for this purpose. The land is leased to users, and there are long waiting lists for it. With the proceeds of the rent, as in Fairhope, all local taxes are paid, and the balance of the rent is used for public improvements.

(For further information, see the book Land Value Taxation Around the World, published by the Robert Schalkenbach Foundation.)

Land Historically Considered

1. To what extent is the "Unbounded Savannah" a story of what really happened?
2. With increasing population, what happened to the farm land? Why? What does this tell us about the uses of land?
3. According to this story, how did cities develop? Was it a natural or forced development?
4. What causes land values to increase?
5. How did earlier societies differ from modern societies in their ideas of land ownership?
6. What were the reasons for this change?
7. How did this change affect the civilizations of Rome and Greece during the ancient period?
8. How was land treated during the feudal period?
9. What affect did the Enclosures have upon common land?
- 10 To what degree is the tenure of land the basic fact which determines the conditions of political, social and economic life?

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FUNDAMENTAL ECONOMICS - Reading Assignments

- II - Progress and Poverty, Chapter 1
Harper's articles - Land Rush
- III- P & P, Ch. 2, 14, 15, 16
Booklet - Single Tax
- IV - P & P, Ch. 17, 18, 22
- V. - P & P, Ch. 20
Booklet - Justice the Object
- VI - Booklet - The Land for the People
P & P, Ch. 8, 9
- VII- P & P, Ch. 10, 11, 13
- VIII-P & P, Ch. 12, 19
- IX - P & P, Ch. 24, 25, 26, 27
- X. - Review of the Course

SESSION I-Supplement A

Mortimer Adler: The reading of Progress and Poverty is an unforgettable experience...It is an incomparable statement of the democratic credo.

Albert Einstein: Men like Henry George are rare, unfortunately. One cannot imagine a more beautiful combination of intellectual keenness, artistic form, and fervent love of justice.

Winston Churchill advocated Henry George's idea in England during the great budget debates of 1909-10.

Leo Tolstoy: People do not argue with the teachings of Henry George; they simply do not know it. He who becomes acquainted with it cannot but agree.

Sun Yat Sen: I intend to devote my future to the promotion of the welfare of the Chinese people as a people. The teachings of Henry George will be the basis of our program of reform.

Helen Keller: Who reads shall find in Henry George's philosophy a rare beauty and power of inspiration, and a splendid faith in the essential nobility of human nature.

Franklin Roosevelt: Henry George was one of the really great thinkers produced by this country...I wish his writings were better known and more clearly understood.

Woodrow Wilson: The country needs a new and sincere thought in politics, coherently, distinctly and boldly uttered by men who are sure of their ground. The power of men like Henry George seems to me to mean that.

Louis Brandeis: I find it very difficult to disagree with the principles of Henry George.

Aldous Huxley: If I were to rewrite the book, I would offer a third alternative...the possibility of sanity...Economics would be decentralist and Henry Georgian. (Author of Brave New World)

Dwight Eisenhower voted for Henry George for the Hall of Fame in 1950.

SESSION II - Land and Its Importance

CAPITAL

Labor products & the result of individual exertion.

Being a labor product, it is unusable and wears out. Increases, based upon the needs of society.

Constant maintenance is necessary to keep up value.

Its use reduces exertion in production of goods, increasing production and reducing value.

Arises only with the use of the land.

Ability to increase or decrease negates any monopolistic tendencies.

LAND

Land is not the product of human exertion.

Land, although used, does not wear out, but lasts forever. Land is limited; the more one person appropriates, the less is available for others.

Increases in value regardless of maintenance.

Since LAND cannot be reproduced, competition increases for its use increasing its value.

Does not arise with the use of capital.

Being finite, open to all kinds of monopolies.

QUESTIONS for SESSION II

Readings: Harper's article (Jan. 1979), pages 47-55
P&P, Chapter 1, pages 1-7

1. "Land is a means of distributing and exercising power". To what extent do you agree with this statement?
2. Name some of the corporations owning extensive acreage and their major business fields.
3. What are the percentages of ownership in this country in residential, commercial, industrial, government, ranches, farms, and forest land?
4. What are some examples of large land ownership and concentration in the United States?
5. Cite some examples of concentration in farm land.
6. What has accounted for the increased value of land?
7. What are some of the conclusions you can draw from the charts on pages 53 and 54?
8. What is the great enigma of our times?
9. Why has political economy failed to solve these important problems?

SESSION III-SUPPLEMENT A

The Laws of Distribution

The distribution of wealth in political economy means the division of wealth among the factors that have produced it. The meaning is thus different from "distribution" in common parlance, which usually means the transportation of goods. As noted in Lesson II, transportation is really part of production.

The laws of distribution means the natural laws which determine what portion of wealth produced is the return to each factor of production-i.e., land, labor and capital.

Economic laws are not man-made or legal rules, but are natural laws of human behavior. The basic law that concerns us is: Men seek to gratify their desires with the least exertion. In studying the laws of distribution, we learn how this basic law fixes the return to each factor of production; that is, land, labor and capital.

Natural laws deal with underlying tendencies. For instance, man will always seek gratification with the least possible effort, though he may not always succeed. In the laws of distribution, we must first look for the underlying tendencies. Man-made laws may have an influence on economic processes, and on the distribution of wealth. Various obstacles and hindrances may change the picture. After we discover the basic laws, we may then study the effects of all those other conditioning factors.

Some modern economists do not agree that there are natural laws in economics. They limit themselves to a description of business processes and statistical data. But in so doing, they fail to build up a clear and coherent explanation of economic phenomena, especially of the distribution of wealth. This can only be done by a study of the natural laws involved.

Some economists do not accept only three factors of production and three avenues of distribution. Some would add a fourth factor, "enterprise", the return to which is "profits". Upon examination, it may seem that enterprise is included in the economic term labor, and that there is no such thing as profits apart from rent, wages, and interest. Some speak of a fifth factor, "Government", the return to which is "taxes". Insofar as government renders a service, it is like enterprise. Wasteful government, of course, does not produce wealth at all, and may even destroy it. Taxes can only come from rent, wages and interest. Some economists would reduce the factors of production to two-labor and capital-maintaining that land is but a form of capital. But this lumping

together of things essentially different results only in confusion. Land is not produced by man; capital is. Land is fixed in quantity; capital is not. The laws governing the returns to land and capital are essentially different.

The entire product (wealth) is distributed as rent, wages and interest; and hence this distribution must account for the entire product.

Land
Labor
Capital

}

Wealth

{

Rent
Wages
Interest

LESSON III-SUPPLEMENT B

QUESTIONNAIRE

This is not an examination. Most of the following questions can be answered "yes" or "no". It will provide us with a starting point in our discussions and also allow you to sharpen your thinking.

1. Is the current property tax in Nassau County fairer than either the sales tax or income tax in Nassau and New York State? _____
2. Should a tax be based upon the ability to pay- the more you earn the higher the percentage you pay? _____
3. Should the homeowner pay the same rate in the property tax as the manufacturer and the store owner? _____
4. Does a tax on improvements have the same effect as taxing only the values on land? _____
5. Should a homeowner pay more in taxes than the owner of vacant land? _____
6. Is poverty inevitable in the United States or do we have the capabilities to feed everyone? _____
7. Is poverty inevitable throughout the world or are there too many people to feed, house and take care of? _____
8. Which of the following would you consider wealth?
Money _____
Stocks and Bond _____
Land _____
An Automobile _____
Forest _____
9. Economically and morally is there a difference between owning land and owning an automobile or a suit? _____
10. Is man's progress limited by his access to natural resources? _____

QUESTIONS FOR SESSION III

Readings:

Booklet Single Tax

P&P Chap. 14-16

P. 11 to 13

1. What is the cause of inequality in the distribution of wealth?
2. What is necessary for the production of wealth?
3. What effect would economy in govt. and reduced taxes have upon the general level of wages?
4. Can skill, industry or thrift eliminate poverty?
5. Can cooperative enterprises raise the general level of wages?
6. What is the effect of govt. regulation of industry upon poverty?
7. Can a more general distribution of land raise the general level of wages?
8. What is Henry George's remedy? Explain.
9. What advantages can we expect from the Single Tax?
10. Mention some of the moral benefits of the Single Tax.

SESSION IV-SUPPLEMENT A

THE MEANING OF "COMMON PROPERTY IN LAND"

Henry George says, "We must make land common property". This statement requires explanation. Basically, there are three types of property: common, government, and private.

Common property is that which belongs to all men in common; that which all men have an equal right to use and enjoy.

Government (or public) property is that which belongs to the state and is subject to the direction of the government.

Private property is that which an individual (or group of individuals) has the exclusive right to possess, enjoy and dispose of as he (or they) sees fit.

It is thus seen that common property is not government property. Common property in the ocean is generally recognized; the ocean does not belong to any government. Common property is different from private property. Common property permits of private use, but it implies an obligation to the rest of the community, since the rights of others must be recognized.

By its very nature, land is common property and our laws and traditions already go far toward recognizing it as such. Society fixes the conditions under which land may be held. The principle of eminent domain asserts the superior claim of society to land. Sec. 1, Par. 10, of the New York State Constitution states, "The people of the State, in their rights of sovereignty, possess the original and ultimate property in and to all lands within the jurisdiction of the State". English and American law generally recognize absolute ownership of goods, but not of land. The law deals with the land "owner" as a land holder, who holds his land under the sovereignty of the state.

To effectuate common property in land, Henry George proposed that individuals retain title to land, and be assured of fixity of tenure and undisturbed possession. He showed that the rent of the land expresses the exact amount which the individual should pay to the community to satisfy the equal rights of all other members of the community. This payment is all that is required to "make land common property".

SESSION IV-SUPPLEMENT B

QUOTATIONS

Leviticus XXV-The land shall not be sold forever; for the land is Mine; for ye are strangers and sojourners with Me.

John Locke: God hath given the world to men in common...Yet every man has a property in his own person. The labor of his body and the work of his hands are properly his. (Civil Government)

William Blackstone: The earth, therefore, and all things therein, are the general property of all mankind, exclusive of all other beings, from the immediate gift of the Creator. (Commentaries on the Laws of England)

Thomas Jefferson: The earth belongs in usufruct to the living... Whenever there are in any country uncultivated lands and unemployed poor, it is clear that the laws of property have so far been extended as to violate natural right. The earth is given a common stock for men to labor and live on. (Letters to James Madison)

Abraham Lincoln: The land, the earth God gave to man for his home, sustenance, and support should never be the possession of any man, corporation, society, or unfriendly government, any more than the air or water, if as much. An individual, or company, or enterprise requiring land should hold no more than is required for their home and sustenance, and never more than they have in actual use in the prudent management of their legitimate business, and this much should not be permitted when it creates an exclusive monopoly. (Lincoln and the Men of his Time)

SESSION IV-SUPPLEMENT C

Can the Land Value Tax be Shifted to the Tenant?

The price of all goods, services or land is determined by the law of supply and demand. Anything and everything that affects the supply or demand for anything automatically affects the price of it.

It is common knowledge that a tax on commodities can be and generally is passed on to the buyer. The reason is that the tax will reduce production by adding to the cost of production. Our incomes are limited. The more taxes we pay, the less we have left for commodities-and the less demand, the less production. Thus, the supply of commodities is lessened by the imposition of a tax on commodities. But nothing that a landowner, a government, or a consumer can do will increase or decrease the supply of land.

By the Law of Rent, the rent of land is determined by the excess of its production (with the same application of labor and capital) over that of the least productive land in use. In circumstances where there is no free land, the landowner is already claiming as rent all that the tenants can possibly pay.

The supply of land is fixed by nature. A tax on land values does not add to the price of the land; on the contrary, it reduces the price of land by putting more land on the market.

A tax on the value of all land would also be applied to land which is being held out for use for an expected increase in price. A great deal of land in this country is so held. When the owner of unused land is compelled to pay the same tax on the value of his land as the owner of improved land of equal desirability, he must either use the land or dispose of it. This will bring more land into use. Hence, the result would be a relative increase in the amount of land offered for use as compared with existing demand.

With more land being offered in the free market, the landowner could not ask more rent; he would have to ask less. He could not pass the tax on to the tenant, for the reason that the landowner, who is already demanding as much rent as he can get, cannot demand more rent unless he is able to reduce the available supply of land. It is manifestly impossible for him to do that when more land is being forced on the market by the tax on land values, which reduces the share of rent which the landowner can retain.

Nor can a merchant pass on the rent he pays to the landowner by raising the price of a product he sells. The price of a product (demand being equal) depends on its cost of production under the least favorable conditions; that is, at the margin of production. The rent of land absorbs all the advantages of superior location. A merchant must pay more rent for a more favorable location because he will do more business there, but he cannot increase the price of his products to pay the higher rent. Either he will do a volume

of business to warrant his using the superior location, or he will cease business on that site. Thus, the tax on land values would not be passed on into the price of products.

The general principles which determines the incidence of taxation are these: A tax upon anything (or upon the methods or means of production of anything), the price of which is kept down by the ability to produce additional supplies, will by increasing the cost of production, check supply. This will add to the price of that thing, and ultimately fall on the consumer. But a tax upon anything of which the supply is fixed, or monopolized, and of which the cost of production is therefore a determining element, as it has no effect in checking supply, does not increase prices and falls entirely on the owner.

SESSION IV

QUESTIONS

Readings:

P&P, Chap. 17-18-22

P. 132-144, 169-175

1. What are considered to be the canons of taxation most commonly accepted?
2. How does a tax on land affect production?
3. To what degree is there certainty with a tax on land value?
4. Can the value of land be distinguished from the value of improvements?
5. To what degree is there equality with the Single Tax?
6. How do the various taxes affect our economy?
7. What would be the effect of untaxing industry?
8. Discuss new opportunities that would accrue with a land value tax.
9. How would the land value tax affect our social structure?
10. To what degree would government be simplified?

SESSION V-SUPPLEMENT A

Georgism vs. Socialism

GEORGISM: The philosophy of Henry George which holds that land, the free gift of nature, belongs to all men in common and can rightfully be subjected to private ownership only with due regard for the rights of others; and, as a corollary, that the wealth produced by labor rightfully belongs to the producer. To implement this philosophy, Georgism proposes that the rent of land be paid by the owners of land to the community for social purposes, and that all products of labor, all trade, and commerce be freed of taxes and other burdens.

SOCIALISM: A political and economic theory of social organization based on collective or governmental ownership and democratic management of the essential means for the production and distribution of goods. Socialism favors great extensions of governmental action. COMMUNISM (at present often used interchangeably with Socialism): Any system of social organization in which all goods are held in common. (Webster's New International Dictionary Unabridged, 1955).

COMPARISON OF THE PROPOSALS OF GEORGISM AND SOCIALISM

Proposals regarding:

GEORGISM

SOCIALISM

LAND	Private ownership with due regard for the rights of others; use controlled by individual title holder.	Governmental ownership; use controlled by government.
RENT	Collected as sole public revenue for social services.	Collected as part of overall governmental plan.
CAPITAL	Private ownership.	Governmental ownership.
INTEREST	Retained by private owners of capital.	Confiscated by government.
LABOR	Free access to natural materials and freedom to choose direction of effort.	Directed by government. "From each according to his abilities".
WAGES	In proportion to contribution to production.	"To each according to his wants". (Louis Blanc)
GENERAL	Private enterprise and competition in the open market-a free field and no favors. Recognition of the natural rights of the individual.	Competition and private enterprise to give way to direction by government. No individual rights except as granted by the government.

"We differ from the Socialists in our diagnosis of the evil, and we differ from them in remedies. We have no fear of capital, regarding it as the natural handmaiden of labor; we look on interest in itself as natural and just; we would set no limit to accumulation, no impose on the rich any burden that is not equally placed on the poor; we see no evil in competition,

, but deem unrestricted competition to be as necessary to the health of the industrial and social organism as the free circulation of the blood is to the health of the bodily organism--to be the agency whereby the fullest cooperation is to be secured. We would simply take for the community what belongs to the community, the value that attaches to land by the growth of the community; leave sacredly to the individual all that belongs to the individual; and treating necessary monopolies as functions of the State, abolish all restrictions and prohibitions save those required for public health, safety, morals and convenience".--From The Condition of Labor by Henry George.

SESSION V

QUESTIONS

Readings:

Booklet Justice the Object

P&P, Chap. 20, P. 153-161

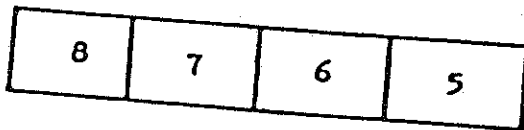
1. How does wealth differ from land?
2. What, according to George, is meant by equal rights to land?
3. What constitutes the rightful basis of property?
4. How is this basis of ownership supported by our history?
5. Is private property in wealth (things produced by labor) supported by this principle?
6. Is private property in land in accordance with the rightful basis of property?
7. What is the origin of land titles?
8. What are the various roots of ownership?
9. What is the basis of ownership in socialistic countries?
10. What is the difference between ownership and use?

SESSION VI
SUPPLEMENT A

THE LAW OF RENT

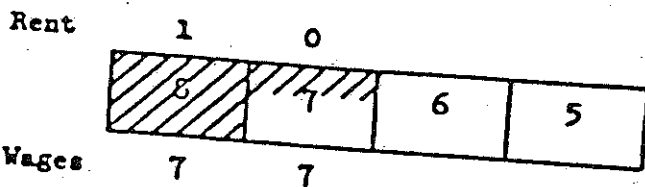
These illustrations show how rent arises and is measured in relation to wages, in a new society where capital is not yet used. As the course proceeds, we will see the effect on rent of an advanced, complex society and what happens when capital is employed.

Let us imagine a new country where settlers are first arriving, and all the land is free. Different lands have varying degrees of productivity. In these illustrations we will assume that all the laborers have equal productivity. In the next lesson we will take note of differences in the skill, industriousness, etc. of laborers.



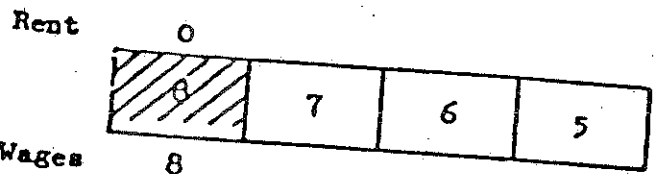
A. Represents a new country divided into areas of varying productivity. The figures represent what each grade of land will yield per unit of labor - e.g., 8 bushels of potatoes for one day's work; 7 bushels, etc.

In reality, lands are not marked off so sharply as on this diagram, but blend into one another, as the colors of the spectrum.



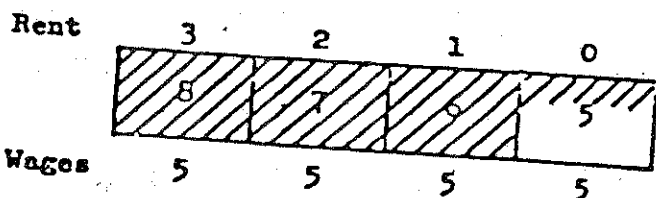
C. Eventually, all the "8" land is occupied, and the next comers must resort to "7" land. This land is free and yields no rent. The entire product of 7 goes to labor as wages. This "7" land is now the margin of production - the best land to be had for nothing.

Wages also drop to "7" on "8" land which now yields a rent of 1. If the owner of "8" land wanted to hire labor, he would have to pay 7 in wages, since that is what the laborer could get working for himself on "7" land. If a laborer from "7" land wanted to work on "8" land, he would have to pay 1 to the owner in rent, since he can get no more than 7 working on free land.



B. As settlers begin to arrive, they will naturally take up the Number 8 or most productive land, since "Men seek to gratify their desires with the least exertion."

As the land is free, there is no rent. All they produce constitutes their wages. (Shaded portion represents settled land.)



D. Settlers keep coming and "7" land is used up, so the next comers must go to "6" land, pushing down the margin of production to "6". Wages then go down to 6 on all lands.

New settlers must next go to "5" land, as illustrated above - "5" land is now the margin of production. Wages drop to 5 on all lands, and rent correspondingly goes up on all superior lands.

The rent of land is determined by the excess of its produce over that which the same application of labor and capital can secure from the least productive land in use (the margin of production).

1. How does the common meaning of the term "rent" differ from its meaning in the economic sense?
2. If the same person is both the owner and the user of land, can there be rent?
3. Can land yield rent, if no one is willing to pay for its use?
4. Does rent depend exclusively on its productivity? Explain.
5. What is Ricardo's "Law of Rent"?
6. Why is the Law of Rent a deduction from the law of competition?
7. What is meant by the "margin of production?"
8. What is the fundamental principle of human action?
9. What is the "Law of Wages"?
10. Is the Law of Wages a law of quantity or a law of proportion?

SESSION VI SUPPLEMENT A

THE LAW OF RENT

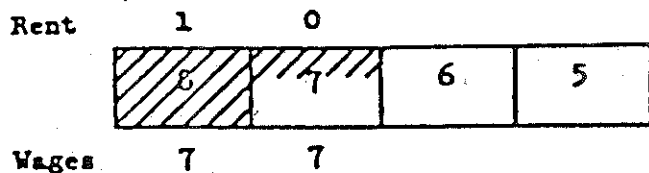
These illustrations show how rent arises and is measured in relation to wages, in a new society where capital is not yet used. As the course proceeds, we will see the effect on rent of an advanced, complex society and what happens when capital is employed..

Let us imagine a new country where settlers are first arriving, and all the land is free. Different lands have varying degrees of productivity. In these illustrations we will assume that all the laborers have equal productivity. In the next lesson we will take note of differences in the skill, industriousness, etc. of laborers.



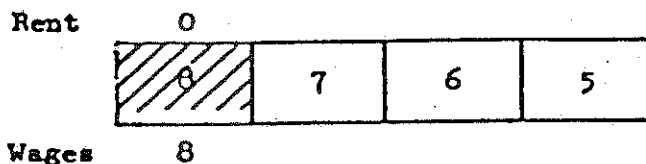
A. Represents a new country divided into areas of varying productivity. The figures represent what each grade of land will yield per unit of labor - e.g., 8 bushels of potatoes for one day's work; 7 bushels, etc.

In reality, lands are not marked off so sharply as on this diagram, but blend into one another, as the colors of the spectrum.



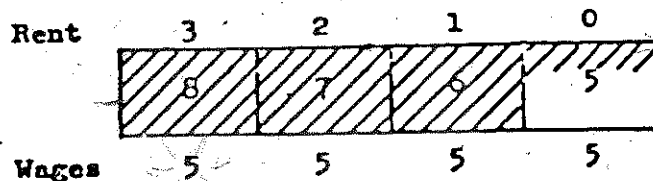
C. Eventually, all the "8" land is occupied, and the next comers must resort to "7" land. This land is free and yields no rent. The entire product of 7 goes to labor as wages. This "7" land is now the margin of production - the best land to be had for nothing.

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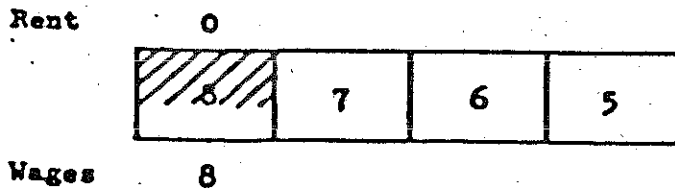
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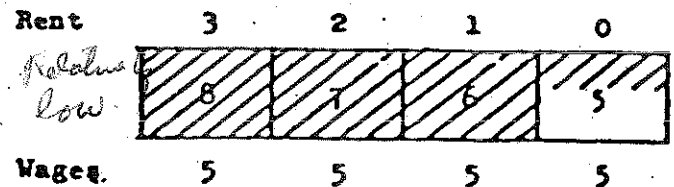
1. How does the common meaning of the term "rent" differ from its meaning in the economic sense?
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SESSION VII
(Supplement A)
EFFECTS OF MATERIAL PROGRESS

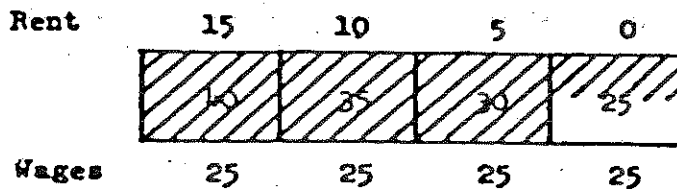
1. INCREASE IN PRODUCTIVITY



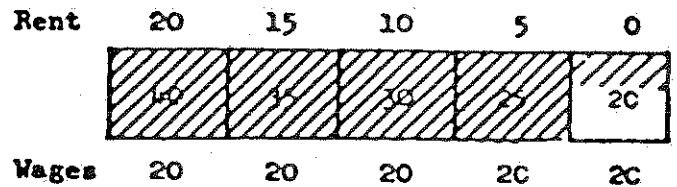
A. Society when the first settlers have settled on the best land (man seeks to satisfy his desires with the least effort). Wages are the whole product, or 8.



B. The same land, but with settlement now spread out to the 5 land. Wages are now 5 everywhere, and rent is the difference.



C. Society after increase in population and improvements in the arts of production have increased productive power. For simplicity, we assume that it has been increased 5 times on all locations. Wages and rent have been increased proportionately on all land. The most productive locations, of course, would be business and industrial sites.



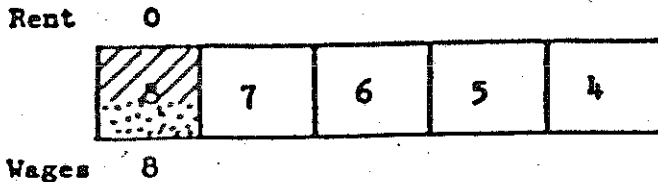
D. The margin of production pushed out to poorer land because of the increased demand for raw materials to go into the increased production. Notice that, although wages have been decreased, and rent increased over Chart C, still wages are very much greater as a quantity than in the frontier days.

Chart D illustrates how, due to increased production, wages may actually rise as a quantity while falling as a proportion of the total production (as compared to frontier days). The natural tendency, if the desirable locations are fully utilized, is for productive power to increase faster than the margin of production falls, thus increasing wages as a quantity. However, another factor, speculation, alters this natural movement, as we shall see in the next series of charts.

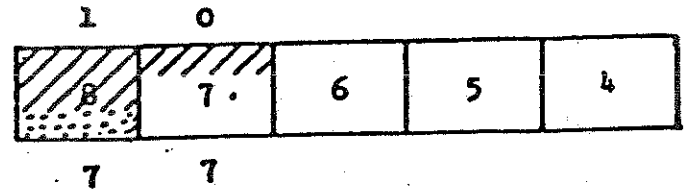
Note: In the foregoing and following charts, the white spaces represent free land. The figures for wages would also include interest, if capital were used. However, for simplicity, we label them "wages," meaning, the return to the active factor in production. (Land is the passive factor, being acted upon.)

EFFECTS OF LAND SPECULATION

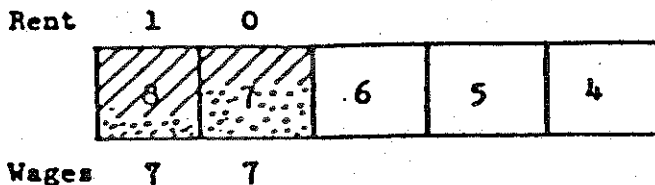
In our previous illustrations we have assumed that the margin was extended only as it became necessary, because all superior land was in use. What happens in the settlement of a country is this: The first-comers, knowing that others will follow, and that where they came from land had a value and that the wealthy class owned large areas of valuable land, take more land than they themselves can use. Our charts show what this speculation does: (The diagonal lines indicate land in use, while the dotted areas indicate speculation.)



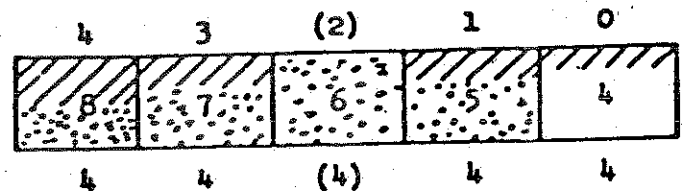
E. The first settlers take more land than they can use.



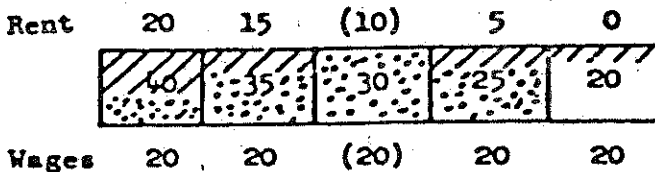
F. Thus the next settlers are forced to poorer land much sooner than they would be if land were freely available.



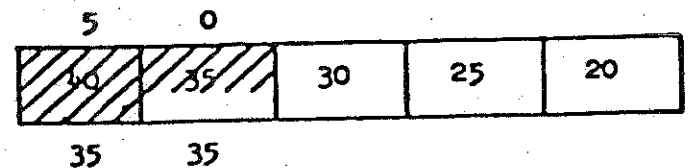
G. The next settlers appropriate in turn more than they can use.



H. And so the following settlers are forced out still farther.



I. The same situation as in Chart D, but with productive power increased, as in Charts C and D.



J. Shows what wages and rent would be, after productive power has been increased, if there were no land speculation.

Note that in Chart J the margin of production is higher because the most desirable locations are being utilized, instead of being held for speculation. There are the same number of laborers in Chart J as in Chart I. They are merely accommodated on better land. Consequently, wages have been increased, and rent has been decreased.

Note that for "6" land in Chart H and "30" land in Chart I, rent and wages are in brackets (). This means that there is potential rent and wages on such land. Since no production is taking place, there is no actual rent or wages.

EFFECTS OF MATERIAL PROGRESS ON DISTRIBUTION

1. What is the maximum and minimum return that can be obtained for the use of capital? 8-81
2. Is capital a fixed quantity? Explain?
3. How is the term profits confused with the term interest?
4. Name the changes which contribute to material progress.
5. What is the effect of inventions and better machinery on production?
16. How does it effect the margin, rent wages and interest?
7. What is the effect of increasing population upon the productive power of labor?
8. What is the effect upon rent and wages?
9. As progress continues, what is the effect on landholders?
10. What is the effect of speculation on the production and distribution of wealth?