Effect of Increased Population, Advances in the Arts & Sciences, and Land Speculation, on Land Values.

At our last session we considered the Malthusian Theory, and tried to show that poverty, unemployment and the increased struggle for existence were not caused by the fact that there were too many people in the world for the world to comfortably support. In formulating his theory Malthus failed to recognize (possibly did not know) that as population increases, the fate of production of wealth also increases, so that as populations increase the standards of living should be raised and not lowered.

To show this let us go back to our old diagram; divid[illegible] lands of any country into different grades, upon which labor o[illegible] efficiency, working the same length of time, can produce respec[illegible]

100 / 80 / 60 / 40 / 20 /

each year. Let us assume that in [illegible] illustration each man is working entirely alone, and producing [illegible] himself everything he needs. When working on the best land h[illegible] will be 100, and rent 0. But after all the 100 land is in use, [illegible] next comers will need to take up the 80 land. Wages will be 80 [illegible] rent of the 100 land 20. When the 80 land is all in use newcomers [illegible] need to take the 60 land, with wages reduced to 6[illegible], and when this [illegible] filled, others must take the 40 land with wages reduced to 40, [illegible] population increased in any country, it would seem at first thou[illegible] that the standard of living in that country must necessarily go [illegible] and down, as rents increased and wages declined.

But this overlooks the [illegible] fact which Malthus overlooked, and that is the increased production made possible by co-operation among men. Man is a reasoning being, and very early in his history h[illegible] learned that two men working together could produce more than could two men each working alone that 20 men working together could produce more than 10 times as much as could 10 groups of two, and that the m[illegible] who insisted upon producing everything he needed for himself would b[illegible] the man who had the least.

For instance in a primitive group: the first man to arrive might be a man who was an excellent farmer; By spending half of his time farming he might be able to produce the equivalent of a bushel of potatoes from an acre of ground, and by spending the other three days fishing he might average about 15 fish, so that his weeks work could net him 1 bushel of potatoes plus 15 fish; now anoth[illegible]r man might arrive who was a poor farmer but an excellent fisherman. By working a plot of ground the same size as the first man 3 days each week he might be able to produce but 1/2 a bushel of potatoes, but b[illegible] fishing for three days he could average 30 fish. The net produce of these two men for each week would be then the equivalent of 1-1/2 bushels of potatoes plus 45 fish; but if the first man who is a good farmer will work both plots of ground for all six days, at the end of that time he would have 2 bushels of potatoes; while if the fisherm[illegible] will fish all 6 days, he will have 60 fish, which when exchanged wou[illegible] give each man 1 bushel of potatoes and 30 fish as the result of thei[illegible] week's work. Now, if a third man joins the group who is a hunter, their standard of living will be raised again, and if the next man is a carpenter all of them will be able to have better houses than when they try to build their own; and when a weaver joins the group, all will have better and more clothes than before.

Reasoning from instances such as this, mankind has learned that if each individual will devote himself to the production of that commodity for the production of which he has the most skill, and then exchange what he has made for the product of others who have also been employed in doing those things for which they have the most skill; at the endof any given period, every individual in that community will have a greater amount of wealth than he could possibly have if he worked entirely alone. By dividing work where division seems best, and by working together where untried action is most efficient, it is quite possible without the use of any new tools or methods to increase very materially the amount of wealth which any given laborer can produce from any given piece of land. If there are but a few people in any community it would not be possible for each one to specialize in doing just one thing, but the greater the population, the greater the specialization can be.

Let us suppose that the best land is all in use, and a few are living on the second grade of land; wages will now be 80, and the rent of the best land will be 20. Now other people come to take up the remainder of the second grade land, and among these newcomers are many versed in crafts unknown to those now living in this community. If the increased production made possible by this increased population should amount to 25% more than before, the productivity of the best land would now be 125 and of the second best land 100, and wages would be 100, even though the rent of the best land has increased to 25.

25 Rent
125 / 100 /
100 100 wages

But in order for the shoemaker to have more leather to make more shoes, it will be necessary to increase the number and, therefore, the range for cattle; for the weaver to make more cloth it will be necessary to plant more cotton and to raise larger herds of sheep; for the carpenter to build more houses more trees will be needed, etc. and this increased demand may make it necessary to bring a poorer grade of land into use and to push production out to the 3rd grade of land; but if production of this 3rd grade land has also been increased 25%, then this will now produce 80. When this third grade land is brought into use, wages will drop to 80, and rents of the other two grades will now be 40 and 20. If the increased production made possible by an increased population increases faster than does the necessity for using poorer grades of land, then wages will rise, if not, they will fall; but always they will be much higher than they would have been if the men had worked alone: wages, however, in any case, will always depend upon what is left after rent is taken out.

But it is not always necessary to take up poorer grades of land: to supply the needs of an increased population. A change in methods of production which makes it possible to produce two crops upon the same piece of land instead of one will have the same effect as though twice the amount of land were put into use; a new method of refining, which permitted the extraction of 75% of copper from copper ore instead of 50% would be equivalent to getting this increased amount of copper out of another mine. Increased production made possible in this way would not lower wages because no poorer land would be brought into use.

A central warehouse to which people could come to make exchanges by saving time and effort would make possible a greater production without increasing the amount of land in use. This explains why cities grow. Here we have factories, warehouses, markets, retail shops, railroad terminals, and many other facilities set side by side, and here exchanges can be made quickly and easily. Because of this the same effort expended in a city will produce more than would the same effort expended outside the city; and because production is increased rents rise here, - people are willing and able to pay more for the use of a site in the centre of population, because the larger population makes it possible for them to do more business there.

The most valuable lands in the world are those which have been given a surprising ability to produce because of greater population. The value of lands in London and New York are almost incomprehensible. The people simply by coming together can produce so much more here than they can by working alone. While the fertility of farm lands is an element in fixing their value, the fertility of the lands under cities counts for little or nothing at all; their great productivity is caused chiefly by the number of people working together.

And each new member of society, no matter whether it be a child or an immigrant, increases the demand for labor products and, therefore, increases the demand for labor, - he brings with him two hands to labor, but he also increases the demand for things made by others.

Effect of improvements in the arts and sciences upon land values.

Until what we might call the Industrial revolution, it took the full time of the greater part of the population to raise enough food and to produce enough clothing and shelter to maintain the population above the minimum level where existence was possible. Any type of luxury was possible only to the very few. The cultures of Egypt, Greece and Rome were made possible only by the most abject slavery of the greater part of the population. This seemed so necessary that even Aristotle wrote "Human slavery must exist until the loom largely weaves itself." He did not know how prophetic his words. During the entire period prior to the Revolutionary War, which was practically coincident with the beginning of industrial developments, famines were common as man could not produce enough to provide a surplus for use in times of drought and disasters. Even during the early part of the 19th century, famines and deseases, which find such an easy prey among underno-rished peoples, have been known to destroy more than 1/3 of the population of a country.

Now all this is changed because of improvements which have been made in methods, machinery and in the arts and sciences. In 1765 Watt developed the steam engine, and from that time to this, industry has gone forward with greater and greater strides until today a man can often produce more of some products in one hour than his grandfather could produce in a week.

According to a report of the Brookings Institute; in the U. S. in 1820 it took 72% of those employed to produce enough food for the whole people; in 1930 it took less than 23% to produce this food; this releasing 49% for the production of products once counted as luxuries. This improvement in the methods of producing food has not caused unemployment, but it has caused a diversity of employment.

The first effect of improvements in methods and machinery is to save labor; that is they make possible the production of the same amount of goods with the expenditures of less energy than was necessary before. A new weaving machine which would make possible the production of 10 yards of cloth where five had been made before should make it possible for the weaver to live just as well as before by working half time. But the desires of men grow as grow the possibilities for satisfying these desires. Therefore, we would probably find that most of the weavers would prefer to wrok the same length of time as before, because by producing twice as much as they could live twice as well; or in other words, increased wages.

The second effect then of the new weaving machine would be increased production of cloth, and since increased production of everything in a field which is not monopolized, means a reduction of cost, the 3rd effect of the new weaving machine would be a reduction in the price of cloth. And because the cloth costs less, all users of cloth would have more left to spend, either for more cloth or for other things, and so a 4th result of the improved weaving machine would be an increase in the demand for and hence the production of all of the other things which the weavers and users of cloth would like to have and now are able to buy.

To illustrate from another angle: You have produced $10.00 of wealth and decide to exchange it for a hat. But since you last bought a hat new machinery and methods make it possible to produce a hat of the quality you want for $5.00. You buy your hat, and finding you have $5.00 left you decide to buy a book which you have long wanted, but which you would not have bought if the price of hats had not been decreased. With this extra $5.00 you have put men to work making books and these men can now buy things which they would not have been able to buy. The improved hat machine and the new weaving machine, have caused a ripple of increased employment to spread all through society. Therefore, the effect of any improved machinery or method is increased employment in all lines of goods.

Another effect of the increased production made possible by the improved machinery will be increased rents. All advances in the arts and sciences which make possible the production of more wealth upon any given piece of land, would have the same effect upon the value of that land as would increased population. If more efficient machinery makes possible the doubling of the amount of wealth produced upon land, the best land will now produce 200 and the 2nd best 160, and wages will be 160, but like in-

100	40	
200 /	160 /	120 /
120	120	120

creased population the effect upon wages will depend upon whether or not the increase in production is faster than is the necessity to bring poorer and poorer land into use. If it is now necessary to use the 3rd grade of land, wages will go down to 120, but this is still higher than could have been produced upon the best land without the improved machine.

The increased production made possible by the new method or machine may and generally does apply to one grade of land more than it does to others, and this will increase the demand for land in that particular locality faster than it does elsewhere, and, therefore, the rents will be higher there. A harvesting and threshing machine would be of no value in a city; a machine for loading coal onto ships would be of no value except at a harbor, so that it may be possible that an improvement might multiply the possibility of producing wealth on the best land 10 times, while it would not increase the production of the second best land more than 100%; then we would have a picture like this /1,000 / 160 /. Here wages would be 160, but the rent of the best land would be increased 840.

But the ship-loader by decreasing the cost of coal, would like all other machines, increase the demand for coal, this will increase the demand for labor at the mines, and this will increase the demand for all the things coal miners buy.

If when that new weaving machine was made, there was not an immediate demand for the extra amount of cloth it made possible, then it would bring temporary hardship to individual laborers, while they were finding new places; but no machine ever decreases the desire for labor products, not even temporarily, -- that is insatiable. Therefore, as I said, by decreasing the cost of goods, improved machines, really cause an increased demand for goods, of this or some other kind, and this opens up other fields of occupation for those displaced by the machine.

There is a very common impression that labor saving machinery and processes are the cause of unemployment. It is true that a large number of workers in the U. S. are continually idle, and an improved machine may add to their number temporarily; but scarcity of jobs could not justly be attributed to labor saving machines until and unless every person in the world had everything he or she could possibly want which is made by machines. If by the use of machines, goods are produced faster than people want them (mark that I do not say faster than they can buy them), but by using machines men can make things faster than people want them, then the cause of unemployment might justly be said to be the improved machines; but until that time comes, the blame for unemployment must be placed not upon the machines which make possible the production of goods in quantity, and this makes living easier for everyone, but rather upon whatever it is that makes it impossible for people to buy the things theywould like to have.

Every advance in transportation, from the pushcart to the airplane, has but one object, - to facilitate trade, - to make it easier to get all kinds of useful things from here to there.

Effect of Speculation in Land upon Land Values & Wages.

Within any limits that we can conceive possible, increased population increases the amount of wealth which can be produced from any given piece of land, and so does the use of more effective tools and methods. This increased demand for land will increase rental value of land, but this increase in rents is what might be called a natural increase in rents. While increased population and improved machinery are raising rents, at the same time their tendency is to raise wages far beyond what they would otherwise be. If in our last illustration, increased production made possible by the improved machinery has made it necessary to use the 3rd grade of land; wages of course are lower than they were before this land was brought into use, but they still are 120, far above what they would have been without the improved machinery; also the increased production by lowering prices would make it possible to buy more with this 120 than 120 could have bought if the improved machines had not been used.

But this gradual bringing into use poorer and poorer land as necessity compels its use, is not the way our country or any other country has been developed. Neither did our original pioneers nor do people now take up only such land as they believe they can profitably use. Though they do not know the cause, people see that land in any growing community constantly tends to increase in price; and people would not be human if they did not, whenever they can, get control of more land than they really need for themselves, believing that by holding it for a future rise in price, they may someday be able to get something without working for it.

Let us consider a diagram illustrating another piece of land. /100 / 80 / 60 / 40 / 20 / 5 / Suppose there are six families coming to this land to settle. The first one of course, will settle upon the best land. he may not need more than 1/4th of it for his own use, but he decides to claim all of it for himself; the next man will take all of the best remaining or 80 land, though he needs but 1/4th of it, the 3rd man does the same for the 60 land, the 4th for the 40 land, and the 5th for the 20 land, so that when the last man arrives he finds only the 5 land left for him. Rents here will be 95, 75, 55, 35, 15, and wages will be down to 5.

We have pushed the settlement of these lands out to the 6th grade with 6 people in about 3 minutes, but so long as people are allowed to hold land they cannot use the effect would be the same no matter if instead of six families monopolizing the land, it had 60, or 600, or 600,000, or if it had taken three centuries instead of 3 minutes.

This is the condition our country is in today, or rather much worse. Land speculation, the holding of land out of use or but partially used hoping for a future rise in values, has pushed our people out to the deserts to try to make a living, and has raised rents all over the country enormously above what they would naturally be, and has proportionately decreased wages. And what advantage have THESE increased rents brought with them? Increased population and improved machinery always increase production and raise wages much faster than they raise rents, and so they are a benefit to the whole people; but holding land out of use does not increase production, nor does it raise wages, ever but quite to the contrary for because this system pushes people out to the poorer and poorer lands where their efforts will produce but little, it lowers production and lowers wages, and brings with it not one blessing, nothing but increased hardships and misery and suffering. In the centres of population people need to crowd together without consideration for health or comfort because they cannot afford to pay the rents; away from the centres of civilization people are so scattered by the unused lands between them that not only is their production cut down, but they must forego many of the advantages of association with their fellows.

At first thought this picture may seem exaggerated, but really it has not begun to tell the tale. One sees the condition elsewhere.

Fore example:

In Riverdale, N. J. Route No. 23 was quite recently finished. This new four lane highway was cut through lands formerly used mostly for agriculture. Before this new highway was projected, land through this section could be purchased for $100.00 and acre or less, now that the highway is opened the prices asked for this still vacant land is $1,000. and more an acre;

During a land boom in Moose Jaw a relatively few years ago, one could see the prairie staked out into city lots for 20 miles from the centre of the town, with asking prices proportionately high (and the condtion in Florida during its boom was equally bad); which meant that the farming which should have been begun immediately outside of the town, was pushed twenty miler farther from the town because farmers could not afford to use this high priced land for crops;

The Manhattan Branch of the Triborough Bridge is 25 blocks away from where it logically should have been, because of pressure brought to bear by the real estate interests, and automobiles must detour about 2-1/2 miles to reach the present bridge. If 30,000 cars a day pass over the bridge, about $500,000. a year must be spent for gas by the drivers of these cars above what should be necessary, - and the cost of the time spent in travelling this unnecessary distance would be still higher. (Commemorative booklet by Robert Moses).

Probably there is no town in our country where one could not pick out hundreds of instances to show how speculation in land has interferred with trade and production.

Let us think the matter through. Labor, using Capital produces all wealth, but Labor cannot create the materials out of which to make wealth, it can only take what it needs from the land, and by changing its form or position, fit it for human needs. Labor must have land before it can employ itself. Land held out of use creates an artificial scarcity, and the greater the amount held out of use the greater the scarcity.

Labor must have land to use, and therefore it will, if it must, bid higher and higher prices for its use, until the rent referred equals the difference between what can be produced on any particular piece of land and what the same Labor could produce from the best free land. As rents go higher, Capital and Labor are forced to give up a larger and larger share of the wealth they produce, and which they should be able to keep for themselves, - and for what? What do we pay when we pay rent for land? We pay for a chance to go to work, that is all!

In 1626 the whole island of Manhattan sold for the equivalent of about \$24.00; since then land in the down-town section of Manhattan has sold at the rate of \$26,000,000. an acre. This means that Capital and Labor must contract to give up a return on \$26,000,000 before they would be permitted to use this acre of land, and this must come out of the results of their activities before they can take anything for themselves. Is it any wonder that as little land as possible is taken for use and sky-scrapers are built shutting off light and air for neighboring lots, or that people must crowd together in apartments?

And what does the holder of land do to aid production? The Capitalist puts up the building and supplies all the machinery for production; Labor uses this Capital and supplies all the human energy needed for production. Did you ever stop to ask yourself what the landowner, as such, does which is of any benefit to society, and for which he is justified in making a charge? A little careful thought will reveal that the landowner does absolutely nothing to aid in production.

Suppose that by some edict it were possible to prohibit men from applying their energies to production, - that is, suppose it were possible to abolish Labor, and to prevent men from doing all work of any kind: The result would be that within a relatively few hours men would disappear off the face of the earth, - they would have no food, clothing, nor shelter, nor any way to get any of these things.

Suppose such an edict, while not prohibiting Labor, should order the destruction of all tools and prevent exchanges from taking place, that is, abolish all Capital and prevent any more from being formed! While mankind might continue to exist, it would be turned back barbarism and civilization as we know it would cease to exist, because man's ability today to produce so abundantly is due entirely to the fact that he has learned how to use Capital effectively.

But suppose that by such an edict we were to abolish the system which permits a man to hold a piece of land, and even though he does not use it himself yet permits him to prevent anyone else from using it; in other words suppose we could abolish land speculation and land ownership, not only would neither mankind nor civilization suffer in the least, but production would be increased as though released from a spring, and would be enormously increased, wages would rise tremendously, unemployment would disappear and in the future be unknown because Capital and Labor would then be able to use the enormously valuable lands now held out of use, and Labor would be able to buy the things Labor produces.

Possession of land produces nothing; it is simply a privilege given to individuals by society, a privilege to take from producers a part of their product without giving anything in return. Those who hold more land than they can use are really dealers in jobs. The thing which they really sell is opportunity to work, and the price which they will charge for those opportunities to work (jobs) is "all that the traffic will bear". The land-owner always takes from his tenant all that he produces excepting enough to induce him to continue to hold his job, that is the landowner must leave to the laborer an amount equal to what he could make working for himself upon the best land that is free to him, else he would leave the job and go to laboring for himself.

Our civilization is based upon the idea of giving service for service. The more this is done in any community the higher the civilization in that community. The price of an article is based upon the amount of labor the average man is willing to give in exchange for that article. When we buy an article of wealth we exchange the results of our own efforts for that of the one or many who produced the article we buy, - both are benefitted by the transaction, we have given service for service. Butwhen we pay an individual for the use of land, we give him the results of our efforts, but he gives no service in return. Instead of benefitting by the transaction, we are impoverished to the extent of the rent we pay, while he is enriched.

Please do not, however, dondemn those who speculate in land. Land is not holdout of use in order to oppress Labor. Land is held out of use in order to make a profit from it. Very few landowners have any idea that the system which permits them to speculate in land for a profit is harmful to anyone. They were born into and brought up under this system, and it does not occur to them that things could be done in any other way. The blame for the harm which is done by our present system should be laid not upon the individual, but upon society itself, because it upholds, foster condones and even compels ownership of land. So long as this system is permitted to exist, society would not be benefitted one iota if one individual, or a thousand individuals, - not even if a million individuals were to refuse to hold land because of the harm it did to others. If those individuals were to give up all the land they could not use, it would be taken up by others immediately, and society would continue to suffer just the same.

If speculation in land can bring such grave results, it is but natural to wonder whether or not speculation in labor products likewise may not be harmful to society. But second thought will show that this cannot be true. If a man, by speculating in labor products, raises the price of the commodity speculated in, those advanced prices will immediately draw others into the business of making those commodities, and by increased production bring the prices back to normal levels. Wealth begins to deteriorate as soon as made, and if it is not sold after being produced (often very soon after) it becomes a loss; therefore, speculation in labor products can cause an abnormal price for those commodities for only a very short time (until competitors can bring similar goods into the market) and if consumers refuse to buy, even this advantage is lost to the speculator.

But land is a fixed quantity. When its price advances no one can, by producing more land, bring its price down. Nor does land need to be sold at any particular time, as it does not deteriorate by being held out of use, and its value may increase no matter whether used or not. On the other hand, Labor cannot refuse to use land.

If we are to continue to live at all we must use land, however high its price may be.

The popular impression is that Capital receives most of the benefits arising from material progress, and thus our present economic system is mistakenly called "capitalistic", - the capitalist being blamed for the unemployment and the low wages which prevail. The reason for this is because people do not clearly define their terms. So long as people do not see clearly the distinction between Capital and Land, they cannot differentiate between the power given by the ownership of capital, which is very small, and the power given by the ownership of land, which is very great. It is true that the same individual (or firm, or corporation) may be both a Capitalist and a land-owner, and this helps to intensify the confusion, and when this individual (or firm or corporation) is seen to exploit Labor he is attacked in the press, and in the minds of the public as a Capitalist, but it is as a land-owner that he exercises this power and not as a Capitalist.

When we see that so much of the increased production which progress makes possible does not go to Labor as wages, does not go to the Capitalist as interest, but IS paid out as rent for the use of land, when we realize that Labor and Capital are largely prevented from using those improved machines and methods which increased knowledge has developed, because they are shut away from natural resources, then we will realize that the real antagonism in our present economic system is not between Capital on the one hand and Labor on the other, but rather between Capital and Labor together on one side and Land-ownership on the other.