

In our last lesson we considered the collection of ground rents as the sole support of government (the so-called Single Tax) chiefly from the fiscal point of view. But to consider this question from the taxation angle only is to overlook its greatest possibilities. The fiscal advantages of this proposed system are too great to be ignored and they should not be ignored, but they are trivial in comparison with the other advantages which will come to mankind through common ownership of land.

This proposal for a just, scientific, and practical change in our taxation system is so simple and so unpretentious that many, who are eager to help humanity, cannot believe that this change can cure with it the cure for the troubles in which we find ourselves. They argue that we need something more than "a mere fiscal reform" to accomplish justice, and this is true of course; but this is not a mere fiscal reform, - it is the only method by which we can equalize opportunities among men.

Our aim is to abolish involuntary poverty and to establish economic justice. We propose to accomplish this aim by abolishing the fundamental injustice which deprives the major part of the population of its right to the use of the earth. We propose by equalizing opportunities to bring about a state of things in which no man need ever suffer from want, a state in which every man can know with certainty that not only he, but every other person, can have an abundant living, honestly earned by his own efforts, - a living which will include not only the necessities of life, but also all those added comforts which come with advancing civilization where, always, every person can look forward untroubled by any fear of want or destitution in health, or sickness or old age; where every individual can be a responsible citizen of a prosperous society.

And such an ideal is easy of attainment. Give men a free field and their full earnings; take for the community the rent of land, the fund which the growth of the community creates; and want and the fear of want will be gone from the earth. Put a man in a position where he will no more need to worry about having employment at good wages than he needs to worry about getting air to breathe, give him everything he produces, and the great mass of our economic ills will inevitably and quickly disappear, and with them will go many other ills not usually thought of as having an economic cause.

Of all of the classes which comprise society, there is but one which will not receive great actual pecuniary benefits from this proposed change. This class consists of those relatively few people whose interests as land-owners are greater than their interests as laborers or as capitalists. This small class might suffer some pecuniary hardship temporarily but the change will bring only benefits to that immensely greater part of the population who live upon wages of any sort, and to those who live partly by wages and partly by returns on investments other than those in land. Even those who are receiving no income at all excepting from ground rents, - even those people will not be made to suffer, for unlimited opportunities to labor will be opened to them, as they will be opened to everyone else.

What will be the effect upon the man who owns his own home?

The owner of a house and lot will find the change only a benefit. True that the selling value of his lot will disappear, but its use will not, and the lot will serve his purpose just as well whether it has a selling value or not. Not even if he wishes to sell and move somewhere else, will he be hurt by the fact that the selling value of his lot has been wiped out. He could then sell his house the same as now, and when he came to buy elsewhere, he would find that he needed only to buy another house, - he would not need to buy another lot, he would get that free, needing only thereafter to pay the rent for it to the government. For instance, a house and lot may at present be worth \$10,000, (with say, \$3,500. for the value of the lot and \$6,500. for the house). The \$3,500. valuation of the land would be wiped out, but not the \$6,500. house value. When sold the owner would receive not the \$10,000 originally invested, but only \$6,500. for the house, but since the value of all other lands have been destroyed likewise, it would require only \$6,500. to buy an equally good house in an equally good neighborhood. In addition to this, all of the taxes which the owner now paid on income, on his house, on his personal property, and on everything he ate, drank or wore would be abolished; the cost of everything he bought would be reduced; his wages would be very much increased - doubled, trebled, quadrupled, or possibly even increased much more than this, he would have a constant surer of employment, and all fear of want for himself and his children and his children's children would be gone. Would he be injured by the change?

The benefits to the farmer would be equally great. Often when one speaks of a tax on land values, an immediate inquiry is apt to be: "Would not such a tax work a dreadful injury to the farmers?" To the contrary it would relieve the farmer of many of the burdens he now carries. The land used by farmers is less in value than that used by any other industry, and since only the rent of land, ~~unimproved~~ would be taken, payments made by farmers would be relatively low, for it must be remembered that he would pay according to value, not area, and in addition the farmers buildings, and all other improvements, his crops, machinery and all personal property would be free from taxation. No other class in the community now has its personal property taxed at such a high percentage of its value as do the farmers. (It is said that no other form of personal property in the country is taxed so near to its true value as is live stock). Consumption would be stimulated to the point where every farmer would find a ready sale for his product, because every consumer in the nation would be able to buy all of the milk and butter and eggs, all of the vegetables and fruit, and all of the bread and meat he could possibly use.

In addition to this, the ability to produce crops at a lower cost would stimulate development of new uses for farm products. Other products such as the insulating material now made from waste corn and sugar bagasse would probably be quickly developed. It is said that ~~linum~~ cotton cloth as a binder for roads, could now be used very effectively, but cotton cannot be extensively used for this purpose until it can be raised at a much lower cost than at present (the Reel cotton picking machine may help to bring this about). Certainly we do not believe that every possible advance in this field has already been made.

It is also true that farmers would not be driven out to the poor or distant lands to raise their crops; they would now be able to use the good lands now held idle near to the cities and towns for this purpose, where their markets would be much more easily reached. Many a

former now travels long distances to sell his produce, passing thousands of acres of good land idle, but held at such high prices that a farmer could not pay this price and make his farm pay. If these lands could be obtained without paying these high prices, since the cost of getting goods to market would be less, the cost to the consumer could also be less.

It is not practical to consider all classes separately, but it is true that all would benefit by this change, excepting the one small class mentioned above, who might temporarily be inconvenienced.

If however, we consider the effect upon Labor, we will see the effect of this change upon nearly all classes, because Labor includes practically the whole population. For this purpose let us consider this chart as a text, - it presents a before and after picture.

Under present System	Under George Plan
The land-owner receives and Labor loses	Labor will receive
1 - All rent	All wages
2 - All selling price of land	Access to high grade land without payment of purchase price
3 - Increased rents as poorer lands are brought into use	Increased wages as better lands are made available
4 - Opportunity to deny Labor access to land	Unlimited opportunities for employment
5 - Most of the interest paid	*Practically all of interest paid
6 -*Most of the pecuniary benefits derived from inventions and material progress	*Practically all of the benefits derived from inventions and material progress
7 -*Most of the pecuniary benefits derived from government expenditure and improved governments	*Practically all of the benefits derived from government expenditures and improved governments
8 - Relief from most of the taxes paid	Relief from all taxation,
9 -*Most of the wealth produced by Labor	*Practically all of the wealth produced by Labor.
*The land-owner appropriates these when he collects rent from, or sells his land.	*Labor will receive all of these etc excepting that very small portion which will go to those giving personal service

Referring to item No. 1: This is of course obvious, land-owners now receive all rent, and Labor would then receive all wages.

Items 2, 3 & 4 will be considered together: Is it not true that practically never is rented land held out of use; idle land is so held by an owner and not by a renter. Now land will be held idle only while the charges on it are so low that these charges can be paid by the owner out of other income. If the community will collect for itself the full rental value of all lands, whether used or not, no one would be able to get, or even hope to get, a profit by holding land idle. Every land holder would need either to use the land himself, or employ labor to use it, in order to make the land earn its rent. This would mean that all the land which could be put to a profitable use by its owners would be so used; but when a man found that he had more land than he

had more land than he could profitably use, - land which every year showed him a loss, and which he knew would continue to show him a loss this year, profitable and would be abandoned, either voluntarily, or for the uncollected rent. This abandoned land would revert to the state, and then it would be rented from the state by anyone wanting to use it. Millions of acres, from which people are now shut out because of high prices, would be freed in this way, and these acres would then be open to Capital and Labor. These present idle lands do not consist only of farm lands or town lots, but they include all kinds of land, - mineral lands, coal and oil lands, lumber lands, harbor facilities, and that extremely valuable land in the centre of large cities. As far as most of our people are concerned, these idle lands might just as well not now exist.

Development of these idle or but partially used lands requires labor, and since we have so much more land in this country than could possibly be used, and since so much of it would again be made accessible for Capital and Labor to use; we would find that, instead of a condition of more men than jobs, such as we now have, we would then immediately have more jobs than men. The job would be seeking the man, instead of, as now, the man seeking the job. (and so often without success). A man starting in business would not need to use a large percentage of his savings to purchase land, he could get land free from any purchase price, pay his rent, and never have a tax imposed upon anything he needed for his business, or anything else. Nor would he be forced to the suburbs in order to get land as cheap as possible.

The opening of new lands has always tended to increase wages, even in the old countries. If we take all ground rent for government expenses, it would have the same effect as would the discovery of a new continent of fertile, productive land; for fully 1/2 to 3/4 of all the land in the United States would again become free land, as free for anyone to use as it was when the Puritans arrived.

Nor only would people find it easier to go into business of any kind for themselves, but because they would be able to use the better grades of land (of course people would not continue to use the poorer grades of land when the better grades were to be had free of charge) all production and all wages would be increased. To illustrate:

Today if 2/3 of all grades of land are held idle							Under George plan, if people were free to use better lands, they would move up						
100	80	60	40	20	10	5	100	80	60	40	20	10	5
100	80	60	40	20	10	5	100	80	60	40	20	10	5
100	80	60	40	20	10	5	100	80	60	40	20	10	5
Wages 7 x 5 = 35							Wages 7 x 60 = 420						
Rent 95+75+55+35+15+5 = 280							Rent (3 x 40) + (3 x 20) = 180						
Product 35 + 280 = 315							Product 420 + 180 = 600						

These high wages will bring into the labor market, the greatest of all employers of labor, i.e., the demand of Labor to buy, together with the ability to pay for its purchases. Such a demand for goods, and for Labor to produce these goods, would arise as the world has never yet known. This demand for goods would not be satisfied until every person in the world had every material thing he could possibly wish for, which of course would be -- never! Labor would find itself in a Utopia into which no Labor Union could possibly bring it, a Utopia which would include all workers, not only those belonging to unions. The spectacle of men able to work, and willing to work, but unable to find a place to work would be unthinkable.

The collection of ground rents by the community will probably raise wages. Many factors will contribute to this result: people will be able to use the better grade lands, - the margin of cultivation will be raised, and we know that average wages depend upon what a man can make working for himself on the best land which is free to him. People have the opportunity to produce more by reason of having access to the better grade lands and will thus receive corresponding higher wages, they can demand, and will receive more if they are working for others.

5-To show why it is true that most of the interest paid now goes to the land-owner, while under the George plan most of the interest paid will go to Labor, we must bear in mind where Capital comes from. Capital, as has been shown, consists of that wealth which is used in producing more wealth. Capital can be brought into existence only as the result of Labor in producing wealth, plus the saving of a part of this wealth, plus the dedication of those savings to the purpose of production. Men could work long, and hard, and most efficiently, and produce enormously, to the end of time, but if all wealth were consumed as fast as it is produced and distributed, there could never be any Capital.

Capital is necessary in the modern world, but with rent taking such a large share of the produce of labor as it does today, and with wages as low as at present, very little of the Capital now in use comes from savings made from wages. The great reservoir from which Capital is drawn today is made up of those funds which have been collected by the land-owners as rent; therefore interest paid on Capital drawn from these funds, goes to those who collected the rents from which the Capital was made. Those people are the land-owners. Land-owners today then, receive not only all of the rent paid, but also all of the interest which is paid on that part of the rent which has been turned into Capital. Since this forms the greater part of all of the Capital now in existence, therefore it is true that land-owners now receive the greater part of all the interest paid.

But, under the George plan no individual will ever receive any rent; and the rents collected will not be turned into capital, they will be collected by the community and used to pay the expenses of the government. Practically the only source of Capital then will be, must be, savings from wages. If a man saves part of his wages and uses those savings to help himself in his business, or loans these savings to others to help them in their businesses, then any return, in the form of interest on that Capital will go to the man who saved his wages to make that Capital, and this man will be the laborer. Since under the George plan, the ownership of practically all capital could thus be traced back to the man who originally received it as wages, it must be true that, then, the wage earner, or Labor, will be the one who will receive practically all of the interest paid. The Laborer then will be practically the only one who can be a Capitalist.

As to whether this return (interest on capital) will be large or small, no one can tell, it will depend wholly upon conditions. If, at any time, the supply of capital is less than the demand for capital, then the people who want to use capital will be glad to pay a bonus in order to induce others to save wealth to lend to them to be used as capital. This bonus is interest, and is paid only because the use of capital is advantageous to labor. But if it should ever happen that the supply of capital was equal to, or greater than, the demand for the use of capital, then no bonus would be offered - no interest would be paid, - only the capital itself would be returned to the man

from whom it had been borrowed,

When the George plan was in operation there would be no day in which a man could invest his savings except to aid Labor in producing wealth, and no matter how great a man's wages, nor how much he had saved, he could never harm anyone because of his wealth. No matter how greedy a man might be, the only way he could get a return from his wealth would be to loan it to Labor to be used to aid in production, and this would mean more jobs, or better facilities, for Labor itself. Because, as we have seen, wages are fixed by the margin of cultivation, and the most greedy employer could not drive them below this point so long as there was plenty of free land. It is not the employers, nor the capitalists, greedy for interest, which oppress Labor: Labor is oppressed by a land tenure system, which not only restricts its opportunities to produce, but even robs it of a large portion of that which it does produce.

6 - To show that Labor would, under this plan, receive practically all of the benefits which would come to society as the result of mechanical inventions and advances in the arts and sciences: Refer again to our illustration:

This shows conditions as at present. Here, with lands two thirds held out of use, aggregate wages would amount to 35, and aggregate rents would amount to 280.

72868 7 x 5 = 35

100	80	60	40	20	10	5
lands	two	thirds	idle			

rent 95+75+55+55+15+5 = 280

If mechanical inventions or new methods were to double the possible product, then the rent of

all lands would be doubled, aggregate rents would increase from 280 to 560. If this change were to

wages 7 x 10 = 70

200 160 120 80 40 20 10
lands two thirds idle

rcnt 190:150:110:70:30:10 = 560

to 200, and this change were to take place suddenly, then at first wages would also be doubled, and

wages would also be doubled, and

aggregate wages could not be 70; but men have discovered that they could exist upon the land which will produce but 5. With production

doubled, so that a lower grade of land, which, before this increased

land, which, before this increased production became possible, would not produce enough for people to

not produce enough for people to live upon, will now produce 5, it should not be long before men out

employment would be taking up this 8th grade land which will now pro-

duce 5. They can exist upon 5, and working this land would be much better than being idle. This lowering of the margin of cultivation would again bring all wages back to 5, and rents would be increased correspondingly. All of the pecuniary benefits made possible by the improved machinery or method would, as shown, go to the land-owner.

But when all rents were taken by the government, no lands would be held out of use, and people could move up to the better grade lands, and even with existing methods and machinery their

$$10508 \times 60 = 420$$

100	80	60			
100	80				
100	80				

$$\text{rent } (3 \times 400 \div (3 \times 20)) = 180$$

product and wages would both be enormously increased. Under this condition the margin of cultivation would not be pushed down to the star-

vation point by unemployed men (there would be no unemployed bidding for a chance to go to work. Under this condition, the use of new machinery or methods which would make a fourth production possible, could prove itself only the blessing it is. Here the great increase would be in wages, and the small increase would be in rents, instead of vice versa as today. Since there would be no unemployed men to drive wages down, every new invention which doubled production would mean that people could live twice as well as before with the same labor, or could live just as well as before with half the labor. When industrial conditions shall be governed by the free operation of natural economic laws, everything which increases the ability of men to produce wealth will inevitably increase wages, instead of increasing rents, as now. Instead of dreading new inventions and improved machinery and methods, Labor would then be clamoring for more of these. No one then could think of an improved machine, or a labor-saving device, except as what it would be, - an unmixed good for the whole community because every man would know that these things would help him to increase his wages.

$$\begin{array}{r} \text{wages } 7 \times 120 = 840 \\ 200 \quad 160 \quad 120 \\ 200 \quad 160 \\ 200 \quad 160 \\ \hline \text{rent } (3 \times 80) + (3 \times 40) = 360 \end{array}$$

7 -- As to the benefits of government improvements, and better methods in government: At present, every improvement made by society is reflected eventually in higher land values; every improved fire or police department, every new road or school, raises the price of land in the community where the improvement is made. This means that today, practically every cent which is spent by government in improvements is later collected by the land-owners. The cost of these improvements is collected by the government in taxes from everyone in the community, - even the poorest must contribute; but these improvements correspondingly raise land values, and thus a sum equivalent to the total cost of these improvements finds its way to the pockets of the land-owners. But when all rent is collected by the government, and land, therefore, no longer has any selling value, then land-owners will no longer be able to reap where they have sown, and will produce any longer be under the necessity of paying both for natural opportunities to some individual and taxes for the support of government. Then no man would have an opportunity to benefit from any government improvement which was not open to every other man. And since practically all citizens would be laborers then the benefits which would come from these benefits would accrue chiefly to Labor.

In addition, the abolition of all taxes, and the taking of the rent of land for government needs, would also greatly benefit labor by decreasing the cost and the complexity of government, and the incentive for dishonesty on the part of officials.

Cities could then grow naturally, being neither congested because of high land prices, nor unduly extended by reason of vacant or but partially used lands. The holding of unused or but partially used land within a city increases beyond any legitimate need the cost of supplying water, lights, sewers, and police and fire protection. A natural development would mean a lowering of these costs. Los Angeles authorities estimated a few years ago that 2,200 miles of streets had been constructed in front of vacant lots, involving annual maintenance charges of \$1,435,869. Counting losses from delinquent taxes and other charges, it was estimated that these uninhabited miles of streets

within the city limits increased government costs by about \$2,500,000 yearly. It is estimated that Chicago has enough subdivided vacant land to house a population of 10,000,000, and that Cleveland is "over-subsidized" by about \$75,000 lots. Few cities have, like Los Angeles, attempted to estimate the actual increased outgo necessitated by these unused lands, and they exist in every town and city in the country. If to the costs necessitated by these actually vacant lands, were added the increased costs necessitated by lands but partially or poorly improved, the amount would be still more astounding.

Under the George plan there would be no buying of land ahead of public improvements, by public officials, in order to resell at a higher price to the community, because land would have no selling value, and this temptation to corruption of public officials would be eliminated. (Communities would not need to buy land for improvements, any more than would individuals).

The chief sources of corruption of public officials, are directly connected with our land tenure system and the resultant bad methods of taxation. Every tax upon commodities or upon business of any kind, opens the way to wholesale bribery, fraud and perjury. No one denies this; but if all taxes were abolished and the rent of land constituted the only source of public revenue, this source of graft would also disappear. Land values are so easy to ascertain that even if bribery were tried, it would be so easy to check up on both parties, that assessments on the whole would tend to be both fair and just.

If we eliminate the military expenses, the cost of preserving order, and the cost of administering justice, probably from 1/2 to 7/8 of all the remaining cost of government is needed to cover the cost of assessing and collecting taxes, finding and punishing evasions of taxes, and checking and re-checking the revenues drawn from so many sources. Practically all of this expense would be eliminated if all taxes were abolished and grounds rents used to support government.

Civil Cases, in the administration of justice arise largely from disputes over land, or something connected with the land. These would all cease when the state owned the land and all occupiers became rent paying tenants. The improved morality resulting from the removal of all fear of want would eliminate a large portion of all other civil cases from the court.

As for Criminal Cases: the rise of wages and the opening of opportunities to all would soon eliminate from society those thieves, swindlers, and other criminals who develop because of poverty or fear of poverty. Thus administration of the criminal law, with its police, prisons, etc. would, like the civil cases, cease to be the drain it now is upon the force and attention of society.

Indeed the whole legislative, judicial and executive functions of government would be so simplified that society could approach the ideal set by Jefferson, when he said "That government is the best which governs the least."

And since there is no country in the world which does not have enough land within its own borders to support its own people, and since trade would be free, wars of conquest would cease because they would be unnecessary. Therefore military expenses would also be reduced to a minimum.

Then we see, that when rents are taken by the crown, the collection of all taxes, to pay the expenses of government, including not only its greatly increased wages, but practically all of the rent paid, practically all of the benefits which will come as the result of new inventions, a cheaper and better government, as well as practically all of the benefits which will come from the expenditure of the rent fund, and also unlimited opportunities of employment.

Therefore it is correct to say that under the George Plan, except for that small portion going to those who render personal service, all of the wealth produced will go to Labor. And all of this increased prosperity will come to Labor without the destruction of one bit of the individual liberty, or the imposition of one additional burden. For the present pays rent for the land it uses, though the payment is made to the land-owners instead of to the government.

To abolish all taxes would be like lifting a crushing, too weight from production. Every individual would have an equal opportunity with everyone else and would feel free to make, to save, to buy, to sell, to improve, to beautify, without being hounded by the tax-collector. Instead of saying to people "the more you add to your wealth the more you will be taxed", we would say: "Be just as industrious, thrifty and enterprising as you choose - you can enjoy everything you earn."

When we consider the evils which arise through failure of the community to collect for itself the rent of land, it becomes overwhelming evident that the government should collect this ground rent, even if all it was collected it were thrown into the sea or burned, because only the collection of these ground rents for communal purposes is it possible to insure that no citizen shall have an advantage over any other citizen in the use of land, and in no other way can equality of economic opportunity be assured for this and for all generations to come.

While this change would not make men moral, or industrious or intellectual, it would open fair and equal opportunities to all men, would remove the artificial hindrances to success by which honest, industrious and intelligent men are now hampered, and would permit men to be as moral and as industrious as they would like to be without fear of the consequences.