TEACHERS MANUAL

SOCIAL ECONOMICS

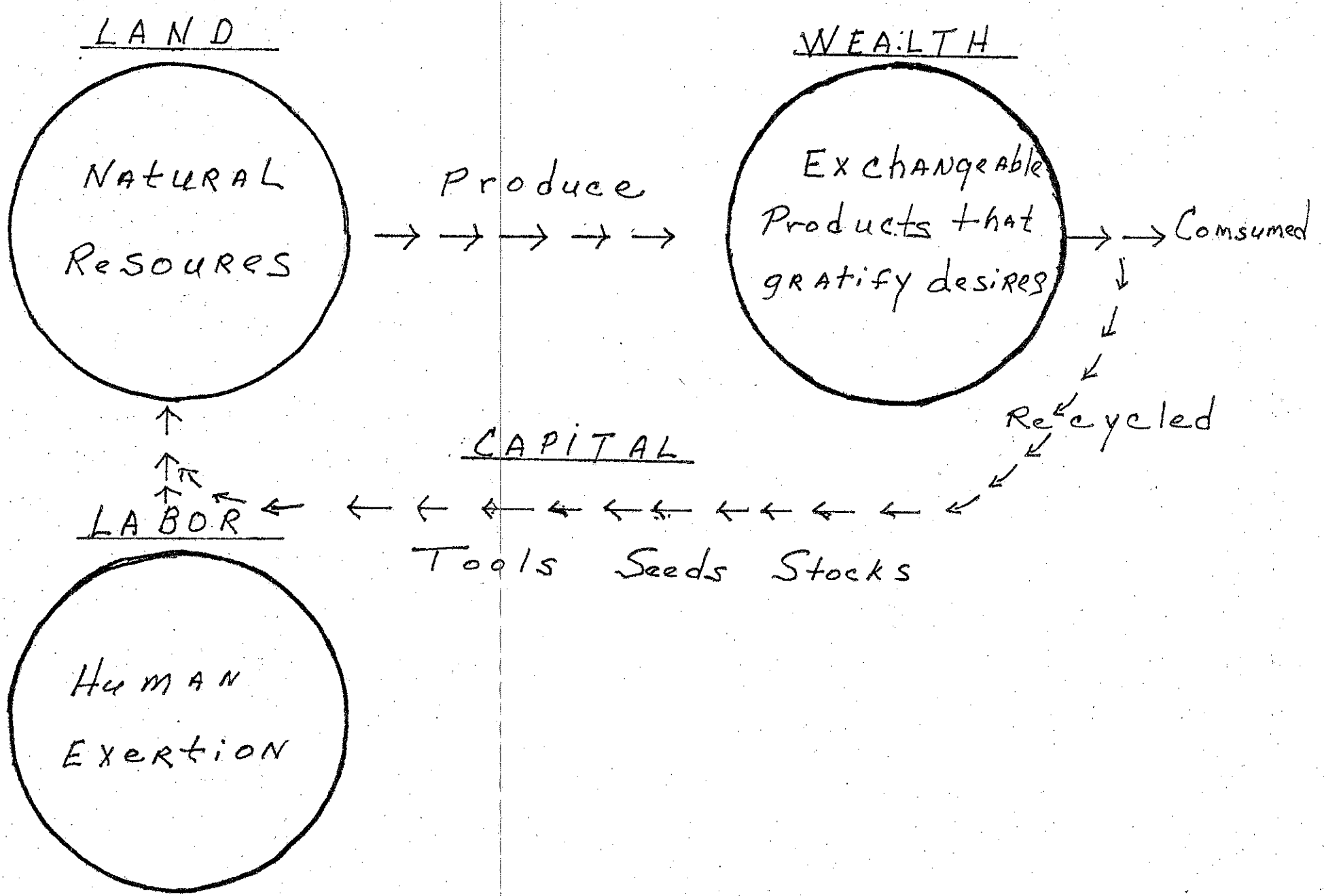
Course I Henry George School of Social Science

Based on Progress and Poverty by Henry George

The study of how civilized people make a living.

The study of social economics, when properly pursued, must explain two perplexing ironies: That wages tend to a bare subsistance, in spite of inventions, innovations and all the things that increase labors capisity to produce; and, that there is mass unemployment, in spite of the fact that people are willing and able to work and exchange their labor for the products of other peoples labor.

MODEL #1


LAND
NATURAL RESOURES
Produce
WEALTH
Exchangeable Products that gratify desires
Comsumed
Recycled
CAPITAL
LABOR
Tools Seeds Stocks
HUMAN EXERTION

Building a basic model of the production of wealth.
Q. What do we need to produce these things which gratify our desires? (Political Economics is primarily concerned with exchangeable things.)
A. Human exertion and natural resources.

We apply human exertion to the natural resources and produce exchangeable things which gratify our desires. Some of these products we consume, and others we recycle in the forms of tools, seeds, and stocks (as in stockpile), so as to give our exertions a greater efficiency.

In order to analyze this, or any process, we need to identify it's components before proceeding in analysis

Looking at Model #1, natural resources include all gifts of nature, from the sun and stars to the surface of the earth, which includes all forms of energy, but does not include people or their products. We call this component LAND in Political Economics.

All human exertion used to produce these exchangeable products which gratify our desires is called LABOR.

The exchangeable products, which gratify our desires, are called WEALTH. That part of the wealth which is used to produce more wealth is called CAPITAL.

The next section step is to establish a glossary of terms.

For small groups, it maybe done by passing out index cards, as in Model #2, and having the students work together arranging them in proper order.

For larger groups, the teacher may want to use the blackboard, first writing the definitions, and then asking which category each example belongs in, and finally asking which category is represented by each term.

Exersize #1 Glossary of terms

Set up Ex. 1

MODEL #2

LAND	LABOR	WEALTH
The entire material universe, excluding man and his products	Person who digs ditches	Material things produced by human exertion for the satisfaction of desires which have a value in exchange
Lot under a house	Tree surgeon	House
Trees in a forest not planted by people	Corporate Executive	Gasoline in a car driven for pleasure
Oil in the ground	Slave	T. V. Set
Fish in the ocean	MEDIUM OF EXCHANGE	Shade trees, which were planted at home
HUMAN ATTRIBUTE	10 DOLLARS 10 Paper money 10 10	CAPITAL wealth
Skill	MAY REPRESENT WEALTH BUT IS NOT WEALTH ITSELF	Wealth used in the production of more wealth
Knowledge	Stock certificate 10 shares General Motors	Seeds planted on a farm
Experience	Corporate bonds	Oil Refinery
	Car title 1980 Lincoln	Wood in a lumber yard

Third

The next step is to go back to the model and discuss Capital.

TOOLS act as an extension of our body, enabling men to adapt it to specific uses, as in a shovel or wrench, or, to harness nature, as in windmills or with fuels in combustion engines.

SEEDS enable us to harness the reproductive forces of nature, as in growing vegetables or raising animals.

STOCKS offer great economy in the exchange of products, encouraging a specialized division of labor. They enable large scale Productions and the utilization of diverse mineral deposits, soils, and climates.

All human exertion which increases the ability of natural resources to gratify human desires is part of production. Production includes combining, and seperating, changing in shape and transporting from one place to another. Production is complete when the product is in the hands of the ultimate consumer.

* The [illegible] step is to develop an understanding of [illegible]

Land and labor are the are factors of production. People have their own labor, but they need access to land

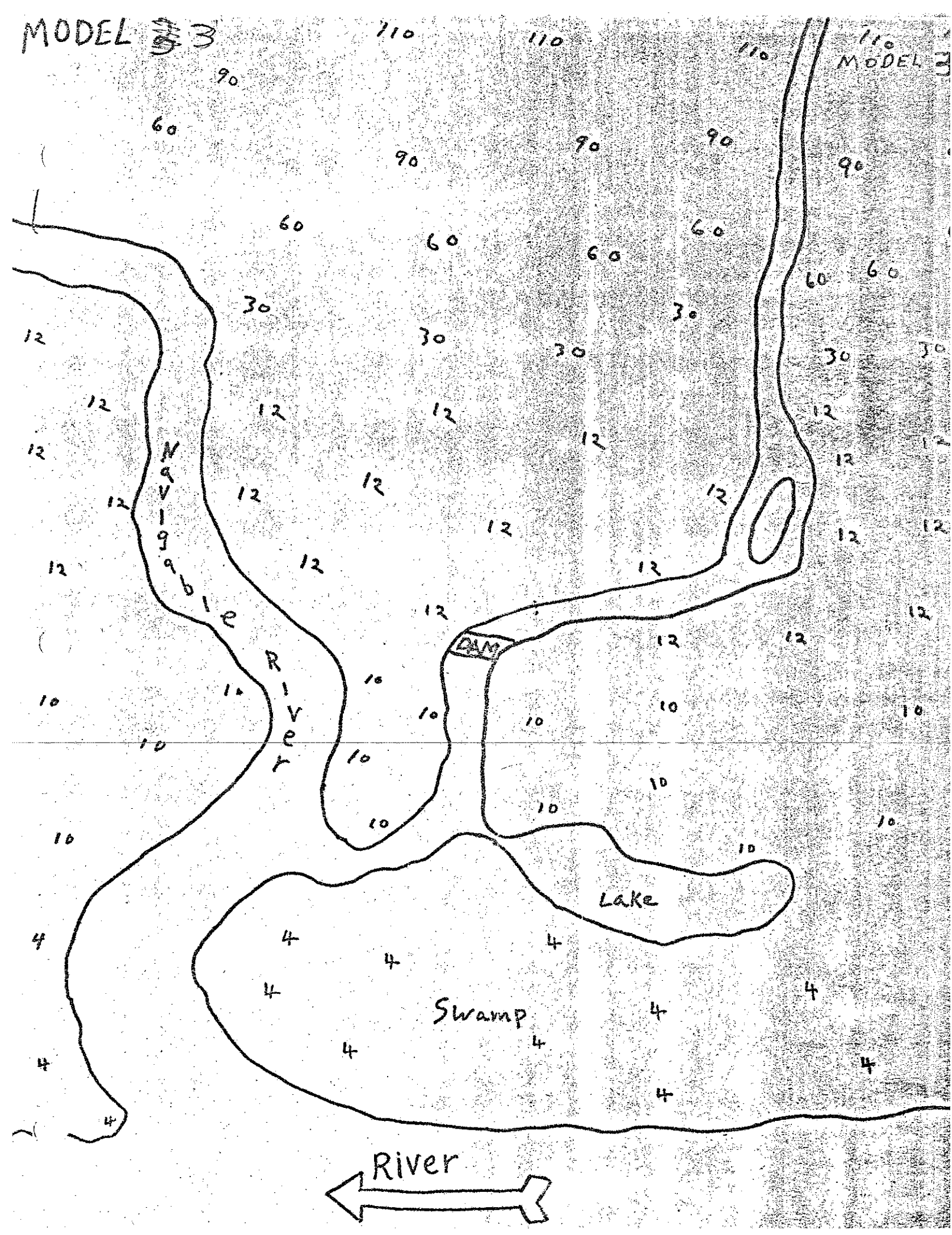
Q. Why is land divided up as private property?
A. Security of the improvments.

When any society makes the transition from gathering, hunting and fishing to Cultivating the soil and building permanent structurs, private property becomes a vehicle for secyring for the producer the product of his labor.

Ref. to MODEL # 3 Map
EXERCISE # 2 Home stead

Each student is given a 4" X 4" or a 5"X5" Card, depending on the size of the Class, and told to put his name on it. They are then familiarized with the Map Model # 3. navigable Waters, fertility, elevation, etc. Each student then stakes his Claim by taping his Square where his labor will give him the highest standard of living.

True you will want some Capital, but remember, Capital is labor stored up in a way that gives it a greater efficiency. Capital is another form of labor.


MODEL 3
MODEL 2
Navigable River
DAM
Lake
Swamp
River

After all students have taped their Cards to the map the Class is asked Who got the best land? On What Piece of land will your labor give you the highest standard of living?

After the best 3 or 4 grades of land are established in decending order, the teacher marks a 9 on each of the Cards on the best quality of land, and ~~intricate that~~ it represents 9 units of wealth, which will on the average, result from with each unit of labor applied on that land. The teacher marks an 8 on each of the Cards on the next best quality of land and indicates that it represents 8 unites of wealth wich will, on the average, result with each unit of labor applied on it. Do the same with 7 and 6. We are now able to see some proportional advantage between one grade of land and another.

Now let's imagine that all the land on which 9 units can be produced is taken up by the settelers who have already come and the same with the 8 land and the 7 and the best land which is still available to the new settlers who are still comming will, on the average, only Yield 6 units of wealth with each unit of labor. We call the best land which is still unclaimed

)EL 4

3	2	1	M	0					
9	8	7		6	5	4	3	2	1
6	6	6	M	6					

=Margin Point beyond which land is free

The margin of production.

Refer to MODEL #4

In model number 4 we have used the center rows of blocks to represent the different grades of land. The numbers here, just as on the map, represent the produce, which will on the average, result from the applacation of each unit of labor.

The first Purpose of this Chart is to establish a formula for measuring the different advantages enjoyed by some land holders

Exersize #3

Let's imagine that (Pick a student from the map) John, who was one of the first settlers and has a piece of the best land, has just received word from his his wealthy aunt. She is sick and needs his care. John does not want to get cut out of the, I mean, out of his concern for the woman he prepares for the trip back to the old Country. About this time along comes (Pick another student) Bill, who is headed for the margin to get himself a home stead.

John says to Bill, "I'm going to be leaving here. You could save yourself the rest of the trip to the margin by using my land. The cabin is hardly worth mentioning, but this is wonderful land. On the average, 9 units of wealth will result with each unit of labor applied on it." How many units of wealth would you, Bill ~~John~~, pay ~~he~~ for the use of it, ~~his land~~? Of course Bill got the word a long time ago that if he goes to the margin where the land is free, on the average each unit of labor will only produce 6 units of wealth. Bill, ~~What's~~ the most you would be willing to pay him? John, what's the least you would be willing to accept.? (Answer: 3 units of wealth.)

~~The teacher may~~ ~~Teacher~~, you may have to draw the students ~~them~~ out, or you may have to tell them. Don't let the exercise run too long.

On the average 9 units of wealth can be produced on this particular piece of land, while on the average only 6 units can be produced where the land is free. The rent is generally fixed at the difference between these average potentials. If a worker is above average and can produce half again as much he is better off exerting his labor on the better land.

Conversely, if a worker is below average and can only produce half as much, he is better off on the free land. Rember, the rent has to be paid whether he produces or not.

Teacher, Write Potential Land Rent in the upper margin of the model and fill in the numbers 2 and 1

Land rent is properly called Economic Rent. When the term rent refers to the potential advantage, it is properly potential rent. When the term rent refers to the results of the potential advantage, it is properly called actual rent. The actual rent is often much different than the potential rent. There could be a tremendous potential rent and the same piece of land could yield no actual rent. Economic rent is determined by the market place. It is determined by what people have paid for the use of similar parcels, or what people are willing to pay for the use of any particular parcel. If no one is willing to pay for the use of a piece of land we can only deduce there is no potential advantage and no rent

Go back to our first settlers. The land was free when they first arrived, each new homestead was as good as the first. There was no rent because there was no advantage

After all the 9 land was taken up, the best available land would only yield 8. An advantage and rent were now enjoyed by the owners of 9 land. As the margin is extended the rent increases.

The law of rent: Rent will equal the difference between what is produced on any particular piece of land and what could have been produced with the same expenditure of labor at the margin.

The law of rent is the first law which governs the distribution of wealth: How the products are divided between land holders and the producers.

The Law of wages is the second law in the distrubution of wealth. It tells what portion of the product goes to the producers, to the workers who produce the capital and then the final product.

Can anybody guess what it is?

The Law of Wages: Wages on all land will equal the entire product that could have been produced with the same expenditure of labor at the margin.

92:30

The law of wages is a law of proportion. This chart illistrates an average level of wages. The wages of individuals will vary with the individuals ability to produce. In the exchange of products, wages will vary with the level of skill and knoledge, and, with the desirability of the job.

Review Session #1

Social economics is the study of how civilized people make a living

Refer to Model #1

People exert their energy upon natural resources. They change them in form or in place and produce the exchangeable things which gratify their desires. Some of these products are consumed, while others are recycled. They give human exertion a greater capasity in the form of tools, seeds and stockpiles

What do we call Human exertion when used to produce? LABOR

What do we call natural resources? LAND

What do we call the exchangeable products which gratify our desires? WEALTH

What do we call Wealth used to produce more wealth. CAPITAL

Is transportation part of production? YES

When is production complete? WHEN THE PRODUCT IS IN THE HANDS of the ULTIMATE CONSUMER

Is a slave capital, or, labor? LABOR

Is paper money capital, or a medium of exchange? MEDIUM of EXCHANGE

If all paper money were destroyed, there would not be any less wealth. Or, if one could say there was less wealth, the loss would not equal the face value of the money.

Why do we have private property in land?

A. Security of the improvments

Refer to Model #3 Map.

Some pieces of land will yield a higher standard of living. This is effected by proximity to navigable waters, fertility and terrain ETC.

Refer to model #4

Each of the blocks in the center row indicate a different grade of land. The numbers represent the units of produce which will, on the average, result from the applacation of each unite of labor.

Capital will be used, but it will be included as labor for now. Capital is produced, to apply labor in a more efficent way.

Our first settlers came and took up portions of the 9 land. As long as there was more 9 land available, there was no advantage and therefore no rent. When the best land which was freely obtainable would only produce 8 units of wealth, the owners of 9 land enjoyed an advantage. As population increases and the margin extends, rent rises.

Teacher draw the margin in 6 land

With the margin resting somewhere in the 6 land what will the rent be on the best land?
A. 3 units of wealth.

In your own words, what is the law of rent?
A. Rent will equal the difference between what is produced on any particular piece of land, and what could have been produced with the same expenditure of labor at the margin.

Teacher: write LAND RENT in the upper - left hand margin and fill in the numbers 2 and 1.

Social economics is primarily concerned with potential rent as distinguished from actual rent. Potential rent measures the advantage of land holders,

results of having used that advantage

While actual rent depends upon the degree to which they actually use that advantage.

Teacher: write potential, above land rent.

If the same person is both the owner and the user of a piece of land, can there be any rent? A. Yes

If no one is willing to pay for the use of land, can there be any rent? A. NO

Where are the highest rents found? A. The City or mineral lands

Q Two pieces of land contain equal amounts of oil, the same quality and the same cost of extraction. One of these pieces of land is in northern Alaska, the other is in Texas. Which one will yield a higher rent? Texas. Why? population, the market.

What will wages be for those who produce on 8 land? 6 units of Wealth.

What is the law of wages? Wages on all land will equal the entire product that could have been produced with the same expenditure of labor at the margin.

The law of rent and the law of wages divide the product, they are laws of proportion. This Chart illustrates an average level of wages. The wages of individuals vary with how hard and how long they work, with their level of knoledge and skill, and, with the desireability of their job

INTEREST

The cause of interest

The law of interest

In many cases capital is owned by one person and used by another. When the user of capital returns it, he also pays the owner of that capital some portion of the resulting product.

First we will study the cause of interest, and then the "law of interest" which determins what portion of a product goes to the owners of capital.

Questin: Suppose I make, and offer to lend you a bow and a set of arrows; and in return, I ask for the difference between what you do kill with the use of my bow and arrows, and what you could have killed with your hands or stones that you might have picked up along the way. What would your answer be to that proposition? Answer: No deal. What is your alternative to borrowing? Answer: Make your own bow and arrows.

For the purpose of illistration, lets assume that a bow and a set of arrows requires two weeks to make and maybe used for fifty weeks before wearing out. The hunter can take the first two weeks and make a bow and a set of arrows which he can use for the remaining fifty weeks of the year; or, he might borrow a bow and a set of arrows useing the first fifty weeks to hunt and the remaining two weeks to make another bow and a set of arrows for return. In eather case the hunter will end up at the end of the year having spent two weeks making a bow and a set of arrows and fifty weeks using a bow and a set of arrows in the persuit of his game

Questin: If the loan was conditioned upon the return of abow and a set of arrows of equal valve plus some of the game in interest, would any borrowing have taken place? Answer: No, the hunter would have made his own bow and arrows.

Questin: Suppose you were to construct the very first arc welding machine. The process is no secret, but the first one requires a tremendous amount of drilling and bolting or the use of a torch. Each successive machine can, of course, be welded together in much less time. If I ask to borrow your welder for a given period of time, would you accept upon return, another new welder of equal quality or would you want something more in return? Answer: You would want more; using the first welder saves time in making the next one.

Imagine having to start over with no tools and no machines. Imagine how time consuming it would be to mine the first ore, to make the first steel and to build the first machines. However, having once been built, some of these machines can be used in mining the next ore, in makeing the next steel and building each succeeding machine.

The use of existing capital in the process of manufacture is analogous to the momentum of a locomotive. The first mile requires far more time and energy than each succeeding mile. In the production of wealth some amount of existing capital is generally used. When it is used it often saves time and labor by reducing or eliminating some step necessary in the original process.

Questin: Suppose you lend me a case of freshly made. Would you agree to accept at the end of three or four years, repayment with another case of freshly made wine? Answer: No, as the years passed the wine would have aged and increased in quality and in value.

During that period when the fruit is being prepaired and the wine is being made, the ageing process has not yet started. During that period of preparation there is no natural increase accruing to the quality and the value of wine. But, by using wine already in existance, the borrower can take advantage of the ageing process immediately; and while the ageing process continues, the borrower can make a new batch of wine for return.

⋮

Wouldent the same principle apply to seeds that grow, or to solor collectors that continue to give off heat, or to gasoline engines that run while people sleep. ETC.

In these cases capital is used to harness the productive and reproductive forces of nature. While labor is generally necessary in the process, there is an increase of capital which is independent of all human exertion.

We have just considered three examples where capital was used to produce wealth. In the first example there was no advantage in borrowing existing capital (bow and arrows), so you were not willing to pay interest.

In the second example (welding machine), and in the third example (wine production) there was definitely an advantage in using existing capital; and you thought the payment of interest appropriate.

In short, the general payment of interest is based on the advantage of time. Through the use of existing capital, time can be saved by reducing or eleminating some basic steps necessary in the original productive process, and, by effecting the increase of capital when harnessing nature.

When capital is used to change matter in form or in place, as in the example of a bow and arrows, the benefit is in the use. In this case, the larger product which results from the use of capital is enjoyed by the user.

When it is advantageous to borrow capital for use in changing matter in form or in place, as in the example of the welding machine, the larger product, minus that portion which represents the time saved in not having to repete some step necessary in the original productive process, goes to the user of capital

When capital is used to harness nature, as in the example of makeing wine, the benefit is in the increase of capital (the increasing quality and value of the wine), which goes to the owners of capital.

Any labor involved in assisting the process of harnessing nature will be paid out of the increase; and their wages will be equal to what they could have secured in the other mode of production, i.e., Changing matter in form or in place.

No labor will engage in any one mode of production as long as there is a higher wage in any other mode of production; and no capital will be lent for use in any one mode of production as long as there is a greater increase, or return, in any other mode of production.

In the production of wealth there is an

next Page

incredible unconscious computer called the market place. Through the laws of supply and demand this computer establishes relative value. We get equal results for equal exertions, equal returns for equal investments and equal rewards for eaval risks

The law of interest: The general rate of interest will equal the average labor saved in those basic processes, plus the average increase of capital, minus compensation to the labor involved, at the margin where land is free. Any greater saving in those basic processes, or greater increases from the forces of nature ~~which result from the use of better land~~ go to the land owners as rent.

The law of wages: The general rate of wages will be equal to the average produce resulting from the production and use of capital in changeing matter in form or in place, at the margin where land is free. Any larger produce which results from the use of better land, goes to the land owners as rent.

Refer to Model* Interest / Rent

All this sounds good, I belive it is correct, but we have no way of knowing. Whether it is correct What we do know, is that people of their own free will borrow capital, and, that they gladly pay intrest. We also know that capital is produced by labor. Labor therefore has an option. It can either use existing capital and pay interest, or it can produce it's own capital and use that. If there was no advantage in useing existing capital, noone would be willing to pay interest.

Q. Are the profits and dividends of corporations, really interest? A. No. The assets of corporations include land, who's return is called rent. Their assets include patents, franschises and all sorts of specal advantages who's returns are called monopoly profits. It is very easy to confuse the profits of the oil companies with interest, when, infact, they are largely rent.

Our money and banking system is quite contrived. Never the less we could probably lend our money, secure proper collateral and get the prim rate of interest. As laborers our money

represents the capital we produced.

Q. Assume we did lend it at fifteen percent and during the next twelve months we were hit with inflation. If during that same period prices went up thirteen percent, what was the real rate of interest? A. Two percent.

In Conclusion: Capital is produced by labor, it is a form of labor, and under conditions of freedon and justice it would belong to labor. For that reason, capital really deserves no separate status in the science of social economics.

MODEL # 5

				M						
Rent from the Savings and increase of capital	3%	2%	1%							
Rent from the Production and use of capital	3	2	1							
Produce resulting from the savings and the increase of capital	9%	8%	7%	6%	5%	4%	3%	2%	1%	
Produce resulting from Labor applied in the form and use of capital	9	8	7	6	5	4	3	2	1	
Interest from the Savings and increase of capital	6%	6%	6%	6%						
Wages from the Production and use of capital	6	6	6	6						
				M						

Review lesson #II: Understanding the cause and the law of interest.

We believe that interest stems from the advantage of time. By the use of existing capital, time can be saved, in producing more capital, and, in the process of harnessing nature.

Imagine how time consuming it would be to mine the first ore, to make the first steel and to build the first machines. However, having once been built, some of these machines can be used in mining the next ore, in making the next steel and building each succeeding machine. The use of existing capital in certain forms, reduces the amount of labor necessary in each succeeding production.

Capital is necessary to harness the productive and reproductive forces of nature. In this process we refer to the results as the increase of capital. While we are making the tools and machines etc. that effect this increase, no increase takes place. But, by borrowing existing capital in suitable forms, this increasing process can begin immediately. And while nature continues to produce an increase, the borrower may make new tools and machines etc. for return.

In short the general payment of interest is based on the advantage of time. The use of existing capital gives an advantage of time by reducing or eliminating part of the original productive process and in effecting the increase of capital when harnessing nature.

When capital is borrowed and used to change matter in form or in place, the benefit is in the use. The larger product which results from applying labor in the form of capital goes to the users of capital. Workers applying their labor directly in the process of harnessing nature, are paid from a portion of the increase of capital. Their wages are equal to what they could have secured in the process of changing matter in form or in place.

In the production of wealth there is an incredible unconscious computer called the market place. Through the laws of supply and demand this computer establishes relative value. There are equal results for equal exertions, equal returns for equal investments and equal rewards for equal risks.

The law of interest: The general rate of interest will be equal to the average labor saved in those basic processes, plus the average increase of capital, minus compensation to labor directly involved, at the margin where land is free. Any greater saving in those basic processes, or greater increase from the forces of nature which result from the use of better land goes to the land owner as rent.

The law of wages: The general rate of wages will be equal to the average produce resulting from the production and use of capital in changing matter in form or in place, at the margin where land is free. Any larger produce which results from the use of better land, goes to the land owners as rent.

Refer to Model Interest/Rent

MODEL # 5

M

Rent from the Savings and increase of capital	3%	2%	1%							
Rent from the Production and use of capital	3	2	1							
Produce resulting from the savings and the **Increase** of capital	9%	8%	7%	6%	5%	4%	3%	2%	1%	
Produce resulting from **Labor** applied in the ~~Form~~ Production and use of capital	9	8	7	6	5	4	3	2	1	
Interest from the Savings and increase of capital	6%	6%	6%	6%						
Wages from the Production and use of capital	6	6	6	6						

M

Review lesson #II: Understanding the cause and the law of interest.

All this sounds good, I believe it is correct, but we have no way of knowing. What we do know, is that people of their own free will borrow capital, and that they gladly pay interest. We also know that capital is produced by labor. Labor, therefore, has an option. It can either use existing capital and pay interest, or it can produce its own capital and use that. If there was no advantage in using existing capital, no one would be willing to pay interest.

Q. Are the profits and dividends of corporations really interest? A. No. The assets of corporations include land, whose return is called rent. Their assets include patents, franchises and all sorts of special advantages, whose returns are called monopoly profits. It is very easy to confuse the profits of the oil companies with interest, when infact, they are largely rent.

In order to calculate the real rate of interest paid, it is necessary to subtract the annual rate of inflation prior to that payment. For example, you repay a loan at fifteen per-cent interest. If during that same year prices rise thirteen per-cent, the lender has only received two per-cent in returns then he loaned.

In conclusion: Capital is produced by labor -- it is a form of labor, and under conditions of freedom and justice it would belong to labor. For that reason, capital really deserves no separate status in the science of social economics.

Lesson III

The effects of increasing population upon the production and distribution of wealth.

The effects of inventions, innovations and new discoveries upon the production and distribution of wealth.

The effects of constructive social action through government upon the production and distribution of wealth.

The effects of land speculation.

Refer back to Model #4 Rent/Wages

Population continues to increase and the margin is extended to less naturally productive land.

Teacher: move the margin one grade block.

Not only has the increase in population called more agricultural land into use, but the increase has made certain lands more densely populated.

Question: Where would we first see population becoming dense?
Refer back to Model #3 Map

Answer: Population first becomes dense along navigable rivers, especially where they join. Why? Because that is where trade can best be carried on.

Question: What does the opportunity to trade encourage?

Answer: The opportunity to trade encourages the division and specialization of labor. As population tends to increase, somewhere near an intersection of travel, somebody sets up a trading post. Somebody becomes a teamster. In a short time, there is a blacksmith and a cooper and a wagon maker. People get together and hire a school teacher. As population increases, a greater and greater cooperation is possible. As cooperation increases the results of human exertion increase. Due to the proportional increase of population we will double the productivity of all land.

Teacher: double the produce on all land and cross out the old numbers.

The increase in population has caused an extention of the margin to less naturally productive land. But through cooperation, this same increase in population has more than compensated for the extention. Produce at the margin was, on the average, six units of wealth, now it is ten.

Question: What will rent be now on the best land which will now produce eighteen?

Answer: The rent on the best land is now eight.

Teacher: If you have any trouble getting the answer you may have to ask or restate the law of rent. Cross out the old rent numbers and fill in the new ones on the line above.

Question: What will wages be on all land?

Answer: Wages will be ten.

Teacher: If you have any trouble, you may have to ask or restate the law of wages. Cross out the old numbers and fill in the new.

Reevaluate: The product has increased. Rent has risen as an amount. Wages has risen as an amount.

Question: What happened to wages as a proportaion of the produce?

Answer: Wages have fallen as a proportion of the produce. They have fallen as a proportion because population and productivity have increased proportionally more on all better grades of land.

Inventions, innovations and new discoveries continue. Social action through government continues to increase.

Question: What government actions would economize the production of wealth?

Answer: Production is economized by roads, police and schools etc. They save time in transportation, in protecting property and education. The labor saved in these endeavors gives time for other pursuits. The result is a larger produce with the same exertion. In short, inventions etc., and constructive social action give us a larger result with the same exertion so we will double the productivity on all land.

Teacher: double the numbers in the next row above produce.

The larger produce might consist of bigger houses, more cars, more gosoline to run them and a better tasting quality of food, maybe grown on the hoof.

Question: What does the larger produce do to the demand for land?

Answer: It increases it, with a greater demand for land, the margin extends.

Teacher: extend the margin one grade block.

Once again the increase in productivity has more than compensated for the extention of the margin. The average produce which resulted at the margin was ten units of wealth, now it is sixteen.

IDEL 6 | 4A

8	6	4		2	M	0			
18	16	14		12		10			
9	8	7		6		5	4	3	2	1
6	6	6	M	6					
10	10	10		10	M	10			

Question: What will rent be on our best land, where on the average thirty-six units of wealth will be produced?

Answer: Twenty units goes in rent on the best land.

Teacher: cross out old rent numbers and fill in new ones on the line above.

Question: What will wages be on all land?

Answer: Wages will be sixteen on all land.

Teacher: cross out old wages numbers and fill in new ones.

Reevaluate: Once again the produce has increased. Wages has increased as an amount. Rent has increased as an amount.

Question: What has happened to wages as a proportion of the produce?

Answer: Wages have fallen as a proportion of the produce. They have fallen because productivity has increased proportionally more on all better grades of land.

Things are pretty good, when our first settler came he had to work like hell to get nine units of wealth. Now, after the increase in population, inventions and social action, with some work he will get thirty-six. He can sit back while someone else works his land and get twenty units of wealth.

Question: Keeping in mind that land values arise from social progress, and not from the owners work, how much of the unclaimed land would you want?

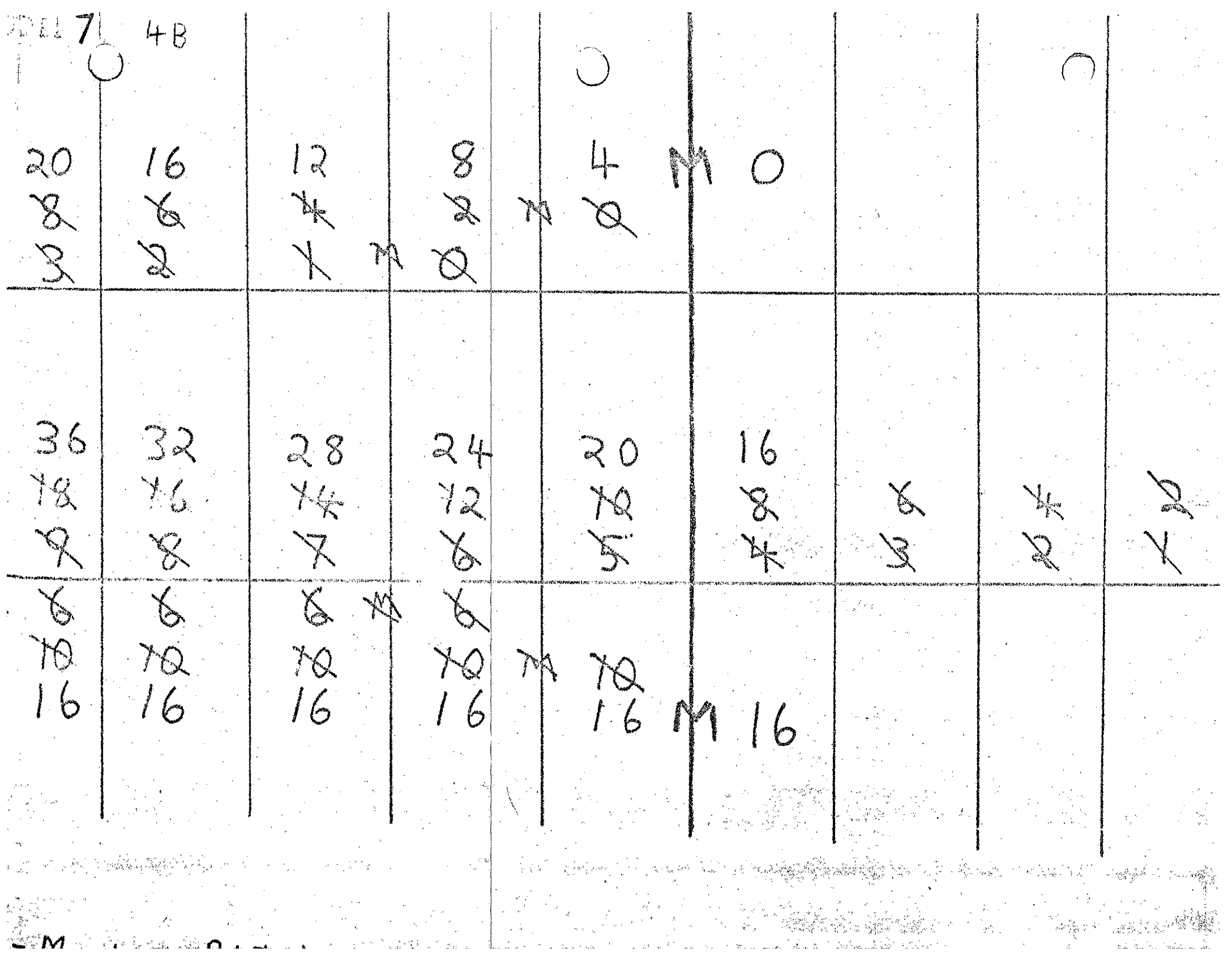
Teacher: pick a student for this answer.

Answer: People want all the land they can get. In this country, we know at the beginning we had to defend land against natives and other settlers. Later the Federal Army protected landed property, but there was a limit to the size of homesteads. There were, of course, ways to bend the rules and cheat, and may people did.

We will extend the margin into the poorest grade of land.

Teacher: move the margin three grade blocks to poor land.

All *the* land which was taken for speculation is not being used. When it was taken it had no value. But, just as the land which now yeilds twenty had no value when it was taken, as population increases and invention goes on, this land will yeild its owners rent. Of course in the real world, speculation would have occurred all along and a certain proportion of all grades of land would have been


7
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VEL 8 4C

32 20 8 3	28 16 6 2	24 12 4 1 M	20 8 2 0	M 16 4 0	M 12 0	8	4 M	0
36 18 9	32 16 8	28 14 7	24 12 6	20 10 5	16 8 4	12 6 3	8 4 2	4 2 1
6 10 16 4	6 10 16 4	6 M 10 16 4	6 10 M 16 4	10 16 M 4	16 4	4	4 M	4

held for speculation. Often land is used, but not in the most economic way. A good example of this is surface parking in center city areas. This is a form of speculation and the effect is the same, a premature extention of the margin.

Up to now, with each extention of the margin there was also an increase in productivity. But land speculation did not encourage any greater inventions. In fact it caused the disassociation of people. It inhibited cooperation and increased the cost of government services. With people spread out, we need more roads, more police and more of everything. And finally, with people working on less desirable land, the total produce will be less.

Question: What will rent be now on the best land?

Answer: The rent will be thirty-two units of wealth.

Teacher: do not cross out the old rent numbers, but write in the new ones above.

Question: What will wages be on all land?

Answer: Wages will be four units of wealth.

Teacher: do not cross out old wages numbers, but write in the new ones below.

Reevaluate: Rent went up, but wages came down as an amount as well as a proportion. Land speculation offset all the gains of social progress. Wages are exactly where they would have been, had there been no specialization and exchange, no inventions, innovations and new discoveries, no roads, police, schools or anyother social action.

Question: What is the limit to which wages can fall, not as a number, but an absolute?

Answer: Wages can only fall to subsistence. Below subsistence no one could work and nothing could be produced.

Question: Is there any free land in the United States that will yeild significantly more than subsistence?

Answer: There is no free land of which will yeild more than subsistence. There is no free land, so there is no margin.

Teacher: move the margin to the edge of the model, and write SUBSISTENCE = 4 on the bottom wages line.

The premature extention of the margin forces wages to fall as labors productive capacity tends to increase. Holding land out of use causes unemployment for people who are willing and able to work.

The ultimate result of land speculation is to force wages to a bare subsistance and interest to a mere replacement of capital. This removes the incentive of labor to produce capital and forces each land owner to, himself, become a capitalist. He must do this in order to insure production at a higher level and get the rent which results. If the land lords did not accumulate capital and place it in the hands of the laborers, it is not likely that the whole of their productions would exceed the subsistance of those Laborers engaged, and there would, therefore, be no rent.

However, in spite of this, most large land owners do not invest the necessary amounts of capital required to produce the largest possible product and receive the most rent. Much of the land is unused or under used because most large land owners are, to one degree or another, land speculators. They feel that the annuel increase in the exchange value of their land is greater than the actual yearly rent would be if they took the risk and invested the necessary amounts of capital required for full production

[illegible]EL 7 4D

32 76 8 3	28 76 6 2	24 72 4 1 M	20 8 2 0 M	16 4 0 M	12 0	8	4 M	0
36 78 9	32 76 8	28 74 7	24 72 6	20 70 5	16 8 4	12 6 3	8 4 2	4 2 1
6 70 76 4	6 70 76 4	6 M 70 76 4	6 70 M 76 4	70 76 M 4	76 4	4	4 M	4

SUBSISTENCE = 4 4 4 4 4

M= M[illegible] Point[illegible]

MODEL #6

RENT =	$110.00
TAXES =	$ 10.00
UNEARNED INCOME =	$100.00
CURRENT RATE OF INTEREST =	2%
SELLING PRICE =	$5000.00

Lesson IV

Access and the selling price of land.

The cause of the speculative selling price of land.

The effects of the speculative selling price of land upon the production and distribution of wealth.

Question: Why is land more often sold or leased for long terms instead of being leased from year to year

Answer: The users of land often make permanent capital improvments, stores, factories, Etc. If the land is leased on a yearly basis, the rent can be raised beyond the advantage offered by the particular piece of land, in which case the user will soffer a loss in the cost of removing and transporting the improvments

Through a process called capitalization, land which is not produced, is equated to capital which is produced. Risk being averaged out, the selling price of a piece of land will equal the cost of reproducing an amount of capital yielding the same income.

Question: Suppose a piece of land will rent for $110.00 per year. Refer to Model #6 -- Capitalization chart.

If on the same piece of land, taxes and other impositions equal $10.00 per year, what will the profit or unearned income be?

Answer: The unearned income will be $100.00 per year.

To determine the selling price of a piece of land yielding an unearned income of $100.00 per year, it is necessary to know how much invested capital would yield the same $100.00 per year income. The Fresno Farming Corporation, whose assets are purely capital, tractors, seeds, etc., and who operate at the average risk, pay 2% return on capital invested. At 2% return, it would require a $5,000.00 investment in order to continue receiving the same $100.00 per year income. The selling price for this piece of land is $5,000.00

Refer to Model #7 -- Farming investment chart.

The selling price of land will be equal to the unearned income divided by the current rate of interest. In this case $100.00 divided by 2% = $5,000.00.

The Cause of the speculative selling price of land.

Suppose this is a progressive community -- population is increasing, social services are improving and the unearned income from the ownership of land is on the rise.
Refer to Model #8 -- Speculative rent chart.

Suppose it is predicted, as indicated on the chart, that on a particular piece of land, the unearned income will increase at 5% per year for the next ten years. During that same period of time, the inter-

Expected Increase 5% per Yr.

Yr.	UN Earned Income	Total Unearned Income	6th Yr. Unearned Income	Total 6th Yr. Unearned Income	Balance
1	$100	100	127	127	−27
2	105	205	127	254	−50
3	110	315	127	382	−67
4	115	431	127	510	−79
5	121	552	127	637	−85
6	127	680	127	765	−85
7	134	814	127	893	−79
8	140	954	127	1020	−66
9	147	1102	127	1148	−46
10	155	1257	127	1276	−19
11	162	1420	127	1403	+17

$127 Capitalized
at 2% = $6,350

The first year, the unearned income is expected to be $100.00. $100.00 capitalized at 2% equals $5,000.00. If the land is sold and the seller takes the money and buys $5,000.00 stock in the Fresno Farming Corporation, his annual income will be the same -- $100.00, but only for the first year. While the Fresno Farming Corporation continues to pay 2% interest, or in this case $100.00 per year, the unearned income from land is expected to increase at 5% per year. By the end of the tenth year, the owner of stock in the Fresno Farming Corporation is still receiving $100.00 a year in interest,

Refer to Column #1 -- unearned income. Proceed Sentence

While the owner of land, in this case, is receiving $155.00 in unearned income. At the end of ten years, the stockholder would have received $1,000.00 in interest, while the land owner would have received $1,257.00 in unearned income.

It may be impossible to say, with any confidence, what will happen beyond ten years, but a ten year trend seems to be predictable. So as to receive as much in interest as he would have received in unearned income if he had kept the land for the next ten years, the seller may ask for a capitalization of what the unearned income is expected to be after five years or more. If the expected unearned income for the sixth year, which is $127.00, is capitalized at 2%, that would require a selling price of $6,350.00.

Refer to Model #9.

If the $6,350.00 is invested in the Fresno Farming Corporation, it will, of course, yield $127.00 per year in interest. At the end of ten years,

the total interest will be $1,276.00 as compared to the total expected unearned income of $1,257.00. This agreement is probably acceptable as the small dispairity will revise itself in the next year if the trend continues.

The effects of the speculative price of land upon the production-distribution of wealth.

Now, provided those who want to buy and use the land have enough capital saved to pay the speculative price, production continues. So long as those who forgo interest for an unearned income can sustain less returns for eight or ten years, production continues.

Refer to Model #9.

At the end of the first year, the stockholder has received $127 interest on his capital investment of $6350. At the same time, the new land owner has only received $100. unearned income on his land investment of the exact same amount $6350. Only after ten years, will the new land owner make up in unearned income the amount he gave up in interest. When those seeking access to the land do not have enough capital saved to pay the speculative price, and, when the increase in the unearned income does not rise, in a way, consistent with its trend, on which the speculative price is based, production stops and a depression is on.

LESSON IV

Question: After a depression has a hold of the economy, and a large segment of the population is unemployed, three things can happen which will permit production to resume its full force. What are they?

Answer: 1. Labor may be able to economize and resume production in spite of the increased rent. An example would be the Irish, who learned to eat potatoes which gave the necessary nutrition but required less labor to grow.

2. Inventions, innovations and new discoveries can increase the productive capacity of labor and capital so that they can pay the increased rent and continue receiving their accustomed rates.

3. The speculative price of land can fall.

Any one of these three things can happen and production resumes full force. Many people believe a combination of all three are present in the recovery of all depressions.

Question: Unemployment diminishes, production resumes its previous level and progress tends to increase our productive capacity. What happens to the speculative price of land?

Answer: The speculative price of land increases, and a new cycle is on its way toward the next depression.

One attempt to thwart depression is inflation of the money supply. If you buy land and mortgage it, or lease it on a long term, the payments are a fixed amount. Suppose, a business is being conducted in which the gross receipts are $300.00 per day. The labor involved is $100.00 a day; the operating expenses are $100.00 a day, and the payments for the use of land are $100.00 a day. There is no profit for the stockholders, and the business is on the brink of collapse. Suppose, the government doubles the money supply and everything is worth twice its former value. The gross receipts are now $600.00 per day. Wages are now $200.00 a day. Operating expenses are now $200.00 a day. Rent would now be $200.00 a day, but mortgage payments and long term lease payments are generally fixed, so in this case the payments will remain at $100.00 per day. The profits of the stockholders will increase by $100.00 per day and the business can continue hireing labor

When land is sold or resold in the future, and long term leases are renewed, the expected rate of inflation in the future is calculated in the new speculative selling price and the speculative lease rental rates. At this point the government must inflate the money supply, even more, to offset the speculative price and insure production and employment. Only as inventions, innovations and new discoveries increase the productive capacity of labor, can the speculative price of land be offset and the economy maintained without inflation.

LESSON V

Review the purpose of this course of study

Review the conclusions of this course of study

Discuss and disprove current explanations of the cause of low wages and unemployment.

When this study began, the purpose was to explain: 1. Why wages tend to a minimum or bare subsistence, in spite of all the inventions, innovations and new discoveries that increase labor's capacity to produce and 2. Why people are unemployed, in spite of their willingness and ability to work and exchange their labor for the products of other people's labor.

Review the conclusions of this study.
Refer to Model #1 -- Basic process.

Question: What are the two independent factors in the production of wealth, food, clothing and shelter and all the things that gratify human desire?

Answer: Land and labor are the two independent factors.

Refer to Model #3 -- Map

Question: Does private property in land give some individuals an advantage over others?

Answer: Yes, the same exertion will produce a larger or smaller product, depending on which land it is applied. This gives some people an advantage

Question: Do people hold land out of use in anticipation of that advantage?

Answer: Yes, much land is held for speculation.

Refer to Model #4 -- Rent/wages.

Question: What does speculation do to the margin and to wages?

Answer: Land speculation prematurely extends the margin to less productive land and wages fall.

Question: When all the free land is gone, which is always the final result of permitting private property in land, What will wages be as an absolute amount?

Answer: Wages for the vast majority of people will tend to a bare subsistence. While the wages of individuals will rise above subsistence, only as they exceed the average level of skill, intelligence and productive capisity.

LESSON V

Question: With no margin, or no free land, what happens to those who are below average in skill, intelligence and endurance?

Answer: Those who are in the least productive segment of society are unemployed.

Over-population and low wages and unemployment.

The current explanation for low wages is over-population. Before we could say that low wages and poverty were caused by over-population, we would have to know, first, that all the land was being used, and used in the most efficient way known at any given time and place. Second, we would have to know that all people had, in some way, equal rights to the use and enjoyment of the land, not only at one time but at all times. And third, that in no way was any of the produce taken away from the producer.

All the facts support the opposite conclusion. The Farm and Agricultural Organization of the United Nations reports that there are over a billion acres of unused but potentially productive land in the world. Three-fourths of it is in the underdeveloped countries.

The Institute for Food and Development policy says, "of all the earth's cultivable land, less than half is now being cropped." Between one-third and one-half of all urban land in the United States is unused or significantly under used.

A United Nations' survey of 83 countries found approximately 3% of all land owners in control of 80% of the land.

A research project covered in the January 1979 issue of Harpers magazine concluded that 95% of all privately held land in the United States was controlled by 3% of the people.

In a study by the United Nations, of the twenty-four underdeveloped countries observed, there coexisted an increase in agricultural production and a decline in the wellbeing of the rural majority.

Industrial depression and recession: the cyclic intensification of prevailing conditions, low wages and unemployment. Industrial depressions and recessions are blamed in part by deficient mony-credit systems, enviornmental standards and corporate taxes. etc. Their primary causes are said to be the over production of consumer goods and the lack of sufficent capital investment.

First let's study the over production theory
Teacher -- over-production exercise --

Pass out three squares of paper to each student.
Each student is told that he needs food, clothing and shelter.

With his left hand he can produce these things simply by writing the word food on one piece of paper, the word clothing on the second piece of paper and shelter on the third piece of paper. Or, he can specialize, and with his right hand he can write food on each of the three papers; or he can write clothing, or shelter, on each of the three papers and exchange two of them in order to end up with one food, one clothing and one shelter.

Teacher -- if all goes well and you do not give them too much time, some of them will end up with two of one thing and none of something they need.

Question: Did you over-produce?

Answer: Yes, over-production occured.

Question: Has it caused you unemployment or less work, or has it caused you more work?

Answer: It has caused you more work. You produced something you did not need and could not exchange. Now you have to go back and produce what you do need.

If the employees of General Motors are producing cars and no one is buying them, it only shows that they are producing the wrong thing. Ultimately, it could mean that the employees of General Motors would have to divert their labor to the direct production of their own food, clothing and shelter, etc. If they did, it could require more employment, since they would apply their labor in a less specialized and less efficient way.

But as long as people who want food, clothing, shelter and all the things that gratify their desires are willing and able to exert their labor in the production of those same things, either directly ot indirectly through the process of specialization and exchange, no amount of over-production can cause unemployment.

Lesson V
Current theories advanced to explain mass unemployment.

The lack of sufficient capital investment theory

This theory hypothesizes that a certain amount of capital must first be invested before each worker can be employed. Adherence to this theory explains the government subsidized loans to Lockheed and Chrysler Corporations to prevent mass unemployment. The loan money would buy new capital and keep the workers employed.

This theory is based on the principle that capital employs labor.

Question: If capital employes labor, that is to say, if capital is necessary before labor can engage in productive exercise, how does capital come into existence?

Answer: In spite of this theory and current habit of thought capital does not employ labor; Conversely, it is labor that employes capital. Labor produces capital and employes it to achieve a greater result. A shortage of capital will diminish the results of labor, but can in no way limit the amount of labor exerted.

Proposed Remedies for low wages and unemployment.

Questin: What are the primary things that we do through government action? Answer: A list of things follows.

Increased Education and vocational training: Refer to model #4 rent chart. Education and vocational training increase labors capisity to produce. Suppose we doubled the results of each unit of labor, would that raise wages any? What is the law of wages? If there is no free land what will wages equal? Answer: Wages will tend to a bare subsistence.

Scientific research, inventions, innovations and new discoveries: Refer to model #4 rent chart. All these things increase labors capisity to produce. If we doubled the product again would wages be any higher? NO. Questin: Who does get all the benefits of inventions, innovations etc.? Answer: the landowners, all the increase in the produce goes to rent.

Economy in Government: Suppose the government reduced taxes, wouldent that mean there was more of the produce to divide between the workers and the land holders, between wages and rent. Keeping in mind there is no margin, I ask you who will benefit from a reduction in taxes? Answer: the land owners.

Minumin Wage laws: in this case the government, by proclamation, tells the landowners they must give the workers a larger portion of what they produce.

Ref. to model #4 rent chart.

On the best land 36 units of wealth are produced the workers get 4 units and the landowner get 32 units. The minumin wage law simply says to the land owner, eather you give labor so many units in addition to the 4, or you are not allowed to hire them; in which case there will be no produce and no rent.

Labor unions: are much the same as minumin wage laws, execpt that the workers themselves demand a larger portion of what they produce. If their demands are not met, they insist that not only they but no one will produce anything on the land in questin and no product means no rent for the land owner

While labor unions, as minumin wage laws, have actually increased wages, their power to do so seems quite limited. Their success depends upon their ability to sustain themselves without working which produces nothing for the landowners or themselves. Their success also depends upon their ability to keep other workers, who may be more desprate themselves, from taking their jobs

And finally any thing which alters the distrubution of wealth removes, to that same degree, the incentive to produce.

Land reform through redistrubution: does not usually give all people land. It does not usually take into consideration the multitude of different potentials that vari from parcel to another; and it does not usually provide for redistrubution if the population should increase.

Communism and socialism: by collecting the entire product for social purpose they eliminate the private exploitation of labor, no rent goes into private hands. However they do not distinguish between natural resources and the products of human exertion which are used to produce more wealth (land and capital). By failing to make this distinction they also collect from each worker the fruits of his labor and in so doing they take away his incentive to produce.

Lesson #6

The Just Remedy for low wages, unemployment and the general condition of poverty.

The Applacation of the Remedy.

The Effects of the Remedy.

Questin: Do all people have an equal right to exist?

Answer: Yes, while some people might say that certain other people have no right to exist, each individual feels an inherent right to self existance

Questin: Can people exist without land?

Answer: No.

Questin: If some people have a greater right to land would that give them a greater right to exist?

Answer: Yes.

Questin: In the world today do some people have greater Control over land than others?

Amswer: Yes.

Questin: What is the just remedy for low wages, unemployment and the general condition of poverty?

Answer: make land common property, build society upon the foundation that all people have an equal right to the use and enjoyment of the earth.

To distinguish private property from common property it is necessary to establish a moral basis.

Questin: What constitutes the moral basis of property

Answer: The right of a person to the fruits of his labor, to enjoy, to destroy, to use, to exchange or to give.

Teacher if the answer does not come easily you may ask, if a man removes some worthless clay from a creek bed and forms it into a bowl or a lamp base or a statue worth many dollars, to whom does this valuable item of wealth belong?
Answer: to the producer. The value added to any natural resource by a man's labor belongs to that man.

If a man cannot keep what he produces (food, clothing etc.), he will not live, except perhaps, by the Charity of others. Justice then demands that the right of every person to himself and his own existance is contingent upon two conditions. First, that all people have an equal right to the use and enjoyment of the earth; and second, that each person has an

exclusive right to the products of his own individual labor.

Questin: What was the original purpose of private property in land.?

Answer: To secure to the producer the product of his labor. Some time after the transition from hunting and fishing to planting and growing food many societies assigned each family a plot of land.

Questin: Suppose we were to take every land title that exists today and trace it backwards through each preceeding owner; sooner or later, what would we find as its basis?

Answer: the origin of all land titles is force, fraud and conquest.

Questin: Can there be any justification for the unconditional private ownership of land?

Answer: No, land is not produced by human exertion.

Questin: Can unconditional private property in capital and all other wealth be justified by the principle that the product belongs to the producer?

Answer: Yes, capital and all wealth are produced by human exertion.

Questin: While land is justly common property how could a person retain undisterbed position of a piece of land and yet satisify everyone else's equal right to the use of land?

Answer: This could be done by the public collection of the potential rent whether any particular piece of land was used or not.

Provided there is a margin where land is free all people have access to land of marginal quality. The public collection of potential rent is a way that each landholder, who's land exceeds the quality of marginal land, satisfies everyone else's equal right to its use by paying them, in common, the market value of that advantage.

Ref. to model #4 rent chart

Questin: Can economic rent be, in any way, attributed To the efforts of individual workers?

Answer: NO, it arises as less naturally productive land is brought into use; and, as population concentrates in towns and cities which fascillatate exchange and permite greater specalazations and economies of scale. In other words, labor only enjoys the increased capisity of cooperation on land where population is dense; and, since wages are determined at the margin where population is sparce, the larger product resulting from cooperation of dencer popolations is attributed to the advantage of the location (advantage of the land)

Questin: If the community as a whole collects the land rent, is that consistant with the principle that the product belongs to the producer?

Answer: Yes, it measures what the community as a whole produces as distinquished from individual iaction.

Questin: Does rent arise from anything the land owner, as such, has done?

Answer: No,

Q. Would it be unjust for the community to collect all the rent with out Compensation to land owners ?

Answer: No, rent is produce by the Community as a whole

Questin: would it be just for the Community not to collect all the rent?

Answer: No, that would be, to an equal extent, denying the product to the producer.

Questin: Would compensation to landowners be just?

Answer: No, that would be paying them for something they do not own.

Question: Would there be any effect on the private ownership of wealth, if land were made common property by publicly collecting the rent?

Answer: No, wealth would remain the same.

Taxation and it's effects upon the distrubution of wealth.

Teacher: Using Model # 4 rent chart, illistrate the effects of taxing wages, of taxing the product, and of taxing income upon the distrubution of wealth. Illistrate these effects with a margin and without a margin. In the case of a wage tax without a margin show the effects of applying it only within the city limits (Blocks 36 and 32).

If you number the blocks 36 32 28 and so on a tax rate of 25% will in all cases work out to a whole number

In the case of a wage tax with no margin 25% of 4 = 1. However we know that wages must remain 4, which represents subsistence, so the actual rent will be reduced by one. Of Course this tax is only paid when the land is used productively there is no tax paid by the owners of land which is held for speculation.

You may point out that even with a margin the City wage tax is paid out of the actual rent. Rember, wages are determined at the margin, and with a city wage tax there is no tax at the margin.

As for the wages of skilled and professional labor which are somewhat higher than subsistence they too are uneffected by any tax which falls on production (wages, Products or income) so long as there is no margin. When there is no margin those higher wages are paid for the sole purpose of promoting labor at a higher level of productivity. The higher level of productivity, ultimately, results in larger rent. They are only paid just enough above subsistence to induce the higher level of productivity and the largest possible rent. If the tax were paid out of those higher wages it would reduce the incentive to produce at the higher level and ultimately reduce the rent.

On land which only yields 4 which = subsistence there is no rent. Any tax levied on this land which falls on wages, products or Income, prohibits all production, for, after taxes there would not even be subsistence left.

Teacher: draw a red circle with a slash through around Land which is taxed out of production.

A good example of land being taxed out of existence can be seen in our cities. The owners find that after the taxes are paid there is no profit left and they abondon the property.

Teacher: In the illistration of an income tax with no margin first subtract 25% from the rent and change the numbers, then subtract 25% from wages which would = 1. However since wages can not fall below 4 which = subsistence, pass the income tax on wages on to rent and subtract 1 additional unite from rent on each grade of land.

The effects of taxing the potential rent

Questin: Could a tax which equaled the potential rent be passed on to those who use the land; that is to say, could the rent be raised in the amount of the tax and therefore paid at the expence of wages?

Answer: No, the potential rent measures the potential advantage of any particular piece of land. A tax on the potential rent does not increase the advantage and therefore does not increase the rent.

Questin: What would be the effects upon Speculation, what would the people who are holding the last three grade blocks of land on our chart for speculation, do when faced with a tax on potential rent. Rember nothing is being produced on the land, they are just holding it for the future?

Answer: give it up, there is no produce to pay the tax with. Rember in reality a certain portion of all grades of land would be held for speculation. Those who owned valuable land would eather have to use it or give it to someone who would.

Questin: What would be the effect on The margin?

Answer: It would diminish, with out speculation land would only be brought into use as it was really needed.

Teacher bring the red margin line back 4 grade blocks to somewhere in the 16 block.

Questin: What would be the effect upon total production?

Answer: It would increase, with production taking place on the best land there would be a greater result.

Questin: What would be the effect upon Wages?

Answer: Wages would rise, as the margin diminished, land which yielded greater results would be available free.

Questin what would be the effect upon the Selling price of land?

Answer: it would be eliminated. The selling price is based on the amount of the rent that the land owner gets to keep. if the potential rent were passed on to society there would be nothing upon which to base a selling price

Questin: What would be the effect on unemployment?

Answer: It would eliminate it, All people who were willing and able to work would have access to land.

Conclusion

Henry George proposed

#1. A single tax on the rental value of land.

#2. The elimination of all other taxes

#3 That the government sponsor the building, maintainance and operation of the roads and highways, the public utilities and any other activities which are in there nature monoplies.

#4 The elimination of all other monopolies franschises and specal favors of any kind.

Questin: How would this effect the working farmer?

Answer: It would improve his condition. The Valve of agricultural land is very low as compared to mineral land or industrial and commercial land. What the farmer paid in additional taxes on his land would be far more than compensated for in increased wages and interest resulting from the use of his equipment.

Question: What would be the effect on the average home owner?

Answer: The average home owner would be in a better position. The value of residential land is very low as compared to mineral land or industrial and commercial land. The increased tax on his land value would be much more than compensated for by the elimination of all other taxes and the increase in wages.

With the elimination of unemployment and poverty, with the elimination of a multitude of taxes, franchises and government regulations it could to a very large degree simplify the functions of government.

Today some of the potential rent is collected in the property tax. The property tax is levied against the value of the land and the value of the buildings. As a start we could gradually increase the tax on the value of the Land and reduce the tax on the value of the buildings.