

"Natural Law
and the
Nature of Some
Fundamental Factors"

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Natural Law, and the nature of some fundamental factors.

① The Earth turns on its axis once every twenty four hours giving us the phenomena of night and day. It swings regularly in its orbit around the Sun once every three hundred and sixty five days, giving us the seasons of the year. Like other known planets, like the Earth, also travel around the Sun and all these, together with their Moons, form the Solar System--the family of the Sun.

So accurately do these planets obey the Natural Laws that govern their motions that we know where each one is at any time. We can foretell eclipses of the Sun and Moon to the minute, and almost to the second. We can foretell eclipses many years in advance; those that are occurring now from time to time have been foretold years ago. This obviously is so because the movements of heavenly bodies are in the control of Natural Law.

Organic life reproduces itself in obedience to Natural Law. From the blade of grass to the noblest tree, from the most humble form of animal life to man, each specie reproduces its own kind. Deviations are known to be due to cross-breeding, or to hereditary or environmental factors which, whether we understand them or not, are known to be due to natural and not to accidental causes.

It would be a strange world if this were otherwise for we then might plant roses and get cabbages or we might plant wheat or rice and get grass or weeds. The farmer is always confident that the seeds he plants will bring forth the same kind ^{of} plant as that from which the seed was taken, for that is how Nature works. This is just as true in animal life. Fundamentally, there are no accidents in Nature; what may appear to us to be so is due to our own shortcomings--to our ignorance of all the forces and factors involved.

③ The chemist testing the actions of solids, liquids and gases under exceedingly high and low temperatures and under tremendous pressures and in vacuums; the Physicist smashing the atom to find what matter is really made of; the Biologist studying genes and chromosomes to determine the question of heredity and the origin of species; the Astronomer measuring and photographing distant universes; the Astrophysicist weighing the stars and discovering their composition, are neither creating nor inventing anything (unless it be tools and instruments to

to assist them in their work.) They are merely discovering or attempting to discover what Nature is, or what Nature does. *

Every fact and every effect in Nature--every phenomenon--is the result of some Natural cause; and throughout all Creation this relationship of cause and effect exists. We may not know all the causes of observed phenomena nor, indeed, all the facts of life and existence, but those we do know convince us that Creation is a realm of law, of Natural Law, so exact and harmonious that one of our greatest scientists has referred to the Creator as a Great Mathematician; another equally great scientist has called Him a Great Artist, and one who ranks with both of these great scientists has said that his scientific research has revealed to him a Universe of such law, such order and such harmony that he has come to the overwhelming conclusion that science is the gateway to God. *

(2) In our individual lives we have learned that pain and bodily ailments are due to infractions or violations of Natural Laws that govern our personal well-being. We no longer ascribe personal illness to the possession of the afflicted by evil spirits, and no longer attempt to effect cures by ugly masks and weird incantations that once were used to frighten the devil out of the body of the sick.

Today doctors know that if they are to effect a cure they must first find the cause of the disease, and they also know that the cause is to be found in a disturbance of the chemical balances, or in an interference with the metabolism of the body or to some other disturbance in its natural functioning, and thus to an interference with Nature. *

In every field of science, the true scientist understands that if he would know the facts of life and nature he must discover the laws of nature that govern in that field. Indeed, the scientist knows that the sum of human wisdom is the knowledge that we have of Nature's Laws and the use we make of that knowledge. *

Unfortunately, there are as yet very few scientists in the field of social life; the field that concerns the well-being of mankind as it is constituted in Society, in Community, in Government. In this field our advisers and teachers and

"doctors" still believe that symptoms of social diseases--unemployment, business depressions, hard times, poverty, crime and the like--are brought about by forces and factors outside of and apart from our own social misdoings--from our own violation of Natural Law, and therefore, not knowing the true cause of these social diseases, are still recommending cures and remedies very much like the ugly masks and ^{the} weird incantations of earlier "medicine-men" and with about the same successes. The patient (society) is still sick and becoming sicker and is now almost on the verge of death.

Being a Universe of Law, its laws must operate everywhere and in everything. It cannot be a Universe partly governed by law and partly left to chance. There cannot be Natural Law somewhere and Chaos elsewhere. Natural Law operates not only in the fields of Astronomy, Physics, Chemistry and Biology but in the fields of all sciences including those of Economics and Sociology. The very act of forming communities (society) is in response to the natural urge in man to live with his fellowmen; the gregarious instinct that makes man happiest in the company of his kind and in which company he can best supply his needs, gratify his desires and attain his natural and highest expression.

Community serves man in the greater, better and easier and more varied production of the material things he needs and in the security comfort culture and companionship he wants. These, among others, are the things men seek in community, and these are the things in return for which they are willing to render service, for which they are willing to pay. Thus Community creates Value.

The value that community creates by the advantages it gives and the services it renders to individuals, expresses itself entirely in the value of land or to be more precise, in the annual rent called Economic Rent that land will bring. The creation of this value forms no part of the individuals intent or purpose, nor of the intent or purpose of the community. It is entirely a subjective value and appears only in response to man's need for land, the number of people in a community, their productivity and their civic and law-abiding qualities. Men do not work on land to make it valuable. Land becomes valuable as men seek to produce the things they need and want, and in the measure that they are industri-

As communities become greater, land rent becomes higher--no other value in that case rises but rent. As communities become smaller, land rent becomes lower no other value in that case falls but rent. This is not true of commodity or service values. In fact the reverse is true. Commodities and services (all other things being equal) are higher in sparsely settled communities and lower in more thickly settled communities.

And this is always true wherever communities are formed; the same conditions always produce the same results. Moreover, everywhere in every community the total rent of land is always equal to meet the expenditures of legitimate government. Do we not see here the working of a Natural Law? A subjective value that arises with the formation of communities; that increases with the growth of communities; that diminishes only with the decrease of communities, and that is always equal to the financial needs of communities!

This law is called the Law of Rent. It was first brought prominently into notice by David Ricardo at the beginning of the nineteenth century. As stated in the text books it reads:

"The rent of land is determined by the excess of its produce over that which the same application can secure from the least productive land in use." ~~Handwritten~~ *Progress and Poverty* Page 168.

Naturally the least productive land in use is that which population is forced to use because more productive land cannot be had advantageously. It is land that in comparison with better lands has no value and therefore bears no rent.

It will be seen at once that the least productive land in use must be the most productive land that bears no rent, and that the product of such land (or its equivalent) is the least that labor will accept as wages.

Henry George discovered this truth more than fifty years ago (1879) and thus formulated the Law of Wages:

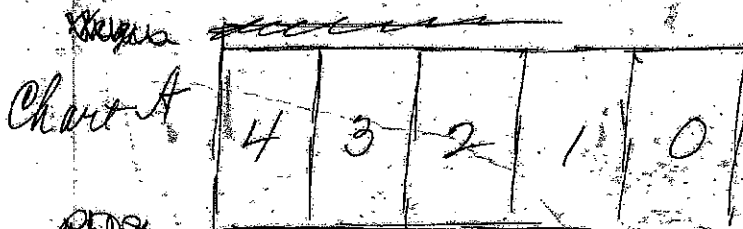
"Wages depend upon the margin of production, or upon the produce which labor can obtain at the highest point of natural productiveness open to it without the payment of rent." ~~Handwritten~~ *Progress and Poverty* Page 2

In the following illustration an attempt is made to show graphically the working of these two Natural Laws, now combined by the work of Henry George in to the Law of Rent and Wages.

The charts that are used here are those constructed by Louis F. Post, Assistant Secretary of Labor in the cabinet of President Wilson, in his "Outlines of Lectures on The Taxation of Land Values."

In every community there is some land which, because of its greater fertility, its greater accessibility, or its nearness to markets, will produce more in return for a given effort, or will produce the same quantity with smaller effort, than lands of poorer quality or not so advantageously situated. Man always satisfies his desires with the least resistance and this "better" or more productive land is therefore the land that will be occupied by those who come first into any community.

Lands of like qualities and advantages are not, of course, all adjacent each other, but wherever situated they are ultimately discovered and utilized. For facility of illustration in the following graphs all lands of like potentialities are grouped together, the best lands being those noted as 4 while the poorest lands are those noted as 0--3, 2 and 1 being those of intermediate values; all being placed in such numerical order as to make illustration easy.



Thus on chart A it may be assumed that all land in the same group as 4 will produce more with a given effort than any of the other lands in proportion as the number 4 bears to the numbers 3, 2, 1 or 0; and this is the land upon which first-comers to any community will settle.

Let us now assume that the first settlers in this community are sufficient in numbers to occupy and utilize only one half of the best lands, and let us designate such occupancy by shading half of the lands.

6

Wages

Chart B

4	3	2	1	0
4				
Rent	0			

Under these circumstances it is obvious that if everybody can obtain the most productive land, and there still remains more of such choice land unused, no one will pay rent to anyone for the use of land, and no one will work for anyone else on the land that is not as good as land that is free.

We, of course, are now assuming a condition under which men can only work land in the best possible condition under the best circumstances and the best people.

As no rent is paid on the best land under these circumstances, the entire production will remain in the possession of the producers, and there therefore will be the entire product which is 4 as indicated on Chart B and Rent will be 0.

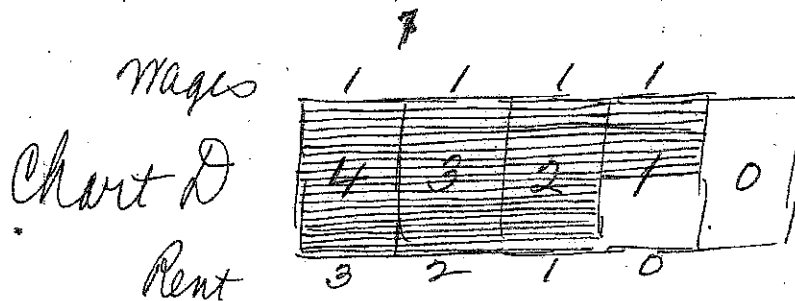
As more people come to the community and all the best land is occupied and enough more must arrive to use an appreciable part of the next best productive land, we will find that the difference in the productivity between the best and the next best land will express itself in a rental value of 1 on the better land; we will also find that no wages will have to be paid to the laborer who can work on the best land that is still free—that is, the best land that has no rent on it. This is indicated on Chart C.

Wages

Chart C

3	3			
4	3	2	1	0
Rent	1	0		

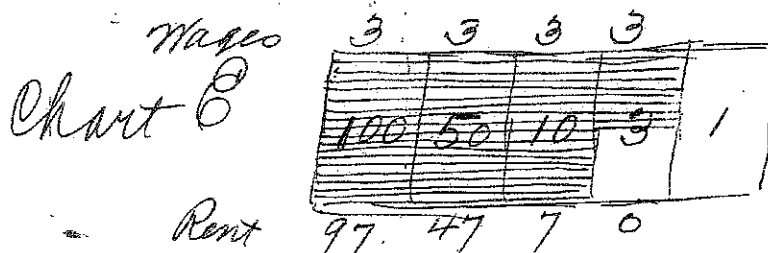
For example, of having 100 acres of land, the best 50 acres will produce 4, 3 and 2 respectively on the best 3 lands produced only. The results will be as is indicated on Chart D.



Rent will be the differential between the lands of varying productivity, that is 3, 2 and 1, while wages throughout the community will have fallen to 1--the most that labor can now earn on land of which there is still some to be had without the payment of rent.

In these illustrations the effect of social growth has been ignored. The effect of social growth is to increase the productive power of labor; and to increase the productivity of labor is naturally to increase the productivity of land, for everything that labor produces is on the land and from the land.

Our figures thus far have designated the best land as 4. Let us now assume that production on this best land has been raised to the utmost by social growth, and designate this by the figure 100. We may arbitrarily assume for the purpose of illustration the figures 50, 10 and 3 for the next succeeding gradations, for it will be obvious to the reader that many grades of productivity will occur in this range of possibilities and that these figures are taken merely as a matter of brevity and convenience. We also assume that the lands that under our primitive condition produced nothing, now, under conditions where machinery and organization obtain, have been made to produce 1.



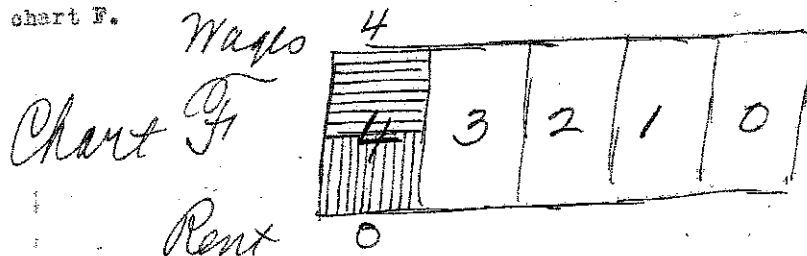
Assuming the same population as on chart D, and therefore no greater or smaller demand for land, we find that rent has absorbed the greater part of the added

and 7 respectively as represented on chart E, wages have risen only $\frac{1}{2}$ 3 through-
out the entire community.

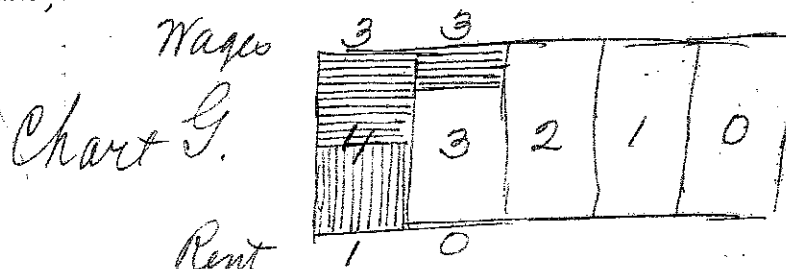
This is the natural tendency of land to absorb in rent every advantage of fertility, location (site), social activity and growth, all of which express themselves in greater productivity and therefore in greater land value. It is Nature's Law and it is a wise and just law as we shall presently see.

As already stated, we have thus far assumed in these illustrations that every producer in the community owns only as much land as he actually uses--that no man owns more land than he uses. Let us now assume what more nearly represents the conditions under which we live.

Going ^{back} to chart B let us assume that those who occupy one half of all the best land designated as 4 have also bought or pre-empted the rest of that grade of land. This additional ownership by these same occupants is indicated by vertical lines on chart F.



Now, then, let us assume that under these conditions new settlers arrive.

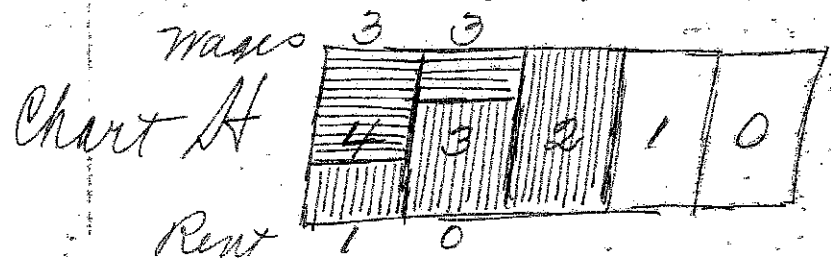


We find that although the best land is only one half occupied, they yet must settle on the next best land and accept a wage of 3, and that although there is more unused best land unoccupied than the new settlers require, there yet has appeared a rent of 1 upon it.

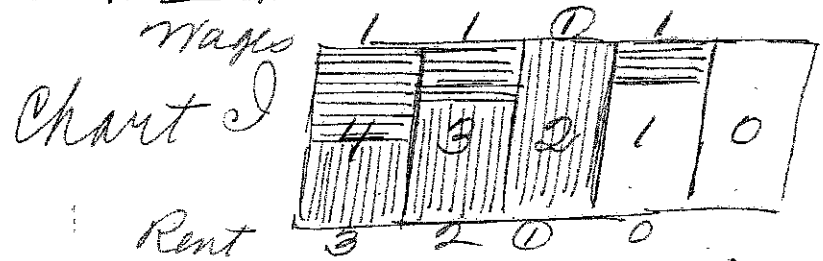
In other words, the effect is the same as was the case on chart C where all

see that ownership of land without use has the same effect as greater population. It increases the rent. It does this by restricting the area of land that others need and could use if it were not held out of use.

Now let us ~~assume~~ ^{assume} that the newcomers, too, indulge in land speculation and appropriate all the land down to and including 2.

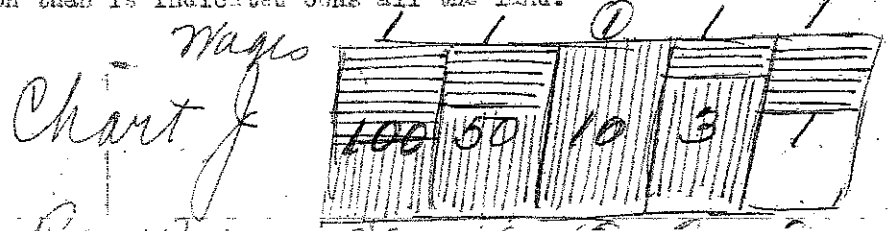


In chart H we see part of lands 4 and 3 actually occupied and the remaining parts of 4 and 3 and all of 2 privately owned. Naturally there would be no rent on land 2 as there are no settlers that need it, nor can it make itself manifest in affecting wages as there are only enough people to occupy part of 4 and 3; but now let an appreciable number of new settlers arrive and be restricted as they obviously would be, to land 1; the result would then be as is shown in chart I.



The index figures for Wages and Rent on land 2 in chart I are circled because they represent merely potential, not actual, wages and rent, as land 2 is not in use.

And now let us see on chart J conditions which more nearly approximate those under which we are living, only that in reality a much smaller proportion of the population than is indicated owns all the land.



We here again indicate the productivity of land that social growth imparts, and also the fact that labor has been relegated to that land which before could not be made to produce at all but to which social growth has imparted a productive value of 1. We see that this meagre land is the only land left that has no rental value; we also see that all labor everywhere is compelled to accept as its wages the equivalent return that ~~the~~ ^{this} land gives, namely 1, and we also see that land (now in the possession of private land owners) has absorbed in rent almost the entire production of all the community.

This is the result of land being held out of use by private individuals ^{for} speculative purposes.

We have said that it is the natural tendency of land to absorb in rent ^{every} ~~any~~ advantage of fertility, location (site) and social activity and growth, all of which express themselves in greater productivity and therefore in greater ^{land} ~~value~~ and value. We also said that this is Nature's Law and that it is a wise and just ^{law} ~~law~~.

Nature's Laws, however, must be observed if we are to reap the benefits that ^{the} ~~they~~ bestow. Violation of Natural Law results inevitably in discomfiture and (if ⁱⁿ⁻ ~~in-~~ fraction continues) ultimately in death or destruction. The Laws of Nature are ^{re-} ~~re-~~tributive and inexorable.

We have seen that land value is entirely a community created value; that it ^{therefore} ~~therefore~~ belongs to the Community, and that (if Natural Law is to be observed) it ^{must} ~~must~~ be taken by the community.

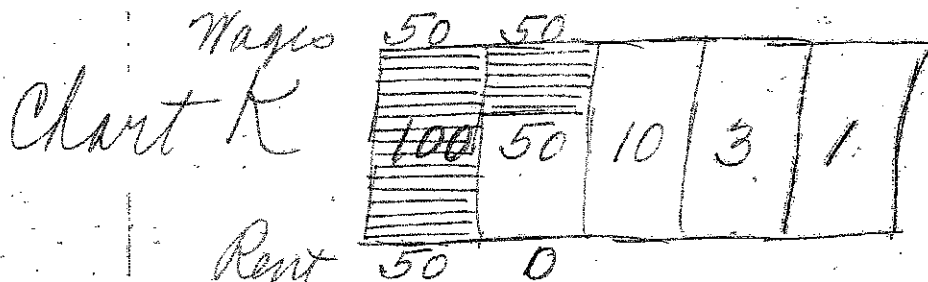
We have seen in the above illustrations what happens when Economic Rent, the ^{basic} ~~base~~ factor of land value, is permitted to go into the possession of individuals ^{instead} ~~instead~~ of being taken by the community. Let us now see how the conditions we ^{have} ~~have~~ depicted on the above charts would shape themselves if the Economic Rent of ^{land} ~~land~~ were collected by the government and used to defray all governmental expenditures.

Chart J portrays a population sufficient to use only a small area of the ^{land} ~~land~~ in the community and yet so spread out because of land being held out of use by private ownership and speculation, that a ^{large} ~~large~~ number of people are ^{forced} ~~forced~~ to live in the

~~to use~~ to use ~~the~~ and live on the poorest land, thus forcing wages down to I throughout the community and forcing rent up to 99 on the best land, and grading down on other lands according to their productivity.

If the government collected the rent of land, only such land would be "owned" or occupied as was actually being used. No one could pay the rent ~~the rent~~ of land and hold the land out of use. The uncollected rent of land is the basis of the capitalized selling value of land, and therefore of its speculative value. If the rent of land ~~were~~ taken by the government there would be no selling value and therefore no speculative value, in land. Land would be "owned" only to be used and all land not used would be free for the use of any that wanted it and who were willing to pay its annual rent. There would be no need to first buy land in order to use land.

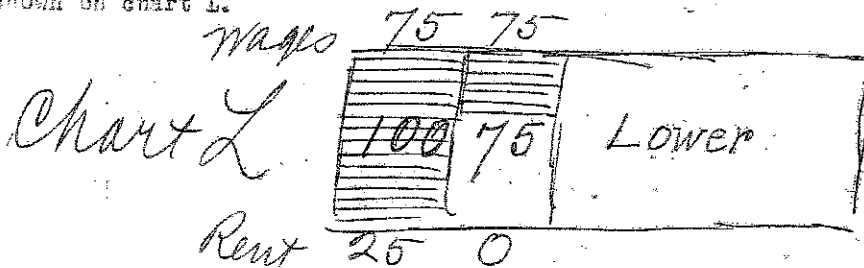
As rent expresses the advantages that more productive land gives over less productive land, the greater ease with which men can satisfy their desires, or the greater return they can secure; and as men always seek to satisfy their needs and their desires with the least resistance--the least efforts--every one under these conditions would settle on the "best" land that could be had.



On chart K is shown what would happen if land were not held out of use. The occupied territory on chart K is exactly the same in area as the occupied territory on chart J; it is different only in the fact that the people now have moved to the best lands in the community (which is their natural tendency) leaving only the poorer lands unoccupied, with the result that wages throughout the entire community have risen from I to 50 and that rent on the best land has dropped from 99 to 50. This is the Natural Law--The Law of Rent and Wages.

To complete our picture, let us now consider the rent that the land

lation of the Earth is so small in comparison to the size of the earth that perhaps nowhere will it be necessary, under these conditions, for the population of any country or of any community to use land so unproductive as will compel a resort to any such areas as low in productivity as that indicated by our index number 50. The greater likelihood is that conditions will more nearly approximate those shown on chart L.



Economically, there are probably only four categories of people; Those who render service in return for what they receive from society; those who are dependants; those who come by their gains through infractions of the moral or legal code, and those who are the beneficiaries of our social ignorance and the resulting infractions by society of the Natural Laws that govern social well-being.

When the violation of Natural Law by society has ceased, all but minors and dependants will be workers (by brain or brawn) and no one will resort to crime or ignoble practices, for mankind is naturally good and will so express itself if given the chance.

The wages of all workers will be the full product of their labor and no one will be able to oppress or exploit his fellowmen.

We have drawn a distinction between land values, or rent, on the one hand and commodities or services on the other hand; showing that land value or rent is always higher in larger and more productive communities and lower in smaller and less active communities (other things being equal) while the prices of commodities and services are lower in large and productive communities and higher in small and less active communities (other things also being equal).

This discloses a difference in the fundamental nature of land values and labor values, and well it may, for commodities and services are produced by man while land (the Earth) is created by Nature.

ences in the nature of land and of labor products.

We have shown how a tax on land value (the collection by government of the yearly rent of land) forces land into use because it makes it unprofitable to hold land out of use. It follows from this that putting land into use creates employment, for land cannot be used excepting by the employment of labor. The collecting of the rent ^{of} land by government therefore tends to greater employment of labor and thus to an increase of wages.

It is axiomatic in Political Economy that a tax on commodities (labor products) or services is always expressed in the prices of the commodities or services; that this tends to increase such prices; that the increase of prices tends to weaken the effective demand for the commodities and services thus decreasing the quantity of such commodities and services required and so making for unemployment. A tax on commodities and services therefore tends to unemployment and lower wages.

Another difference in the nature of land and labor is seen in the process known as the Production of Wealth. ["] Wealth consists of natural products that have been secured, moved, combined, separated, or in other ways modified by human exertion, so as to fit them for the gratification of human desires. It is, in other words, labor impressed upon matter in such a way as to store up, as the heat of the sun is stored up in coal, the power of human labor to minister to human desires. (Progress and Poverty P. 41/42) In this process there are two fundamental factors land and labor (There is a third factor in production--Capital--but which being a part of wealth and therefore produced by labor and land, is subsidiary to both, and is not considered in this treatment of fundamental factors. It will be considered later).

In the production of wealth, labor is the active factor--producing everything while land is the passive factor--merely permitting production. True, land expresses the additional productive power given to it by community and social growth, but such additional productive power is due entirely to the presence and activity of the community and is not the product of the land itself.

As labor produces all wealth its return, or reward (Wages) is payment for pro-

duction or services; as land merely permits production its return (Rent) is payment for privilege.

Still another difference between labor products and land lies in the fact that labor products are produced merely to be consumed and therefore require continual production and re-production. Food products are almost immediately consumed; clothing or such somewhat less perishable products, even though not immediately, are nevertheless soon consumed, and commodities of wood or metal, or structures of steel or masonry that endure longer, are nevertheless consumed in time, or tend to disintegrate, and require continual labor to replace wear and tear. The only exceptions, or apparent exceptions, to this rule are paintings by old masters and relics or tokens whose value lie in their irreplaceability, and even these are destructible and require the care and attention of labor and the cost of protection and insurance.

Land requires neither labor for its production nor care for its maintenance; it is not consumed and cannot be destroyed; it requires no insurance. The land that is here now (excepting for the labor that has been expended on it) is the same as that over which prehistoric man ^{and monster} roamed many thousands of years ago.

We have said that land values are community values--subjective values--that they represent merely the presence and activities of the community as a community. Commodities and service values are individual labor values, individual human values--objective values--produced by individuals as individuals.

This difference in the nature of land values and labor values is clearly shown in the different reaction of each to the Law of Supply and Demand. Labor values, like land values, are high as the supply of labor products and of land is small in relation to the demand for them, and low as their supply is large in relation to the demand. But there the likeness ends. Commodities can be, and are, re-produced as prices rise, and their production curtailed, or entirely stopped, as prices fall; so that although all prices fluctuate because of reasons that will be treated elsewhere we find a norm or medium level maintained in prices of like commodities and services over considerable periods of time. An overcoat that at one time is produced to sell for \$50 is not at another time produced to sell for

\$5.00 or for \$500.00; a building that at one time cost \$10,000 to build does not at another time cost \$1,000,000--to build. The response of producers to the index of price in the Law of Supply and Demand regulates that.

Land cannot be re-produced in response to the demand for land; its supply at any given place is fixed; and continued demand for land necessarily means continued increase in ^{the} price of land. In large cities there are many examples of land once bought at hundreds of dollars per acre, now selling at millions of dollars per lot.

Because of these differences between the nature of land on the one hand and of labor and labor products on the other; between the nature of land values and of commodity and service values, land has become the object of hoarding and speculation until it has been so monopolized that now less than ten per cent of the population of all "civilized" countries owns all the land and all the natural resources in those countries, with the result that ninety per cent of these populations are landless and are compelled to pay tribute to those who own the Earth for the privilege of living on the Earth and producing the things whereby they live.

It will perhaps be freely admitted by everyone that Sunlight and Air are the common heritage of all mankind, and it perhaps will be also agreed that the reason that sunlight and air are the common heritage of all mankind is that sunlight and air are necessary to life; that without them mankind could not live; also that sunlight and air are the creation of God, or Nature, and therefore belong to all alike. Is the Earth itself, upon which mankind lives and from which all men receive their sustenance, any less necessary to life? Is the Earth any less a creation of God, or Nature, and does it any less belong to all alike?

Without the use of land man cannot use either sunlight or air and thus the use of the Earth is of even more prime importance than is the use of either of these two elements.

The same reasoning that would condemn the private appropriation by an individual of sunlight and air, and that would condemn an individual for withholding them from the equal use of all, or for selling them or renting them as at a

price, would condemn the private appropriation by an individual of the surface of the Earth (land) and for withholding its use or a living or rent, at a price the privilege of using it.

The Earth (land) and all that it contains is in its nature a free gift for the use of all on equal and equitable terms--equal as to individual rights and opportunities, equitable as to methods by which equality is secured. For Nature, having created all men with equal rights and opportunities has also provided the means of securing and maintaining those equal rights and opportunities.

Nor does Nature stop there. The observance of Her laws are not optional with men, but are mandatory; they must be obeyed or the transgressor perish. This is just as true of Society, of Nations, of Civilizations, as it is of individuals.

Just as individual ailments are the punishments meted out by Nature for the violations of those Natural Laws that govern individual well-being, just as are poverty, vice, disease, crime, ignorance, unemployment, industrial depression, "hard times," envy, hatred, strife, war, the breaking down of nations and the death of civilizations, the punishments meted out by nature to society for the violation of those laws that govern social well-being.

The Earth has never been owned by the few. The masses have ever been landless. The Earth's ownership has ever been the means of the oppression of the many. History records no time when producers, the mass of mankind, were left unprotected in the possession of their products, and history may be read as a chronicle of poverty, destitution, crime, war and devastation, the destruction of nations and the death of civilizations.

Almost all ancient civilizations have died. Egypt, Babylon, Greece, Rome are no more; the foundations of this civilization are crumbling. History has been known to repeat itself, and already the downfall of Modern Civilization is foreseen and foretold by wise men in all lands. Are we really doomed to go the way of former civilizations? It is for us to say. Salvation and well-being for The State, for society, for Civilization as well as for individuals lies in the observance of natural law.

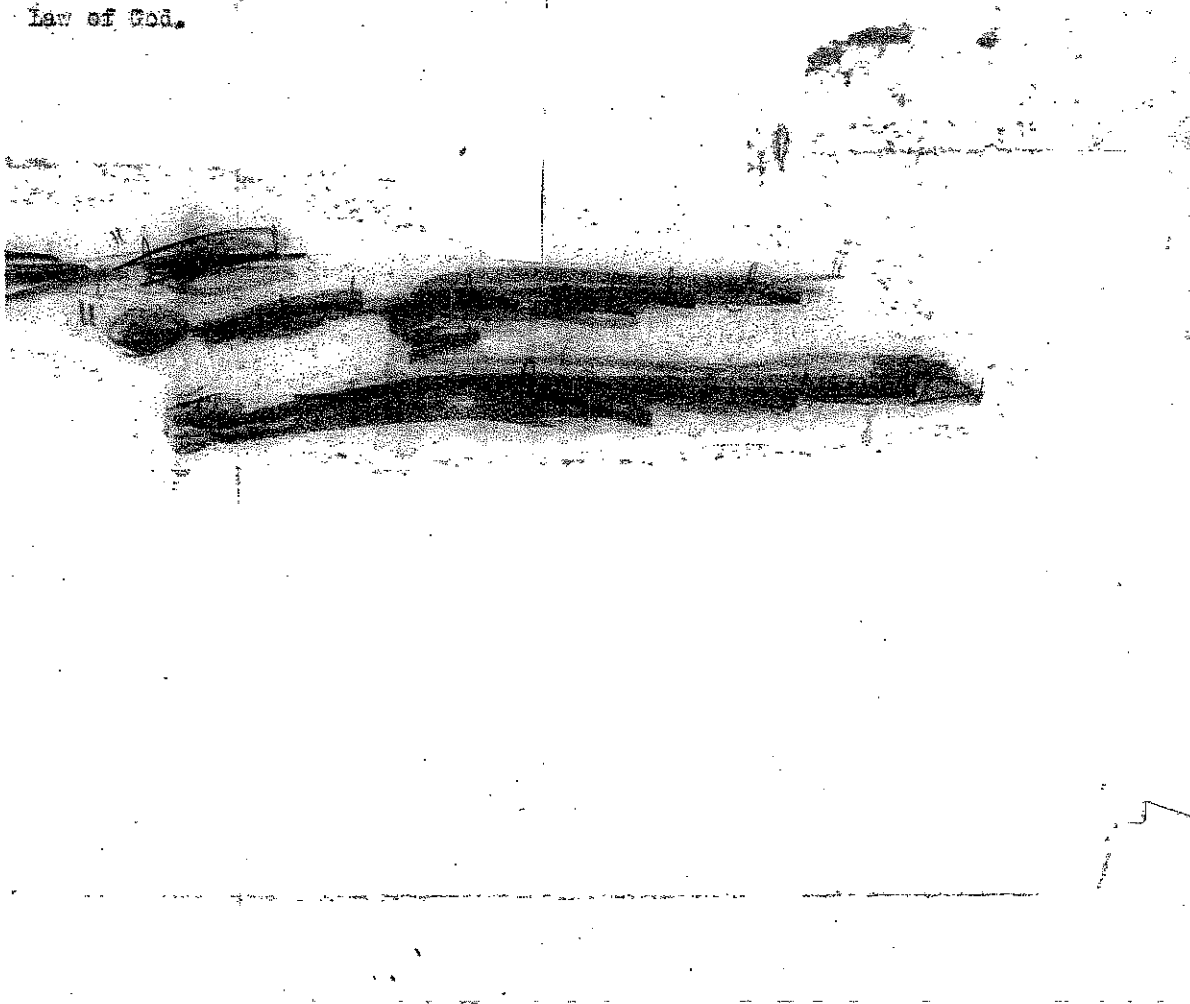
Economic Rent (the rent of land) is intended by nature to be taken by nature.

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ment and used for all communal needs. Private ownership of land diverts Economic Rent into private pockets, thus violating Natural Law, robbing the people of what they create (and what belongs to them) socially, and compelling governments in turn to rob the people individually in taxation to pay for governmental expenditures.

Let us take the rent of land and stop individuals from robbing society; let us abolish all taxes and stop government from robbing individuals.

Eventually the law will be obeyed, even though in the meantime men and nations suffer and die because of its violation. Why not obey it now? Natural Law is the Law of God.



Post's Charts.

Blank squares mean unoccupied land. Blue means land in use. Red means land unused, but held for speculation.

In each chart of five squares, the number indicates the relative productivity of the land.

In each chart, the wages for the entire chart are fixed at the point of productivity of the best unused land.

The rent of each square in a given chart is the difference between the wages for that chart and the productivity of the particular square. Thus, the wages are the same for the five square, but the rent is different for each square.

A, B, C, D, show land in primitive methods of use, the maximum return being 5.

E, - - - shows where machinery and other factors have increased the productivity of land.

F, G, H, I, show the effect of land speculation on rent and wages, forcing the limits of productivity further outward, lowering wages, and increasing rents.

J, - - - shows the accumulated effects of improved production and land speculation

K, - - - shows the same conditions as J, except that land speculation has been squeezed out.

L, - - - same as K, but with a higher estimate of production under modern conditions.

The chart does not show the division of wealth between wages and capital, so that the return to capital would have to be subtracted from the figures credited to wages, thus further reducing the share of wages.

WAGES

A

4	3	2	1	0
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RENT

WAGES H

B

4	3	2	1	0
---	---	---	---	---

RENT

0

WAGES

3

3

C

4	3	2	1	0
---	---	---	---	---

RENT

1

0

WAGES

1 1 1 1

D

4	3	2	1	0
---	---	---	---	---

RENT

3 2 1 0

WAGES

3 3 3 3

E

100	50	10	3	1
-----	----	----	---	---

RENT

97 47 7 0

WAGES

4

F

4	3	2	1	0
---	---	---	---	---

RENT

0

WAGES 3 3

G 4 3 2 1 0

RENT 1 0

WAGES 3 3 ~~0~~

H 4 3 2 1 0

RENT 1 0 0 - 0

WAGES 1 1 ① 1

I 4 3 2 1 0

RENT 3 2 ① 0 1

WAGES

J

100	50	12	3	7
-----	----	----	---	---

RENT 99 49 (9) 2 0

WAGES 50 50

K

50	50	10	3	1
----	----	----	---	---

RENT 50 0

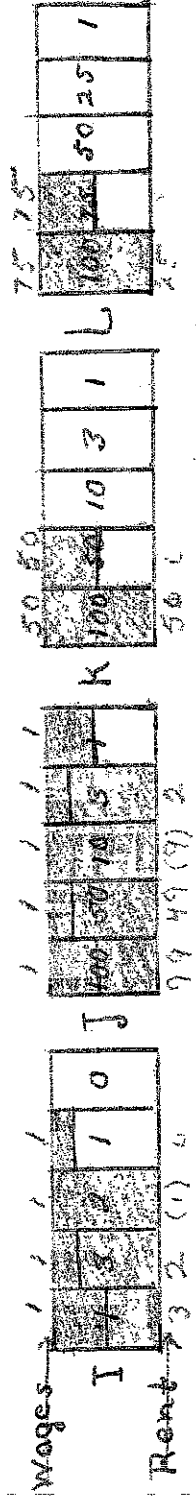
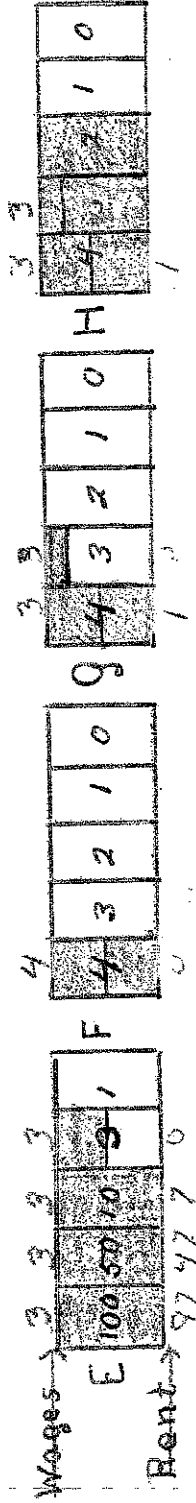
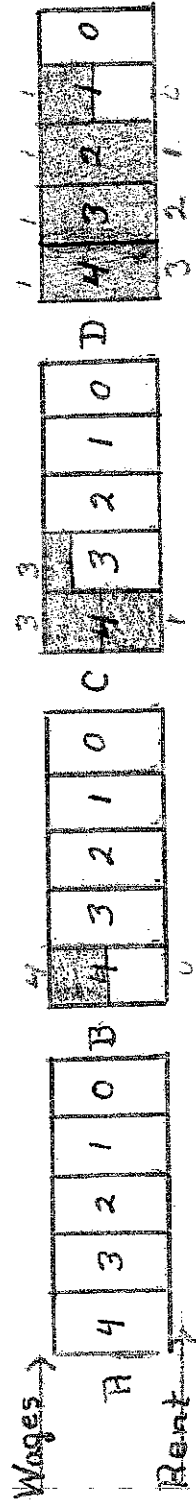
WAGES 75 75

L

100	75	LOWER		
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RENT 25 0

Louis Post Charts



W

1
Natural Law
And the nature of some fundamental facts

The Earth turns on its axis once every twenty four hours giving us the phenomena of night and day. It swings regularly in its orbit around the Sun once every three hundred and sixty five days giving us the seasons of the year. Other planets like the Earth also revolve around the Sun and all these, together with their moons, form the Solar System - the family of the Sun.

So accurately do these planets obey the Natural Law that governs their motions that we know where each one is at any time. We can foretell eclipses of the Sun and Moon to the minute, and almost to the second. We can foretell eclipses many years in advance; those that are occurring now from time to time have been foretold years ago. This is obviously so because the movements of heavenly bodies are in the control of Natural Law.

Organic life reproduces itself in obedience to Natural Law. From the blade of grass to the noblest tree, from the most humble form of animal life to man, each species reproduces its own kind. Deviations are known to be due to cross-breeding or to ~~other~~ hereditary or environmental factors which, whether we understand them or not, are known to be due to natural and not to accidental causes.

It would be a strange world if this were otherwise for we then might plant roses and get cabbages ^{we might} or plant wheat or rice and get grass or weeds.

The farmer is always confident that the seeds he plants will bring forth the same kind of plant as that from which the seed was taken, for that is how Nature works. This is just as true in animal life. Fundamentally, there are no accidents in Nature; what may appear ^{to us} to be so is due to our own shortcomings ^{to} our ignorance of all the forces and factors involved.

The Chemist testing the actions of solids

Liquids and gases under exceedingly high and low temperatures and small tremendous pressures and in vacuums; the Physicist smashing the atom to find what matter is really made of; the Biologist studying genes and chromosomes to determine the question of heredity and the origin of species; the Astronomer measuring and photographing distant galaxies, the Astrophysicist basing the stars and discovering their composition, all neither creating nor inventing anything ~~new~~ (unless it be tools and instruments to assist them in their work). They are merely discovering or attempting to discover what Nature is, or what ^{Nature} it does.

Every fact and every effect in Nature - every phenomenon - is the result of some natural cause; and throughout all Creation this relationship of cause and effect exists. We may not know ~~all~~ all the causes of observed phenomena nor indeed all the facts of life and existence, but those we do know convince us that Creation is a realm of law, of Natural Law, so exact and so harmonious that one of our greatest scientists has referred to The

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Creator as a Great Mathematician, another equally great scientist has called Him a Great Artist, and one who rants and bores of these great scientists has said that his scientific research has revealed to him a universe of such law, such order and such harmony that he has come to the overwhelming conclusion that Science is the gateway to God.

In our individual lives we have learned that pain and bodily ailments are due to infractions or violations of ~~the~~ Natural Laws that govern our personal well-being. We no longer ascribe personal illness to the possession of the afflicted by evil spirits and no longer attempt to effect cures by ugly marks and weird incantations that once were used to frighten the "devil" out of the body of the sick.

To-day Doctors know that if they are to effect a cure they must first find the cause of the disease, and they also know that the cause is to be found in a disturbance of the chemical balance, or in an interference with the metabolism of the body or to some other disturbance in its natural functioning, and thus to an interference

with Nature.

In every field of Science, the True Scientist understands that if he would know the facts of life and Nature he must discover the Law of Nature that governs in that field. Indeed, the Scientist knows that the sum of human wisdom is the knowledge that we have of Nature's Laws and the use we make of that knowledge.

Unfortunately, there are as yet very few Scientists in the field of Social Life; the field that concerns the well-being of mankind as it is constituted in Society, in Community, in Government. In this field our advisers and teachers and "doctors" still believe that symptoms of Social diseases — unemployment, business depression, hard times, poverty, crime and the like — are brought about by forces and factors outside of and apart from our own. Social misdoings from our own violation of Natural Law, and therefore, not knowing the true cause of these ~~diseases~~ Social diseases, are still recommending cures and remedies very much like the Ugly Mask and the weird manipulations of

of earlier "medicine-men" and with
about the same success. The patient
(Avali) is rather sick and becoming weaker
and is now almost on the verge of death.

Being a Universal Law, its laws ~~must~~
operate everywhere and in everything. It
cannot be a Universal partly governed by
law and partly left to chance. There
cannot be Natural Law somewhere and
Chaos ~~elsewhere~~ elsewhere. Natural
Law operates not only in the field of
Astronomy, Physics, Chemistry and Biology,
but in the field of all sciences including
those of Economics and Sociology. The
very act of forming communities (Polis)
is in response to the Natural urge in
man to live with his fellowmen in the
quasi-governed structure that enables man
to flourish in the company of his kind and
in which company he can best supply his
needs, gratify his desires and attain his
natural and highest expression.

Community service men in the
greater, better ^{and more efficient} ~~and~~ ^{and} ~~earlier~~ ^{and} ~~protection~~ ^{protection}

of the material things he needs and in the security, ^{comfort} and companionship he wants. These, among others, are the things men put in community, and these are the things in return for which they are willing to render service - for which they are willing to pay. Thus Community creates Value.

The value that ~~that~~ community creates by the advantages it gives and the services it renders to individuals, expresses itself entirely in the value of land or to be more precise, in the annual rent that land will bring (called Common Rent). The creation of this value forms no part of the individual's intent or purpose, nor of the intent or purpose of the community. It is entirely a subjective value and appears mainly responsive to man's need for land, the number of people in a community, their productivity and their civic and law-abiding qualities. Men do not work on land to make it valuable; land becomes valuable as men work to produce the things they need and want, and in the measure

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that they are industrious, intelligent and
good.

As communities become greater, land
rent becomes higher - no other value
~~rises~~ in that case rises - but rent. As
communities become smaller, land rent
becomes lower - no other value in that
case falls - but rent. This is not
true of community as several states.
In fact the reverse is true. Communities
and services - (all other things being equal)
~~are not more in sparsely settled than in~~
~~thickly settled communities, and~~
~~are lower in sparsely settled than in~~
are higher in sparsely settled communities
and lower in more thickly settled
communities.

And this is always true wherever
communities are formed ~~and always~~ and
~~under the same conditions~~ ^{always} ~~produce the same results.~~ Moreover
everywhere ~~in every community~~ the total
rent of land is always equal to ~~the~~
the expenditures of legitimate government.

We are not all here the workings of a Natural Law? A principle which that rises with the formation of communities; that increases with the growth of communities; that diminishes only with the advance of communities, and that is always equal to the financial needs of communities.

This Law is called the Law of Rent. It was first brought prominently into notice by David Ricardo at the beginning of the nineteenth century. As stated in the text book it reads:

"The rent of land is determined by the excess of its produce over that which the same application can secure from the least productive land in use." p. 108

Naturally the least productive land in use is that which population is forced to use because more productive land cannot be had advantageously. It is land that in comparison with better land has no value and therefore bears no rent.

It will be seen at once that the least productive land in use must be the most productive land that bears no rent, and that the pyramid of such Land (or its equivalent) is the least that labor will accept.

as wages.

Henry George discovered this truth more than fifty years ago (1879) and thus formulated the Law of Wages:

"Wages depend upon the margin of production; or upon the produce which labor can obtain at the highest point of natural productivity open to it without the payment of Rent." p. 213

In the following illustrations an attempt is made to show graphically the working of these two Natural Laws now combined by the work of Henry George into the Law of Rent and Wages.

(The charts that are used here are those constructed by Louis F. Post, Assistant Secretary of Labor, in the Cabinet of President Wilson, in his "Outlines of Lectures on the Taxation of Land Value.")

In every community there is some land which because of its greater fertility, its greater accessibility or its nearness to markets, will produce more in return for a given effort, or will produce the same quantity with smaller effort, than the lands of poor quality or not so advantageous situation. Man always satisfies his desire with the least resistance ~~and the least effort~~ ~~and the least amount of work that is necessary~~ and thus "better" or more productive land is therefore the land that will be occupied by those who come first into any community.

Lands of like qualities and advantages are not, of course, all adjacent to each other, but wherever situated they are ultimately discovered and utilized. For fixation of illustration in the following graph all lands of like potentialities are grouped together, the best lands being those noted as 4, while the poorest lands are those noted as 0 - 3, 2 and 1 being those of intermediate values; all being placed in such numerical order as to make the illustration easy.

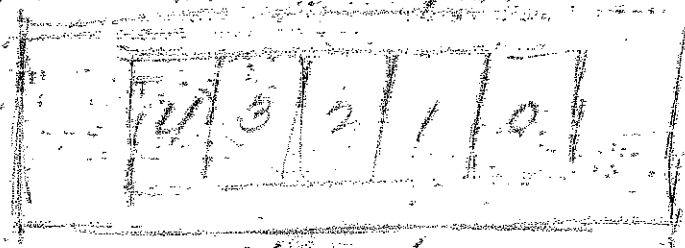


Chart A

Thus on Chart A it may be assumed that all land in the space marked as 4 will produce more, with a given effort than any of the other lands in proportion as the number 4 bears to the numbers 3, 2, 1, or 0; and this is the land upon which first-comes to any community will settle ~~first~~.

Let us now assume that the first settlers in this community are sufficient in numbers to occupy and utilize only one half of the best lands, and let us designate such a company by sharing with foreigners land.

Wages 4				
4	3	2	1	0
Rent 0				

Chart B

Under these circumstances it is obvious that if everybody can obtain the most productive land, and there still remains more of such choice land unused, no one will pay rent to anyone for the use of land, and no one will work for anyone else for less than he can earn on land that is free.

We, of course are now assuming a condition under which men own only such land as they are using; a condition under which farmers and laborers are the same people.

As no rent is paid on this land under these circumstances, the entire production will remain in the possession of the producers and wages therefore will be the entire product which is 4 as indicated on Chart B and Rent will be 0.

As more people come to the community and all the best land is occupied and through more people arriving to use an appreciable part of the next best productive land, we will find that the difference in the productivity between these two grades of land will express itself in a rental value of 1 on the better land; we will also find that now wages will have fallen to 3, the amount that labor can earn on the best land that is still free - that is, the best land that has no rental value. This is indicated on Chart C

Wages 3	3	2	1	0
Rent 1	0	0	0	0

Chart C

For the purpose of brevity let us now assume that our community has grown until all the land ^{has been completely exhausted} is used of that ~~land~~ which (with the same effort as produced 4 3 and 2 respectively, in the better lands) produces only 1. The results will be as indicated in Chart D

Maps	1	1	1	1
	4	3	2	1
Rent	3	2	1	0

Chart D

Rent will be the differential between the lands of varying productivity, that is 3, 2 and 1, which wages throughout the community will have fallen to 1 - the most that labor can now earn on land of which there is still some to be had without the payment of rent.

In these illustrations the effect of social growth has been ignored. The effect of social growth is to increase the productive power of labor and to increase the productivity of labor ^{naturally} as it increases the productivity of land, for everything that labor produces is on the land and from the land.

Our figures thus far have designated the best land as 4. Let us now assume that production on this best land has been raised to the utmost by social growth, ~~to a point where it is no longer possible to raise it further~~ and designate this by the figure 100. We may arbitrarily assume for the purposes of illustration the figures 50, 10 and 3 for the next succeeding gradations, for it will be obvious to the reader that many grades of productivity will occur in this range of possibilities and that these figures are taken merely as a matter of brevity and convenience. We also assume that the lands that under our primitive condition produced nothing, now, under conditions where Machinery and Organization obtain, have been made to produce 1.

Mans	3	3	3	3
	100	50	10	3
Rent	97	47	7	0

Chart E

Assuming the same population as on Chart D, and therefore no greater or smaller demands

for land, we find that Rent has absorbed the greater part of the added productivity created by social growth and that while Rent is now 97, 47 and 7 respectively as represented on Chart E, wages have risen only to 3 throughout the entire community.

This is the natural tendency of land to absorb ^{in rent} every advantage of fertility, location (site) social activity and growth, all of which express themselves in greater productivity and therefore in greater land value ~~of the land~~. It is Nature's Law and it is a wise and just Law as we shall presently see.

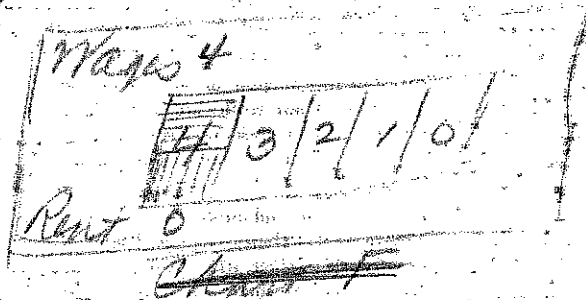
As already stated, we have thus far assumed in these illustrations that every producer in the community owns only as much land as he actually uses - that no man owns more land than he uses.

Let us now assume what more nearly represents the conditions under which we live.

Going back to Chart B let us assume

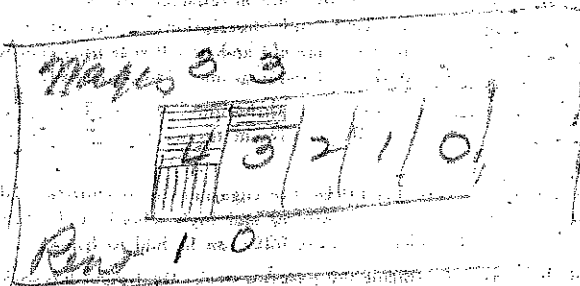
that those who occupy one half of all the best land designated as 4 have also bought or pre-empted the rest of that grade of land. This additional ownership by these same occupants is indicated by vertical lines on Chart F.

Chart F



Now then let us assume that under these conditions new settlers arrive.

Chart G



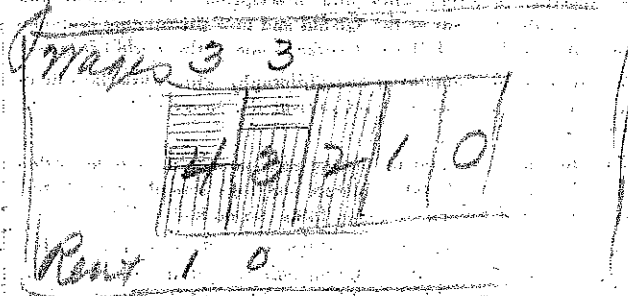
We find that although the best land is only one half occupied, they yet must settle on the next best land and accept a wage of 3, and that although there is more unused good best land unoccupied than the new settlers require, they yet have appeared a rent of 1 upon it.

In other words, the effect is the same

as was the case in Chart C, where all the best land was occupied and the newcomers necessarily had to settle on 3. Thus we see that ownership of land without use has the same effect as greater population. It increases the rent. It does this by restricting the area of land that others need and could use if it were not held out of use.

Now let us assume that the newcomers, too, indulge in land speculation and appropriate all the land down to and including 2.

Chart H



In Chart H we see part of Lands 4 and 3 actually occupied and the remaining parts of 4 and 3 and all of 2 privately owned. Naturally there would be no rent on land 2 as there are no settlers that need it, nor can it make itself manifest in affecting wages as there are only enough people to occupy part of 4 and 3; but now let an

Appreciable number of new settlers arrive and he restricted, as they obviously would be, to land 1; the result would then be as is shown on Chart I.

Chart I

Wages	1	1	①	1
	4	3	2	1
Rent	3	2	①	

The index figures for Wages and Rent on Land 2 in Chart I are circled because they represent merely potential, not actual, wages and rent, as Land 2 is not in use.

And now let us see on Chart J conditions which more nearly approximate those under which we are living, only that in reality a much smaller proportion of the population than is indicated owns all the land.

Chart J

Wages				
	100	50	10	3
Rent				

We here again indicate the productivity of land that social growth imparts, and

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~~also~~ also the fact that labor has been
relegated to that land which before
could not be made to produce at all
but to which social growth has imparted
a productive value of 1. We see that
this meagre land is the only land left
that has no rental value, we also see
that all labor everywhere is compelled
to accept ^{as its wages} the equivalent return that this
land gives, namely 1, ~~and it is~~ and
we also see that land (now in the
possession of private land owners) has
absorbed in Rent almost the entire
production of all the community.

This is the result of land being
held out of use by private individuals
for speculative purposes!

We have said that it is the natural
tendency of land to absorb in rent every
advantage of fertility, location (site) ^{and} social
activity and growth, all of which express
themselves in greater productivity and
therefore in greater land values. We
also said that this is Nature's Law and
that it is a universal fact.

Nature's Laws however must be observed if we are to reap the benefits that they bestow. Violation of Natural Law results inevitably in discomfiture and (if infraction continue) ultimately, in death or destruction. The Laws of Nature are retributive and inexorable.

We have seen that land value is entirely a community created value; that it therefore belongs to the community, and that (if Natural Law is to be observed) it must be taken by the community.

We have seen in the above illustration what happens when Economic Rent, the basic factor of land value, is permitted to go into the possession of individuals instead of being taken by the community. Let us now see how the conditions we have depicted on the above charts would shape themselves if the Economic Rent of land were collected by the government and used to defray all governmental expenditures.

Chart I perhaps a population sufficient to use only a small area of

the land in the community and yet so spread out because of land being held out of use by private ownership and speculation. That a great number of people are compelled to live and live on the poorest land, thus forcing wages down to 1 throughout the community and forcing rent up to 99 on the best land and grading down on other lands according to their productivity.

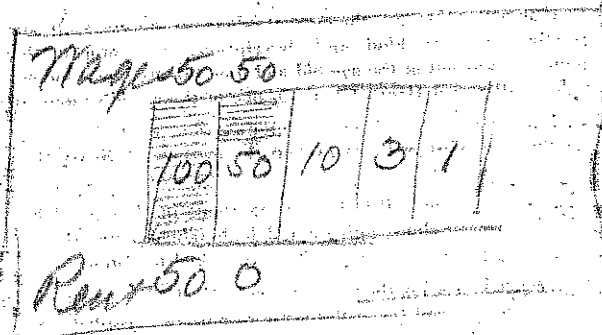
If the government collected the ~~full~~ rent of land, ~~and~~ only such land would be "owned" or occupied as was actually being used. No one could pay the rent of land and keep the land out of use. The uncollected rent of land is the basis of the Capitalized Selling Value of land, and therefore of its speculative value. If the rent of land was taken by the government there would be no selling value, and therefore no speculative value, in land. Land would be owned only to be used, and all land not used would be free for the use of any that wanted it and who were willing to

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pay its annual rent. There would be
no need to first buy land in order
to use land.

As rent expresses the advantages
^{more prospecting} that the land gives; the greater ^{lower the production cost, the advantages being} land will
which men can satisfy their desires, ~~the~~
~~production cost~~ or the greater return
they can secure ~~on such land~~; and as
men always seek to satisfy their needs
and their desires with the least resistance,
the least efforts - everyone, ^{under these conditions} would settle
on the best land that could be had.

Chart K



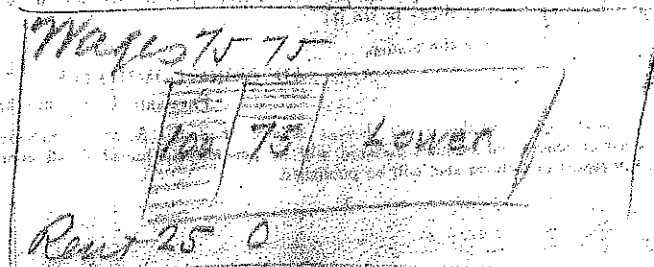
On Chart K is shown what would
happen if land were not held out of use.
The occupied territory on Chart K is
exactly the same in area as the occupied
territory on Chart J; it is different only
in the fact that the people now have
moved to the best lands in the country
(which is their natural tendency) leaving

W

Only the poorer lands unoccupied, with the result that wages throughout the entire community have risen from 1 to 50 and that Rent in the best land has dropped from 99 to 50. This is the Natural Law - The Law of Rent and Wages.

To complete our picture, however, we should consider the fact that the population of the Earth is so small in comparison to the size of the Earth that perhaps nowhere will it be necessary, under these conditions, for the population of any country or of any community to use ~~the~~ land so unproductive as will compel a resort to any such areas as low in productivity as that indicated by our index number 50. The greater likelihood is that conditions will more nearly approximate those shown on Chart L.

Chart L



land by government therefore tends to
greater employment of labor and thus to
an increase of wages.

It is axiomatic in Political Economy
that a tax on commodities (labor products)
or services is always expressed in the
prices of the commodities or services; that
thus taxes to some extent are price taxes; that
the increase of prices tends to weaken the
effective demand for the commodities and
services thus decreasing the quantity of
such commodities and services required and
so making for unemployment. A tax
on commodities and services therefore tends
to unemployment and lower wages.

Another difference in the nature
of land and labor is seen in the process
known as the production of wealth. (Necess
consists of natural products that have
been secured, moved, combined, separated,
or in other ways manipulated by human exertion,
so as to fit them for the gratification of
human desires. It is, in other words, labor
impressed upon matter in such a way as
to store up, as the heat of the sun is stored up

in coal, the power of human labor to
minimize the human element. 3) Proportionality, etc.)

On this process there are two fundamental
factors Land and Labor (There is a third
factor in production - Capital - but which,
being a part of Wealth and therefore
produced by Labor and Land is subsidiary
to both, and is not considered in this
treatment of fundamental factors. It will
be considered later)

In the production of Wealth, Labor is
the active factor - producing everything -
while Land is the passive factor - merely
permitting production. True, Land expresses
the additional productive power given to
it by community and social growth, but
such additional productive power is due
entirely to the presence and activity of the
community and is not the product of
the land itself.

As Labor produces all wealth
its return, or reward (Wages) is payment
for production or service; As Land
merely permits production its return

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(Rent) is payment for privilege —

Still another difference between Labor products and Land ~~is~~ ^{lies} in the fact that labor products are produced merely to be consumed and therefore require continual production and reproduction. Food products are almost immediately consumed; Clothing or such somewhat less perishable products, even though not immediately, are nevertheless soon consumed; and commodities of wood or metal or structures of steel and masonry that endure longer, are nevertheless consumed in time, or tend to deteriorate, and require continual labor to replace wear and tear. The only exceptions or apparent exceptions to this rule are paintings by old masters and relics or tokens whose value lies in their irreplaceability, and even these are destructible and require the care and attention of labor and the cost of protection and insurance.

Land requires neither labor for its production nor care for its maintenance, it is not consumed and cannot be destroyed; it requires no insurance. The land that is here now (excepting for

the labor that has been expended on it) is the same as that over which prehistoric man and women toiled many thousands of years ago.

We have said that Land Values are community values - subjective values - that they represent merely the pressure and activities of the community as a community. Commodities and Service Values are individual labor values, individual human values - objective values - produced by individuals as individuals.

This difference in the nature of Land values and Labor values is clearly shown in the different reaction of each to the Law of Supply and Demand. Labor values like Land values, are high as the supply of labor products and Land is small in relation to the demand ^{for them} and low as the supply is large in relation to the demand. But there the likeness ends.

Commodities can be, and are, reproduced as price rises, and their production ceases or entirely stops, as price falls so that (although all prices fluctuate because of reasons that will be traced elsewhere) we find

A norm, or medium level maintained in prices of like commodities ^{over considerable periods of time} and services.

An overcoat that at one time is produced to sell for \$50- is not at another time produced to sell for \$5- or for \$50.- / A building that at one time cost \$10,000- to build does not at another time cost 100,000- to build. The response of producers to the sides of price in the Law of Supply and Demand requires that.

Land cannot be reproduced in response to the demand for land; its supply at any given place is fixed; and continued demand for land necessarily means continued increase in price of land.

In large cities there are many examples of land once bought at hundreds of dollars per acre, now selling at millions of dollars per lot.

Because of these differences between the nature of land on the one hand and of labor and labor products on the other, between the nature of land values and of commodity and service values, land

has become the object of hoarding and speculation until it has been so monopolized that now less than ten per cent of the population of all "civilized" countries own all the land and all the natural resources in those countries, with the result that ninety per cent of these populations are landless and are compelled to pay tribute to those who own the Earth for the privilege of living on the Earth and producing the things whereby they live.

It will perhaps be freely admitted by everyone that Sun light and Air are the common heritage of all mankind and it perhaps will be also agreed that the reason that Sun light and air are the common heritage of all mankind is that Sun light and air are necessary to life; that without them mankind could not live; also that Sun light and air are the Creation of God, or Nature, and therefore belong to all alike. Is the Earth itself, upon which mankind lives and from which all men receive their sustenance, any less necessary

The Earth (Land) and all that it contains is in its Nature a free gift for the use of all on equal and equitable terms — equal as to individual rights and opportunities, equitable as to methods by which equality is secured. For Nature, having created all men with equal rights ^{and opportunities} has also provided the means of securing and maintaining these equal rights and opportunities.

Now does Nature stop there. The observance of Her Laws are not optional with man, but are mandatory; they must be obeyed or the transgression brings. This is just as true of Society, of Nations, of Civilizations, as it is of individuals.

Just as individual ailments are the punishments meted out by Nature for the violation of those Natural Laws that govern individual well-being, just as are poverty, ~~unemployment~~, ^{ignorance}, crime, vice, disease, unemployment,

individual aspirations, hard times, envy, hatred, strife, war, the breaking down of nations and the death of civilization, the punishments meted out by Nature to Society for the violation of those laws that govern Natural well-being.

The Earth has ever been ruled by the few. The masses have ever been slaves. The Earth's ownership has ever been the means of the oppression of the many. History records in times when producers, the mass government, were left unvalued in the possession of their products, and history may be read as a chronicle of poverty, destitution, crime, war and destruction, the destruction of Nations and the death of civilizations.

Almost all ancient civilizations have died. Egypt, Babylon, Greece, Rome are no more; the foundations of this civilization are crumbling. History has been known to repeat itself, and already the downfall of Modern Civilization

is foreseen and foretold by wise men
in all lands. Are we really doomed
to go the way of former civilizations?

It is for us to say. Salvation and
well-being for the State, for Society, for
Civilization as well as for individuals
lies in the observance of Natural Law.

Economic Rent (the rent of land)
is intended by Nature to be taken by
government and used for all communal
needs. Private ownership of land and
Economic Rent put in private pockets, thus
violating Natural Law, robbing the
people of what they create (and what
belongs to them) and compelling
governments to turn to rob the people
individually in taxation to pay for
governmental expenditures.

Let us take the rent of land and
stop individuals from robbing society,
let us abolish it and stop governments
from robbing individuals.

Eventually the line will be changed
even though in the meantime men and nations
suffer and die because of it. Why not
change it now? Natural Law is the law of God.