

The DISTRIBUTION of WEALTH¹

By C. LeBARON GOELLER

THE problem of the production of wealth has been solved, through co-operation, labor-saving machinery and the division of labor. There can be no doubt that with present machinery and that which could easily be added, enough can be produced to satisfy the reasonable wants of every human being on earth.

The problem of production being solved, the next, and equally important question is the division of that wealth among the persons (or factors) who produced it. And this problem is simpler than is generally supposed. Confusion arises because in giving the true or scientific solution we use the words in a technical sense which is usually different from the same word as used "on the street."²

The phrase "distribution of wealth" when used in the Science of Political Economy means the division of wealth among the factors or agents which produced it. Goods are not fully produced until they are in the hands of the consumer. Thus, scientifically speaking, railroads are agents in production and not distribution.

The division (or distribution) of wealth is governed by natural law. This means that natural laws, of a different kind but of the same nature as the natural laws in Chemistry or Astronomy, operate to divide wealth being produced (not wealth already produced³) into three portions which agree with the three agents that produced the wealth. They are *Moral Laws*⁴ and bear a penalty as do all other nat-

ural laws. If a person defies the law of gravity he will get hurt or even die. And when a nation or a civilization breaks the laws of distribution laid down by Nature the penalty is exacted, even though it takes centuries to accomplish the task. All of the ancient civilizations either died or became stagnant and deteriorated because they violated these laws.⁴

Three natural laws govern the distribution or division of wealth; the law of rent, the law of wages, and the law of interest. These categories correspond to the three agents or factors in production, i.e., Land, Labor and Capital.

The term Land⁵ means all the natural resources of the earth and is defined as "the natural universe outside of man himself." It includes mines, forests, waterways, city lots, etc.

Labor includes all human exertion.⁶ In science we deal primarily with labor exerted in producing wealth but also with labor which directly gratifies desire.

"Wealth consists of natural products that have been modified by human exertion to fit them for the gratification of human desires."⁶

Capital is wealth (*NOT* land) used by labor to produce more wealth. (Money is not capital).

Land yields Rent; Labor yields Wages; Capital yields Interest.

The problem therefore is: "Since produce is the sum of rent, wages and interest, what are these three products as a sum in proportion?"

As we have said, $\text{Produce} = \text{Rent} + \text{Wages} + \text{Interest}$. Therefore if produce be represented by any convenient number as 100, then if rent equaled 50, we know that wages and interest together would equal 50. Or again, if rent equaled 50 and interest equaled 5, then of necessity wages would equal 45, the sum of the three being 100.

The distribution of wealth is similar to three boys going fishing. Let us assume that Tom, Dick and

We do not propose to divide up the land in order to secure for each individual his "equal right to the use of the earth" and thereby increase his wages.

In Palestine under the Mosaic law the land was divided into twelve portions, a portion to a tribe, and then subdivided among the families, not as *their property*, but as a trust. Their Scripture read, "The earth is the Lord's." This family inheritance was not to be sold, for it was written, "The land shall not be sold forever, for the land is mine, for you are sojourners with me." (Leviticus 25:23 ff). If through necessity the land was sold it was returned to the original family at the Year of Jubilee.

The modern and scientific way to increase wages and destroy the specter of poverty and want is not to divide up the land, but to divide up the *Rent* of land after this fashion: You want to use good land (worth perhaps forty million dollars per acre) and you pay the land rent (two million dollars a year) to the government. Or you want farm land and you pay a small tax on the bare unimproved value of the land, and in many cases no tax at all.

There would be no other taxes to hinder you in developing the land you possessed on what would virtually be a perpetual lease. You would simply pay annually the land rent due the government. No tariff taxes to pay; no taxes on food or clothing; no taxes on buildings; no taxes on anything—except on land rent. The government would collect this rent instead of individuals. Unused land would naturally revert to the government and become available for resettlement. Land would have no selling price but only a renting value—and that rent would return annually to the people (the government).

What is technically called monopoly and speculative rent would then go to workers as increased wages, salaries, etc.⁷

This would mean, no more business depressions, no hard times, no poverty, no want, and a bounteous income for all people who did useful work.

NOTES—(1) *Progress and Poverty*, Bk.3, ch.1, and *Science of Political Economy*, Bk. 4. (2) *Prg.* Bk.1, ch.2. and *SPE* Introduction. (3) *SPE* Bk. 4, end of ch. 2. (4) *Prg.* Bk.10, ch.4. (5) See *Property in Land*. (6) See Index to *SPE*. (7) First long footnote in *Condition of Labor*.

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Harry catch 100 fish and that Tom takes 50 of them. Then we know that Dick and Harry together got 50 fish. Or if Tom got his 50 fish and Harry got only 5, we would know that Dick got 45 fish.

This is the substance of the problem of the distribution of wealth. Tom, you see, owned the fish pond. He simply said to Dick and Harry, "You must pay me rent (or royalty) if you fish here for I own the fish as well as the pond." Labor and Capital are forced to accept these terms for there is no way to get food or clothing on this planet except by getting it from the surface of the earth, a few feet up and a few feet down.

"It is a well provisioned ship, this on which we sail through space. If bread and beef above deck seem to grow scarce, we but open a hatch and there is a new supply, of which before we never dreamed. And very great command over the services of others comes to those who as the hatches are opened are permitted to say, 'This is mine.'"

It must be borne in mind that distribution always forms an equation. The higher land rent is the lower must be wages and interest taken together. Land being the sole supply of everything that labor uses, food, clothing, machinery, etc., and the reservoir out of which even capital is produced, industrial warfare is between the owners of natural resources (land) on the one hand and labor and capital on the other. On the surface only does there *appear* to be a struggle between capital and labor. In truth the struggle is between the owners of the earth and the rest of the population which must pay them tribute — which is called in science, rent.

Single-Taxism, or Georgeism, or Nultyism, or the *New Abolition*, is a scientific discovery that will secure to every honest and industrious person the full fruits of his labors. Since the worker in every field is defrauded through iniquitous land-laws, we would increase wages by changing our land-laws.