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W. WYLIE YOUNG, MINISTER

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My dear Friends or Colleagues:

We are now ready for a summary.

By this time, if you have been reading Progress and Poverty, you must realize the importance the author places upon careful, logical thinking. The beauty of this book is its fidelity to truth, which is never feared by the man who knows that "God is not the author of confusion."

Have you ever noticed how prone is the academic mind to use the words "Yes, but--?" Almost any discussion is plentifully punctuated with this phrase. This is because so little of our reasoning is done by working from established bases and arriving at points of common agreement by logical processes. Most forums and discussions degenerate into mere opinion swapping because the argument begins, goes, and gets nowhere. My impatience with this method of playing hide-and-seek with the truth is profound. Sooner or later we all avoid people who love an argument just for the sake of hearing themselves talk. Either we must begin with an agreed-upon premise and move logically from point to point, or we might as well stop talking and go to a movie.

Henry George begins with one very simple and well-established law of human nature, namely, that men seek to gratify their desires with the least exertion. To that we can all agree. Then he classifies the factors involved in the production and distribution of wealth. Here his logical mind separates the gifts of Nature, or God, from the parts played by man. He sees land as that which was here before man arrived; that which is here without man's having to so much as lift his little finger. Land is not wealth. Land is God's contribution in the partnership by which wealth is created. Man may only need to lift to his mouth some luscious fruit, and that small act may be all the labor involved in the process of changing that fruit from the status of land to the status of wealth,--but before it became wealth, at least that much energy had to be expended. Wealth can only be produced by the application of labor to land. Capital comes into the picture when man, by storing up a supply of wealth, finds it helpful to him in creating more wealth. It may be in the form of the most primitive wooden plow, or it may be in the form of a multi-million dollar turbine plant. The difference is only one of degree, not of kind. Any product of labor that has exchange value is wealth, and any wealth that is being used to produce other wealth is capital.

That we should distinguish between the gifts of God and the works of man is paramount. If we do this, we cannot use the word "property" without certain reservations. There are two kinds of property; property in land, and property in things produced by human labor. When you hear man's right to private property questioned or defended, be sure your proponent knows what kind of property he means. Is he clear in his distinction, or is he muddled? Usually he is muddled.

Henry George deals most effectively with the matter of natural right to private property in things produced by labor. He declares that a man has a right to what he has produced if he has paid a fair price to society for the privilege of using the land necessary to produce it. Moreover, he says, there should be no law to deny his claim to ownership of whatever he has produced. If he has cooperated with others in producing an article, his share in ownership accords with the extent to which he was the producer.

On the other hand, it is the reasoned deduction of Henry George that private property in land, with no payment to society for its use, has no justification by any law of justice or right of nature. "The earth is the Lord's." Man is but a tenant upon this earth and each person who is born into this world should have as equal a right to use the earth under his feet as he has to breathe the air above the earth. He may be an Indian of the lowest caste; he may be an African, either in Africa or in America; the very fact that he is a man should entitle him to equal access to the only source from which he can produce wealth by labor.

How did the idea of private ownership of land get started in the first place? It was the same in every civilization. At first the land was held in common, then certain men, greedy for profit and power, found that by claiming ownership to land and forcing other men to pay rent for the use of it, they could soon place others in the position of chattel or economic

slavery while they became the acknowledged masters. This is the story of one civilization after another. It takes just so much time for the process to complete itself, but eventually the law of rent pipes the wealth into the coffers of the landowner, and then all the evils that seem to attach themselves to so-called civilized life become apparent. Unless a man understands this fundamental principle he cannot read or interpret history with any real understanding; nor can he minister to people religiously with the necessary intelligence. He can hold the hands of the distressed victims. He can utter lofty and incomprehensible words of alleged comfort in the extremities of his people, but he is powerless to save them from the clutches of the unrecognized forces that grind them to despair. Man is victim of certain forces where his only recourse is trust in the ultimate goodness of God, and in such cases the comforts of religion are very real and necessary. But to speak words of misunderstanding in the face of understandable phenomena is a crime against the God of all truth and comfort.

When men say they believe in the institution of private property, they usually include both the ownership of land and the ownership of things produced from land. In saying this they relinquish all claim to the opportunity of sharing equally with their fellows in the socially created values which attach themselves to land. Few people who own property realize not only how much real wealth they are "done out of" by laws based on this view, but how much genuine freedom, peace, and security would result if they demanded and secured their natural God-given rights. Because they own a cluster of houses, or perhaps a thousand-acre farm, they refuse to stop and think how much better off they would be, both in the possession of real wealth and as social beings, if they insisted upon all having their share of the socially created values that attach themselves to all land. They prefer to go on believing that an individual who does nothing toward creating the values of land should have the right to collect in rent the value that has accrued, either because society chose to operate in that vicinity, or because the land harbors some socially useful substance like oil or gypsum. Although these values are created by all of society, under our present system the landowner has the sole right to profit by them.

Having analyzed the process of production and distribution, it becomes evident that the tendency for man to get the most for the least effort will induce the landowner to take all that his strategic position will permit. He will take for himself that which was brought into existence by the presence and activity of society. To such he has no moral right. Religion is supposed to deal with morality, and as a religionist I insist upon having something to say about the immorality of that procedure.

When, on the other hand, a social reformer declares that he believes in "social ownership and democratic management of the means of production, distribution, and exchange," he is saying that he is willing to turn over to the government all rights of ownership, including both land and many of the things produced by labor. If you subscribe to that principle you agree that the state should own the machines and tools used in the production of wealth and that you have no direct claim to any of the wealth you might choose to produce. This being so, the state alone will have the right to determine how much you may have for private use and consumption. This will depend upon many factors, among which your own individual power to produce, or your own initiative, will not necessarily be considered.

Again we say, having analyzed the process of production and distribution, it becomes evident that the tendency for men to get the most for the least effort will induce any individual who is thus forced to relinquish his claim to ownership of that which he has had a hand in producing, to lie down on the job and depend upon someone else to produce for him. Human nature being what it is, and this basic principle functioning as it does, the end result will be the drying up of the springs of initiative. There is no other conclusion to be reached if you let the state own all land and the means of production, distribution, and exchange. I believe religion has something to say about keeping intact the motives which inspire men to action. As a religionist, I feel impelled to warn against the inevitable decline in the sense of individual worth which would automatically result.

If we could believe that all men could be induced to work for purely idealistic reasons, we might not be so concerned about this danger. That many high-minded and cultured souls could be depended upon to do so, we do not question. The fact remains that in our present state of social development the great majority need other incentives. It is a sad commentary upon our sense of honor and responsibility that even under the pressure of global war there is a disgraceful amount of loafing upon defense jobs. This is invariably traceable to government control, which, if it were to become permanent, would result in the wholesale business of everybody letting George do everything,--and I don't mean "Henry." At least, until a long process of education has conditioned men to live in an economy of abundance, state ownership and control of the tools of production is a snare and a delusion and would eventuate in a most unwelcome form of statism which is certainly little better than slavery. For an excellent analysis of this, read Socialism, the Slave State, by Max Hirsch. The Schalkenbach Foundation, 50 East 69th Street, New York 21, will send you this booklet for the special price of only 15¢. You ought to read it, if you think socialism has the answers.

In the whole field of political economy there is no more important principle to keep in mind than the distinction between land and commodities. All men have a just right to own what they produce, but no man has any moral right to own land. And no individual, no group, no government, has any just right to take away that which a man produces with his own labor if he has paid to society the annual value of the land he occupies, -- a value created by the community as a whole.

Our failure to distinguish between the two kinds of property, land and commodities, and our failure to see the moral principle involved in man's relation to these two kinds of property, has cost more lives in war, famine, malnutrition, and disease, than any other single blind spot in our line of vision. As men of faith, we can have our neatly packaged theory of individual salvation done up in fancy ribbon, but if we as social creatures do not realize this truth, we are still "dead in our sins." We will go blindly on, participating in the process that makes for war and desolation everywhere. All our presumed knowledge of the power of grace to flood our beings with life will be useless to redeem us from the treachery of our laziness, selfishness, or just plain stupidity, that would blind our eyes to this truth about how we should relate ourselves to property.

Because we say man has a right to own land, what happens? As land increases in value (which often runs into millions of dollars for small plots), individuals get what rightfully belongs to society. The land where coal is mined in Pennsylvania is enormously valuable. There is as much or more coal in the mountains of Wyoming, but there, it has scarcely any value. Why? Because millions of people in the East demand Pennsylvania coal. Society created the value of that land. Individuals collect it in rent. The New York Central Railroad leases the land upon which stands the Waldorf Astoria Hotel, and that hotel company had to pay one million dollars a year in rent for that block of land. No wonder the capitalists who built the hotel had to declare bankruptcy! Whether it is an individual or a corporation that collects makes no essential difference. Society, not the stockholders of the New York Central, created the value of that land. By the operation of unjust laws, we, the members of society, were cheated out of a value which rightfully belonged to us, for we created it.

Again, because we say man has a right to own land, what happens? Every so often we are plunged into a depression that is heart-breaking and life-thwarting to millions. Why? Because of the speculative rise in land values. All authorities admit that speculation in land is the prelude to depression. All Georgists declare that this is the root cause of both acute and chronic economic pain. Wherever poverty has become a chronic condition you can look and see land monopolized by the few. A sure sign of an acute attack of economic pain is the artificial rise in land values.

For instance, assume that conditions have made a good market for potatoes for two consecutive years. The story gets around that one James Ewart bought a farm for ten thousand dollars and paid for the whole thing in two years. At last, the day to buy potato farms has arrived. Men who like that sort of life go out looking for good land. What do they find? Farms like the one Jimmie bought two years ago for ten thousand dollars are now only to be had for twenty thousand. The landowner is asserting the power which his strategic position gives him. Still, it looks like a good buy. A man may have to work four years instead of two to pay off the mortgage (sometimes twenty years is considered a reasonable period) but still it is a happy prospect. As the landowner joyfully notes the gleam in the public eye, he bites off the end of another cigar and makes a thousand dollars. Everywhere land goes up in price. Land for attractive homes has been bought from land speculators in the suburbs of the city. Not having that much money, but still lured on by pleasant prospects, land buyers turn to the banks for credit. Huge loans are contracted, loans that need never have been contemplated, and to the high price of land is added the burden of interest.

It is here that the curse of interest reveals itself. Here we make the point: Take care of the land problem and the interest problem will take care of itself, because everywhere, in both city and country, high land values and hope for future returns send men to the banks for credit. Always the banks must have the best of collateral. That is natural enough, but the excessive price of land makes borrowing and interest paying necessary. Inflated land values, plus high interest payments, eventuate in a condition which sees all the would-be potato kings or what have you, saddled with debts and having to pay out such sums of money as to have very little left for furniture, clothes, education, or what they hope to have when they pay off the mortgage.

Then money becomes scarce. The market begins to sag. Families pull in their belts. Potatoes go down in price - for they are not in such great demand. Money to exchange for goods becomes more and more scarce. Suddenly a shuddering tremor runs through the whole system. Then a stock-market collapse wipes out the presumed earnings of millions. This debacle is followed by the failure of one bank after another, as their mortgages for high-priced land put them in the farming business or find them holding deeds to hundreds of fine homes. That is what happens when a man insists that he has a right to own land.

What results from our failure to recognize that what a man produces with his labor belongs to him? Government officials get their heads together to decide how to raise money to pay for the cost of government. Some canny landowners form a bloc. They insist that the government place a tax upon the products of human labor. They see to it personally that those who labor pay the full price for the use of any land they may want to use, and they, the landowners, pocket the money. Now they say, in effect, "Take away from the laborer and the capitalist part of what he produces so that we can give you, our legislators, your salaries. Government is expensive. Labor produces many things. Take a cut on all that is produced and everyone will be happy."

What is the net result? The government proceeds to tax trade, income, profits, commodities and improvements made by labor upon land. The bulk of governmental expense is collected

in this way. An army of government officials is required to collect the taxes. The more taxing there is of commodities, incomes, so-called excess profits (whatever they are), the more difficult it is to produce commodities, incomes, and those vagaries known as excess profits. Taxes on commodities are always passed on to the consumer. This always tends to increase the price of the commodity. Increased prices always tend to lessen the demand and diminish the incentive to produce the commodity, and the ultimate result is always unemployment. With unemployment stalking the land the national income drops phenomenally and business firms begin drawing on the much-despised supply of red ink.

This is a familiar picture. I insist that the reason it is so familiar is that we cling to the institution of private property in land and have failed to see the basic evil in our present system of taxation. We condone the practice of giving to the landowner what rightfully belongs to society and we give meek assent to the practice of taking, in taxes, from the man who produces that which rightfully should be his to keep, or sell, or give away as he is minded.

Thus we put our finger on the basic cause of chronic poverty, acute unemployment, and economic depressions. Our thinking people of this land, and our law makers fail to recognize or will not admit the basic injustice of the institution of private property in land, nor will they call a halt to the evil and unjust practice of taking in taxes what should rightfully be left to the producer. Refusing to be forthright in their treatment of these evils, yet feeling impelled to relieve pressure areas here, there, and everywhere, our leaders proceed to bungle the whole business of government by trying to establish artificial controls that cannot possibly control.

Confronted with the distress of millions, our Government has broken completely with the American tradition of "Hands off, - unless." It has assumed its right to declare open season on all forms of business activity. The American business man is harassed to the point of exasperation. This is largely due to his own failure to comprehend the problem and insist on its proper solution.

If I have shed many tears over this plight of the men of affairs who cry aloud against the trend toward central control, I may as well admit they have been crocodile tears. Let these gentlemen be as forthright as they demand that their government ought to be. Let them make the changes which alone will relegate government to the sidelines. If they insist upon having their cake and eating it too, they can go on expecting exactly the same sort of treatment as they have been getting from the so-called "common man". He is not quite the docile creature he used to be. He may not see what is basically wrong, but he at least has political powers and he is going to employ them until business sets its own house in order.

There seems to be a fairly genuine desire on the part of business men to assume responsibility for the post-war era. Where, in any of their plans, is there a sign that they are willing to deal with the double-root cause of all the trouble? I have seen none, though I have examined carefully their blueprints. They can expect to face the same conditions which they have always faced unless and until they honestly deal with this question of the private ownership of natural resources.

Our church has been holding its World Order workshop across the land. Where, in the writings that are supposed to guide our thinking, has mention been made of the double-root cause of not only depression and poverty, but periodic wars? Nowhere!

Is this because our leaders do not know that poverty and war are blood brothers? I scarcely think so. Is it because they have never analyzed this problem successfully and so are not in a position, as leaders in a great church, to guide our thinking? That is quite possible. Could it be that we Presbyterians have such extensive holdings in land that our spokesmen, mistakenly believing that landholders would suffer from a proper change in our rent-taking system, are afraid to speak up? Could be! God pity us! Could be!

Still fraternally and hopefully yours,

*W. Byrd Young*

NOTE: It seems necessary to state again that no one makes or intends to make any money from the writing of these letters or from the sale of any books. Costs are defrayed by individuals who give and bequeath money for the teaching of the ideas of Henry George and who entrust these funds to The Henry George School of Social Science in New York City.