

The Sharing of Increased Productivity

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Increasing productivity, accompanied by lower prices or by increased quality at the same prices, is a phenomenon natural to the Free Enterprise System. This means an increased percentage of production of products and services in proportion to hours of labor and investment of productive Capital.

Along with increased productivity we have the problem of achieving justice in its distribution. Right or wrong, it is dominant public opinion that we now distribute this production unjustly. This is evident in the political support given paternalistic and welfare statist schemes designed to take purchasing power from rich people and rich states and to redistribute it to poor people and poor states through welfare or public improvement projects. This is financed mainly by the use of so-called "ability to pay" taxes, although more basic "bread and butter" type taxes are used to this end as well.

Today, increased productivity which most people believe is a good thing in itself, seems to create new problems. Many think it caused unemployment, and, unless the unemployed can be trained to do more technical or mechanically skilled work, many of them will be unemployable, and so become candidates for public assistance. Then, too, increased productivity is made the basis of claims for wage increases on the part of particular organized industrial groups. This is clearly observable in the case of railroads, in coal production, in the automobile industry, in printing and, in fact, in all sizeable areas where labor saving devices or methods have greatly increased productivity with the same or a smaller number of employees. Monopoly practices employed by men of business and industry to increase prices and profits by limiting competition and production are also significant causes of unjust distribution.

The greatest labor saving device man has ever discovered is trade. It is not an invention! Trade has stimulated and made possible an amazing interdependent division-of-labor process involving the people of all nations and of the world. Trade made possible the production of a great variety of extracted and grown materials, small and large

parts, partial or completed assemblies, all of which are to be used in ultimate production of finally completed units. Taking a great part in increasing the productivity of the system are scientists in all fields, teachers, engineers, doctors and dentists, lawyers and ministers. With such a widespread and fragmented system of production dominant in our way of getting a living, how is it possible for any particular organized group of men, either labor or capital owners, or both, to make special demands for increased rewards on the basis of increased productivity at any one point of the total national and international world cooperating process?

There is only one way that any basic volume of production and any given increase in productivity can give assurance that all people can directly benefit to some extent. This is to prevent government from being used by groups and to prevent privately organized groups of individuals or business concerns from planning and implementing arrangements through private agreements which unjustly give some more and others less than they could secure under conditions of fair competition; or honest regulation in cases of natural monopoly. We can and we must operate the economy so that increased productivity means lower prices in our endless market places, value considered. Then those who are pensioners, who live from incomes of capital and savings, who have either fixed or variable incomes, those who live primarily from wages, will all have a chance to benefit in just proportions. This cannot be if some unfairly siphon off much of this increased productivity for themselves in a way that either increases prices or, and this may be even more important, prevents prices from going lower.

Monopoly and special privilege is now and always has been the basic economic problem and the enemy of a people who would be free and live in a freedom environment. Yet, in spite of such moral-economic doctrines as the Golden Rule of commerce and industry, "Equal rights to all and special privileges to none," monopoly and special privilege widely infest Free Enterprise; the words so many use to praise Free Enterprise in one thing and what actually happens is too often quite another. Proper government and public policing of our system can effectively control or eliminate such evils.

Because of man's endless wants and desires for products and service which involves as they do his concepts of

quantity, quality and variety; because of practically endless useful land space on earth and natural materials in or on earth, and our power to grow raw materials of production; progress cannot be the cause of unemployment or of great lags in the time period of reemployment. There is a cause of unemployment but it is not progress in production, itself. People can and will learn the new skills they need, and under Free Enterprise ample facilities, public and private, which will aid them in the learning, will grow with the need for them.

The hard fact is we make serious mistakes in the operation of our Free Enterprise system. First, we let or cause our government to use taxes which punish incentive and stifle production. Second we allow it to create a massive and confused tax structure which results in lower taxes on the privilege of holding land. This causes an increase in the price of land which fences-out both labor and owners of true Capital from the use of much desirable land now either poorly used or not used at all, and causes costly urban sprawl.

It is clear to those with a more scientific understanding of economic cause and effect patterns that if we did not do so much to prevent much greater production and a more just distribution or sharing in the first place—distribution according to free market determination of each one's contribution—we would have no real pressure for paternalistic or welfare state types of redistribution. We treat the wrong problem—redistribution. The real problem is to expose and eliminate the basic cause of the original mal-distribution, the problem largely ignored by our most prominent "politics-economists" and the politicians they advise.

The root of unfair distribution lies basically in our grossly unscientific and miserable tax-structure. When earth and man were created we were given the only possible basis of economic science and of just taxation. Because Land and Labor (man) are the only two basic or primary factors of Economic Science, we know this; we can only tax the publicly created and earned value which attaches to land, a free gift of God or nature, by reason of population growth and progress; or, we can tax the value that attaches to products and services which, to satisfy our desires, must first be produced by cooperation of labor and capital owners.

If we imagine ourselves looking at our amazing complex and evil tax

structure through an economic fluoro-scope or an X-ray picture of it, what would we see? We would see this tax-structure warped and distorted so that the bulk of the costs of government, local, state and Federal, have been shifted off land values where they should fall, to Labor and Capital produced values where they should not fall. And this is the massive root of most of our economic and social problems, especially unjust distribution of wealth and services.

The greatest, most constant and most harmful—and the oldest—"Something for nothing" deal in all history is that our tax-structure is so designed as to allow some people to continually enjoy products and services by merely collecting tribute in the form of RENT-of-land (site and royalty rents) from other people for living, working and rearing a family on their own God-or-nature-given land. By an improper tax structure we have made the price of both products and services, and of land, higher than they economically should be today. This is the key-fact of all unjust distribution. To encourage greater productivity we must, first of all tax the value of land more to reduce its cost to people for use in industry and home building, and at the

same time untax man's productions. This is the one hope of securing a roll-back in the paternalistic or welfare state services based on ideas of redistribution.

What we are saying is this: A State of Welfare is the only sure answer to the Welfare State. Intelligent, common sense people know that an honest State of Welfare would not have caused so many square miles of slum and run-down property in our cities; would not have caused such vast differences in wellbeing between so-called over and under privileged people; would not have caused so much labor-capital strife, so many farmers in distress, so much government interference, such high taxes and the like. The most dangerous people today are the "intellectuals" who presume nothing is really wrong with what we do; that all we have to do now is to defeat liberals, progressives and Communists.

A State of Welfare exists in a country when the country is morally and economically conditioned so that all willing and able to work can do so and each earns sufficiently high real wages that few will have any interest in the doles of a Welfare State. Clearly our system must be operated to make prices of land, products and services lower,

not higher as we do now, to secure natural economic growth, and to absorb the currently unemployed. We should first of all stop *preventing* people from having a fair chance to take care of themselves in accordance with the just rule of willingness and ability to contribute products and services to others. Once this is accomplished, who in his right mind would seek a system of redistribution of products and services such as the one on the increase today. For in the hierarchy of justice, economic justice, and not social justice or mass-public charity, comes first.

But there can be no economic justice until man makes the natural and possible arrangements for the full heritage of each child of the land their God has given them. In law the people are deemed to be the owners of the land. Yet the fact remains that whosoever collects the Rent-of-land and keeps it for personal use, to that extent owns the land—personally, and justice to all is thus nullified. We have marvelous provisions for correcting this custom of greatest economic injustice; we need only collect the publicly earned rental value of land for public benefits and, to act justly, untax the privately created products and earnings of Labor and Capital owners as far as possible.