

Progress and Poverty

By

Henry George

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Foreword

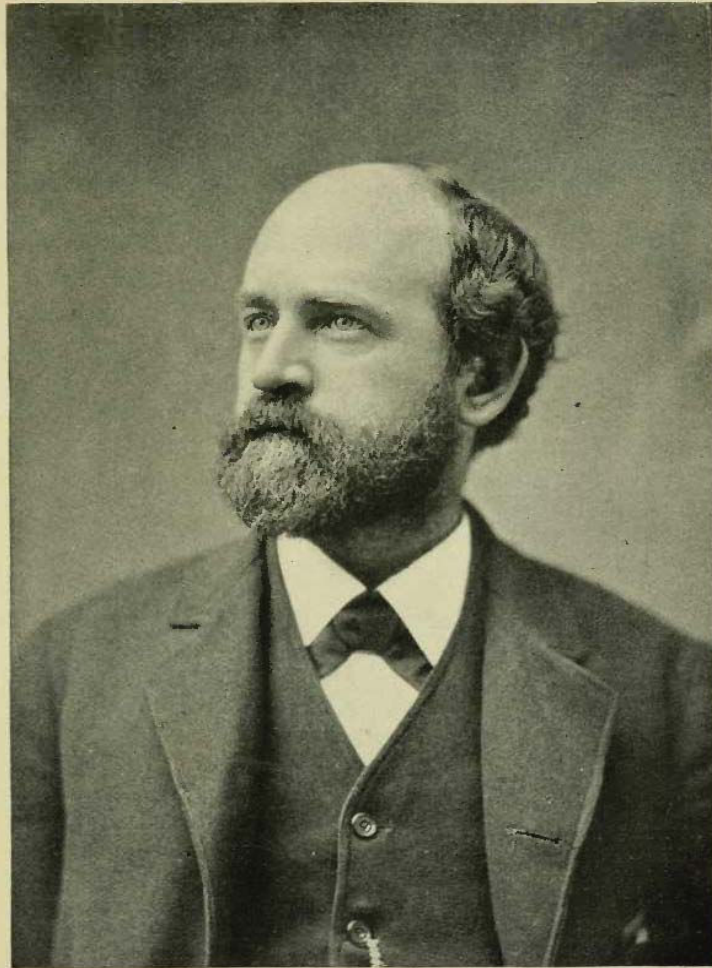
By

Douglas A. Hedin
Editor, MLHP

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The impending social crisis inspired Henry George (1839-97) to probe for the cause of extensive poverty in the midst of material progress. In *Progress and Poverty* (1879) he argued that the problem lay in the natural increase in land values accompanying economic development which permitted wealth to come to the hands of those fortunate enough to own land. Since it arose from social evolution rather than from personal ability, this "unearned increment," George argued, should be made to revert to society by means of taxation. Such a tax on land would in one blow strike at the root of monopoly, increase economic opportunity, and permit other taxes to be abandoned; it would be the Single Tax. *Progress and Poverty*, widely read in the late 1880's and early 1890's, attracted considerable popularity abroad where George lectured. In America his movement served less to provide specific solutions than as a vehicle to crystallize a vague discontent.¹

¹ Samuel P. Hays, *The Response to Industrialism, 1885-1914* 41 (Univ. Chicago Press, 1957).



From photograph taken in San Francisco shortly after writing
"Progress and Poverty."

***Progress and Poverty* is so tightly and logically argued, each chapter proceeding from the premises in previous ones, that it is a bit of a disservice to George to post only excerpts. Nonetheless, excerpts from his Introduction to the Fourth Edition, published in 1881, and from Chapters 6, 7 and 8, provide enough to understand his diagnosis and prescription for society's ills. They have been reformatted, the footnotes renumbered.**

At its invitation, George addressed the Minnesota Legislature on January 16, 1889. The St. Paul Daily Globe's account of his speech is posted in the Appendix, at 31-38.

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Progress and Poverty

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Preface to Fourth Edition

THE views herein set forth were in the main briefly stated in a pamphlet entitled "Our Land and Land Policy," published in San Francisco in 1871. I then intended, as soon as I could, to present them more fully, but the opportunity did not for a long time occur. In the meanwhile I became even more firmly convinced of their truth, and saw more completely and clearly their relations; and I also saw how many false ideas and erroneous habits of thought stood in the way of their recognition, and how necessary it was to go over the whole ground.

This I have here tried to do, as thoroughly as space would permit. It has been necessary for me to clear away before I could build up, and to write at once for those who have made no previous study of such subjects, and for those who are familiar with economic reasonings; and, so great is the scope of the argument that it has been impossible to treat with the fullness they deserve many of the questions raised. What I have most endeavored to do is to establish general principles, trusting to my readers to carry further their applications where this is needed.

In certain respects this book will be best appreciated by those who have some knowledge of economic literature; but no previous reading is necessary to the understanding of the argument or the passing of judgment upon its conclusions. The facts upon which I have relied are not facts which can only be verified by a search through libraries. They are facts of common observation and common knowledge, which every reader can verify for himself, just as he can decide whether the reasoning from them is or is not valid.

Beginning with a brief statement of facts which suggest this inquiry, I proceed to examine the explanation currently given in the name of political economy of the reason why, in spite of the increase of productive power, wages tend to the minimum of a bare living. This examination shows that the current doctrine of wages is founded upon a misconception; that, in truth, wages are produced by the labor for which they are paid, and should, other things being equal, increase with the number of laborers. Here the inquiry meets a doctrine which is the foundation and center of most important

economic theories, and which has powerfully influenced thought in all directions—the Malthusian doctrine, that population tends to increase faster than subsistence. Examination, however, shows that this doctrine has no real support either in fact or in analogy, and that when brought to a decisive test it is utterly disproved.

Thus far the results of the inquiry, though extremely important, are mainly negative. They show that current theories do not satisfactorily explain the connection of poverty with material progress, but throw no light upon the problem itself, beyond showing that its solution must be sought in the laws which govern the distribution of wealth. It therefore becomes necessary to carry the inquiry into this field. A preliminary review shows that the three laws of distribution must necessarily correlate with each other, which as laid down by the current political economy they fail to do, and an examination of the terminology in use reveals the confusion of thought by which this discrepancy has been slurred over. Proceeding then to work out the laws of distribution, I first take up the law of rent. This, it is readily seen, is correctly apprehended by the current political economy. But it is also seen that the full scope of this law has not been appreciated, and that it involves as corollaries the laws of wages and interest—the cause which determines what part of the produce shall go to the land-owner necessarily determining what part shall be left for labor and capital. Without resting here, I proceed to an independent deduction of the laws of interest and wages. I have stopped to determine the real cause and justification of interest, and to point out a source of much misconception—the confounding of what are really the profits of monopoly with the legitimate earnings of capital. Then returning to the main inquiry, investigation shows that interest must rise and fall with wages, and depends ultimately upon the same thing as rent—the margin of cultivation or point in production where rent begins. A similar but independent investigation of the law of wages yields similar harmonious results. Thus the three laws of distribution are brought into mutual support and harmony, and the fact that with material progress rent everywhere advances is seen to explain the fact that wages and interest do not advance.

What causes this advance of rent is the next question that arises, and it necessitates an examination of the effect of material progress upon the distribution of wealth. Separating the factors of material progress into increase of population and improvements in the arts, it is first seen that increase in population tends constantly, not merely by reducing the margin of cultivation, but by localizing the economies and powers which come with increased population, to increase the proportion of the aggregate produce which is taken in rent, and to reduce that which goes as wages and interest. Then eliminating increase of population, it is seen that improvement in the

methods and powers of production tends in the same direction, and, land being held as private property, would produce in a stationary population all the effects attributed by the Malthusian doctrine to pressure of population. And then a consideration of the effects of the continuous increase in land values which thus springs from material progress reveals in the speculative advance inevitably begotten when land is private property a derivative but most powerful cause of the increase of rent and the crowding down of wages. Deduction shows that this cause must necessarily produce periodical industrial depressions, and induction proves the conclusion; while from the analysis which has thus been made it is seen that the necessary result of material progress, land being private property, is, no matter what the increase in population, to force laborers to wages which give but a bare living.

This identification of the cause that associates poverty with progress points to the remedy, but it is so radical a remedy that I have next deemed it necessary to inquire whether there is any other remedy. Beginning the investigation again from another starting point, I have passed in examination the measures and tendencies currently advocated or trusted in for the improvement of the condition of the laboring masses. The result of this investigation is to prove the preceding one, as it shows that nothing short of making land common property can permanently relieve poverty and check the tendency of wages to the starvation-point.

The question of justice now naturally arises, and the inquiry passes into the field of ethics. An investigation of the nature and basis of property shows that there is a fundamental and irreconcilable difference between property in things which are the product of labor and property in land; that the one has a natural basis and sanction while the other has none, and that the recognition of exclusive property in land is necessarily a denial of the right of property in the products of labor. Further investigation shows that private property in land always has, and always must, as development proceeds, lead to the enslavement of the laboring class; that land owners can make no just claim to compensation if society choose to resume its right; that so far from private property in land being in accordance with the natural perceptions of men, the very reverse is true, and that in the United States we are already beginning to feel the effects of having admitted this erroneous and destructive principle.

The inquiry then passes to the field of practical statesmanship. It is seen that private property in land, instead of being necessary to its improvement and use, stands in the way of improvement and use, and entails an enormous waste of productive forces; that the recognition of the common right to land involves no shock or dispossession, but is to be reached by the simple and easy method of

abolishing all taxation save that upon land-values. And this an inquiry into the principles of taxation shows to be, in all respects, the best subject of taxation.

A consideration of the effects of the change proposed then shows that it would enormously increase production; would secure justice in distribution; would benefit all classes; and would make possible an advance to a higher and nobler civilization.

The inquiry now rises to a wider field, and recommences from another starting-point. For not only do the hopes which have been raised come into collision with the widespread idea that social progress is only possible by slow race improvement, but the conclusions we have arrived at assert certain laws which, if they are really natural laws, must be manifest in universal history. As a final test, it therefore becomes necessary to work out the law of human progress, for certain great facts which force themselves on our attention as soon as we begin to consider this subject, seem utterly inconsistent with what is now the current theory. This inquiry shows that differences in civilization are not due to differences in individuals, but rather to differences in social organization; that progress, always kindled by association, always passes into retrogression as inequality is developed; and that even now, in modern civilization, the causes which have destroyed all previous civilizations are beginning to manifest themselves, and that mere political democracy is running its course toward anarchy and despotism. But it also identifies the law of social life with the great moral law of justice, and, proving previous conclusions, shows how retrogression may be prevented and a grander advance begun. This ends the inquiry. The final chapter will explain itself.

The great importance of this inquiry will be obvious. If it has been carefully and logically pursued, its conclusions completely change the character of political economy, give it the coherence and certitude of a true science, and bring it into full sympathy with the aspirations of the masses of men, from which it has long been estranged. What I have done in this book, if I have correctly solved the great problem I have sought to investigate, is, to unite the truth perceived by the school of Smith and Ricardo to the truth perceived by the schools of Proudhon and Lasalle; to show that laissez faire (in its full true meaning) opens the way to a realization of the noble dreams of socialism; to identify social law with moral law, and to disprove ideas which in the minds of many cloud grand and elevating perceptions.

This work was written between August, 1877, and March, 1879, and the plates finished by September of that year. Since that time new illustrations have been given of the correctness of the views herein

advanced, and the march of events—and especially that great movement which has begun in Great Britain in the Irish land agitation—shows still more clearly the pressing nature of the problem I have endeavored to solve. But there has been nothing in the criticisms they have received to induce the change or modification of these views—in fact, I have yet to see an objection not answered in advance in the book itself. And except that some verbal errors have been corrected and a preface added, this edition is the same as previous ones.

Henry George
New York
November, 1880.

There must be refuge! Men
Perished in winter winds till one smote fire
From flint stones coldly hiding what they held,
The red spark treasured from the kindling sun;
They gorged on flesh like wolves, till one sowed corn,
Which grew a weed, yet makes the life of man;
They mowed and babbled till some tongue struck speech,
And patient fingers framed the lettered sound.
What good gift have my brothers, but it came
From search and strife and loving sacrifice?
—Edwin Arnold.

Never yet
Share of Truth was vainly set
In the world's wide fallow;
After hands shall sow the seed,
After hands, from hill and mead,
Reap the harvests yellow.

—Whittier.

Book VI, Chapter 2

The True Remedy

We have traced the unequal distribution of wealth which is the curse and menace of modern civilization to the institution of private property in land. We have seen that so long as this institution exists no increase in productive power can permanently benefit the masses; but, on the contrary, must tend still further to depress their condition. We have examined all the remedies, short of the abolition of private property in land, which are currently relied on or proposed for the relief of poverty and the better distribution of wealth, and have found them all inefficacious or impracticable.

There is but one way to remove an evil—and that is to remove its cause. Poverty deepens as wealth increases, and wages are forced down while productive power grows, because land, which is the source of all wealth and the field of all labor, is monopolized. To extirpate poverty, to make wages what justice commands they should be, the full earnings of the laborer, we must therefore substitute for the individual ownership of land a common ownership. Nothing else will go to the cause of the evil—in nothing else is there the slightest hope.

This, then, is the remedy for the unjust and unequal distribution of wealth apparent in modern civilization, and for all the evils which flow from it:

We must make land common property.

We have reached this conclusion by an examination in which every step has been proved and secured. In the chain of reasoning no link is wanting and no link is weak. Deduction and induction have brought us to the same truth—that the unequal ownership of land necessitates the unequal distribution of wealth. And as in the nature of things unequal ownership of land is inseparable from the recognition of individual property in land, it necessarily follows that the only remedy for the unjust distribution of wealth is in making land common property.

But this is a truth which, in the present state of society, will arouse the most bitter antagonism, and must fight its way, inch by inch. It will be necessary, therefore, to meet the objections of those who, even when driven to admit this truth, will declare that it cannot be practically applied.

In doing this we shall bring our previous reasoning to a new and crucial test. Just as we try addition by subtraction and multiplication by division, so may we, by testing the sufficiency of the remedy, prove the correctness of our conclusions as to the cause of the evil.

The laws of the universe are harmonious. And if the remedy to which we have been led is the true one, it must be consistent with justice; it must be practicable of application; it must accord with the tendencies of social development and must harmonize with other reforms.

All this I propose to show. I propose to meet all practical objections that can be raised, and to show that this simple measure is not only easy of application; but that it is a sufficient remedy for all the evils which, as modern progress goes on, arise from the greater and greater inequality in the distribution of wealth—that it will substitute equality for inequality, plenty for want, justice for injustice, social strength for social weakness, and will open the way to grander and nobler advances of civilization.

I thus propose to show that the laws of the universe do not deny the natural aspirations of the human heart; that the progress of society might be, and, if it is to continue, must be, toward equality, not toward inequality; and that the economic harmonies prove the truth perceived by the Stoic Emperor—

"We are made for co-operation—like feet, like hands, like eyelids, like the rows of the upper and lower teeth."

. . . .

Book VII, Chapter 1

The Injustice of Private Property in Land

When it is proposed to abolish private property in land the first question that will arise is that of justice. Though often warped by habit, superstition, and selfishness into the most distorted forms, the sentiment of justice is yet fundamental to the human mind, and whatever dispute arouses the passions of men, the conflict is sure to rage, not so much as to the question "Is it wise?" as to the question "Is it right?"

This tendency of popular discussions to take an ethical form has a cause. It springs from a law of the human mind; it rests upon a vague and instinctive recognition of what is probably the deepest truth we can grasp. That alone is wise which is just; that alone is

enduring which is right. In the narrow scale of individual actions and individual life this truth may be often obscured, but in the wider field of national life it everywhere stands out.

I bow to this arbitrament, and accept this test. If our inquiry into the cause which makes low wages and pauperism the accompaniments of material progress has led us to a correct conclusion, it will bear translation from terms of political economy into terms of ethics, and as the source of social evils show a wrong. If it will not do this, it is disproved. If it will do this, it is proved by the final decision. If private property in land be just, then is the remedy I propose a false one; if, on the contrary, private property in land be unjust, then is this remedy the true one.

What constitutes the rightful basis of property? What is it that enables a man justly to say of a thing, "It is mine!" From what springs the sentiment which acknowledges his exclusive right as against all the world? Is it not, primarily, the right of a man to himself, to the use of his own powers, to the enjoyment of the fruits of his own exertions? Is it not this individual right, which springs from and is testified to by the natural facts of individual organization—the fact that each particular pair of hands obey a particular brain and are related to a particular stomach; the fact that each man is a definite, coherent, independent whole—which alone justifies individual ownership? As a man belongs to himself, so his labor when put in concrete form belongs to him.

And for this reason, that which a man makes or produces is his own, as against all the world—to enjoy or to destroy, to use, to exchange, or to give. No one else can rightfully claim it, and his exclusive right to it involves no wrong to any one else. Thus there is to everything produced by human exertion a clear and indisputable title to exclusive possession and enjoyment, which is perfectly consistent with justice, as it descends from the original producer, in whom it vested by natural law. The pen with which I am writing is justly mine. No other human being can rightfully lay claim to it, for in me is the title of the producers who made it. It has become mine, because transferred to me by the stationer, to whom it was transferred by the importer, who obtained the exclusive right to it by transfer from the manufacturer, in whom, by the same process of purchase, vested the rights of those who dug the material from the ground and shaped it into a pen. Thus, my exclusive right of ownership in the pen springs from the natural right of the individual to the use of his own faculties.

Now, this is not only the original source from which all ideas of exclusive ownership arise—as is evident from the natural tendency of the mind to revert to it when the idea of exclusive ownership is

questioned, and the manner in which social relations develop—but it is necessarily the only source. There can be to the ownership of anything no rightful title which is not derived from the title of the producer and does not rest upon the natural right of the man to himself. There can be no other rightful title, because (1st) there is no other natural right from which any other title can be derived, and (2d) because the recognition of any other title is inconsistent with and destructive of this.

For (1st) what other right exists from which the right to the exclusive possession of anything can be derived, save the right of a man to himself? With what other power is man by nature clothed, save the power of exerting his own faculties? How can he in any other way act upon or affect material things or other men? Paralyze the motor nerves, and your man has no more external influence or power than a log or stone. From what else, then, can the right of possessing and controlling things be derived? If it spring not from man himself, from what can it spring? Nature acknowledges no ownership or control in man save as the result of exertion. In no other way can her treasures be drawn forth, her powers directed, or her forces utilized or controlled. She makes no discriminations among men, but is to all absolutely impartial. She knows no distinction between master and slave, king and subject, saint and sinner. All men to her stand upon an equal footing and have equal rights. She recognizes no claim but that of labor, and recognizes that without respect to the claimant. If a pirate spread his sails, the wind will fill them as well as it will fill those of a peaceful merchantman or missionary bark; if a king and a common man be thrown overboard, neither can keep his head above water except by swimming; birds will not come to be shot by the proprietor of the soil any quicker than they will come to be shot by the poacher; fish will bite or will not bite at a hook in utter disregard as to whether it is offered them by a good little boy who goes to Sunday-school, or a bad little boy who plays truant; grain will grow only as the ground is prepared and the seed is sown; it is only at the call of labor that ore can be raised from the mine; the sun shines and the rain falls, alike upon just and unjust. The laws of nature are the decrees of the Creator. There is written in them no recognition of any right save that of labor; and in them is written broadly and clearly the equal right of all men to the use and enjoyment of nature; to apply to her by their exertions, and to receive and possess her reward. Hence, as nature gives only to labor, the exertion of labor in production is the only title to exclusive possession.

2d. This right of ownership that springs from labor excludes the possibility of any other right of ownership. If a man be rightfully entitled to the produce of his labor, then no one can be rightfully entitled to the ownership of anything which is not the produce of his

labor, or the labor of some one else from whom the right has passed to him. If production give to the producer the right to exclusive possession and enjoyment, there can rightfully be no exclusive possession and enjoyment of anything not the produce of labor, and the recognition of private property in land is a wrong. For the right to the produce of labor cannot be enjoyed without the right to the free use of the opportunities offered by nature, and to admit the right of property in these is to deny the right of property in the produce of labor. When non-producers can claim as rent a portion of the wealth created by producers, the right of the producers to the fruits of their labor is to that extent denied.

There is no escape from this position. To affirm that a man can rightfully claim exclusive ownership in his own labor when embodied in material things, is to deny that any one can rightfully claim exclusive ownership in land. To affirm the rightfulness of property in land, is to affirm a claim which has no warrant in nature, as against a claim founded in the organization of man and the laws of the material universe.

What most prevents the realization of the injustice of private property in land is the habit of including all the things that are made the subject of ownership in one category, as property, or, if any distinction is made, drawing the line, according to the un-philosophical distinction of the lawyers, between personal property and real estate, or things movable and things immovable. The real and natural distinction is between things which are the produce of labor and things which are the gratuitous offerings of nature; or, to adopt the terms of political economy, between wealth and land.

These two classes of things are in essence and relations widely different, and to class them together as property is to confuse all thought when we come to consider the justice or the injustice, the right or the wrong of property.

A house and the lot on which it stands are alike property, as being the subject of ownership, and are alike classed by the lawyers as real estate. Yet in nature and relations they differ widely. The one is produced by human labor, and belongs to the class in political economy styled wealth. The other is a part of nature, and belongs to the class in political economy styled land.

The essential character of the one class of things is that they embody labor, are brought into being by human exertion, their existence or non-existence, their increase or diminution, depending on man. The essential character of the other class of things is that they do not embody labor, and exist irrespective of human exertion and irrespective of man; they are the field or environment in which man

finds himself; the storehouse from which his needs must be supplied, the raw material upon which and the forces with which alone his labor can act.

The moment this distinction is realized, that moment is it seen that the sanction which natural justice gives to one species of property is denied to the other; that the rightfulness which attaches to individual property in the produce of labor implies the wrongfulness of individual property in land; that, whereas the recognition of the one places all men upon equal terms, securing to each the due reward of his labor, the recognition of the other is the denial of the equal rights of men, permitting those who do not labor to take the natural reward of those who do.

Whatever may be said for the institution of private property in land, it is therefore plain that it cannot be defended on the score of justice. The equal right of all men to the use of land is as clear as their equal right to breathe the air—it is a right proclaimed by the fact of their existence. For we cannot suppose that some men have a right to be in this world and others no right.

If we are all here by the equal permission of the Creator, we are all here with an equal title to the enjoyment of his bounty—with an equal right to the use of all that nature so impartially offers.² This is

² In saying that private property in land can, in the ultimate analysis, be justified only on the theory that some men have a better right to existence than others, I am stating only what the advocates of the existing system have themselves perceived. What gave to Malthus his popularity among the ruling classes—what caused his illogical book to be received as a new revelation, induced sovereigns to send him decorations, and the meanest rich man in England to propose to give him a living, was the fact that he furnished a plausible reason for the assumption that some have a better right to existence than others—an assumption which is necessary for the justification of private property in land, and which Malthus clearly states in the declaration that the tendency of population is constantly to bring into the world human beings for whom nature refuses to provide, and who consequently "have not the slightest right to any share in the existing store of the necessaries of life"; whom she tells as interlopers to begone, "and does not hesitate to extort by force obedience to her mandates," employing for that purpose "hunger and pestilence, war and crime, mortality and neglect of infantine life, prostitution and syphilis." And to-day this Malthusian doctrine is the ultimate defense upon which those who justify private property in land fall back. In no other way can it be logically defended.

² This natural and inalienable right to the equal use and enjoyment of land is so apparent that it has been recognized by men wherever force or habit has not blunted first perceptions. To give but one instance: The white settlers of New Zealand found themselves unable to get from the Maoris what the latter considered a complete title to land, because, although a whole tribe might have consented to a sale, they would still claim with every new child born among them an additional payment on the ground that they had parted with only their own rights, and could not sell those of the unborn. The government was obliged to step in and settle the matter by buying land for a tribal annuity, in which every child that is born acquires a share.

a right which is natural and inalienable; it is a right which vests in every human being as he enters the world, and which during his continuance in the world can be limited only by the equal rights of others. There is in nature no such thing as a fee simple in land. There is on earth no power which can rightfully make a grant of exclusive ownership in land. If all existing men were to unite to grant away their equal rights, they could not grant away the right of those who follow them. For what are we but tenants for a day? Have we made the earth, that we should determine the rights of those who after us shall tenant it in their turn? The Almighty, who created the earth for man and man for the earth, has entailed it upon all the generations of the children of men by a decree written upon the constitution of all things—a decree which no human action can bar and no prescription determine. Let the parchments be ever so many, or possession ever so long, natural justice can recognize no right in one man to the possession and enjoyment of land that is not equally the right of all his fellows. Though his titles have been acquiesced in by generation after generation, to the landed estates of the Duke of Westminster the poorest child that is born in London to-day has as much right as has his eldest son.³ Though the sovereign people of the state of New York consent to the landed possessions of the Astors, the puniest infant that comes wailing into the world in the squalidest room of the most miserable tenement house, becomes at that moment seized of an equal right with the millionaires. And it is robbed if the right is denied.

Our previous conclusions, irresistible in themselves, thus stand approved by the highest and final test. Translated from terms of political economy into terms of ethics they show a wrong as the source of the evils which increase as material progress goes on.

The masses of men, who in the midst of abundance suffer want; who, clothed with political freedom, are condemned to the wages of slavery; to whose toil labor-saving inventions bring no relief, but rather seem to rob them of a privilege, instinctively feel that "there is something wrong." And they are right.

³ This natural and inalienable right to the equal use and enjoyment of land is so apparent that it has been recognized by men wherever force or habit has not blunted first perceptions. To give but one instance: The white settlers of New Zealand found themselves unable to get from the Maoris what the latter considered a complete title to land, because, although a whole tribe might have consented to a sale, they would still claim with every new child born among them an additional payment on the ground that they had parted with only their own rights, and could not sell those of the unborn. The government was obliged to step in and settle the matter by buying land for a tribal annuity, in which every child that is born acquires a share.

The wide-spreading social evils which everywhere oppress men amid an advancing civilization spring from a great primary wrong—the appropriation, as the exclusive property of some men, of the land on which and from which all must live. From this fundamental injustice flow all the injustices which distort and endanger modern development, which condemn the producer of wealth to poverty and pamper the non-producer in luxury, which rear the tenement house with the palace, plant the brothel behind the church, and compel us to build prisons as we open new schools.

There is nothing strange or inexplicable in the phenomena that are now perplexing the world. It is not that material progress is not in itself a good; it is not that nature has called into being children for whom she has failed to provide; it is not that the Creator has left on natural laws a taint of injustice at which even the human mind revolts, that material progress brings such bitter fruits. That amid our highest civilization men faint and die with want is not due to the niggardliness of nature, but to the injustice of man. Vice and misery, poverty and pauperism, are not the legitimate results of increase of population and industrial development; they only follow increase of population and industrial development because land is treated as private property—they are the direct and necessary results of the violation of the supreme law of justice, involved in giving to some men the exclusive possession of that which nature provides for all men.

The recognition of individual proprietorship of land is the denial of the natural rights of other individuals—it is a wrong which must show itself in the inequitable division of wealth. For as labor cannot produce without the use of land, the denial of the equal right to the use of land is necessarily the denial of the right of labor to its own produce. If one man can command the land upon which others must labor, he can appropriate the produce of their labor as the price of his permission to labor. The fundamental law of nature, that her enjoyment by man shall be consequent upon his exertion, is thus violated. The one receives without producing; the others produce without receiving. The one is unjustly enriched; the others are robbed. To this fundamental wrong we have traced the unjust distribution of wealth which is separating modern society into the very rich and the very poor. It is the continuous increase of rent—the price that labor is compelled to pay for the use of land, which strips the many of the wealth they justly earn, to pile it up in the hands of the few, who do nothing to earn it.

Why should they who suffer from this injustice hesitate for one moment to sweep it away? Who are the land holders that they should thus be permitted to reap where they have not sown?

Consider for a moment the utter absurdity of the titles by which we permit to be gravely passed from John Doe to Richard Roe the right exclusively to possess the earth, giving absolute dominion as against all others. In California our land titles go back to the Supreme Government of Mexico, who took from the Spanish King, who took from the Pope, when he by a stroke of the pen divided lands yet to be discovered between the Spanish or Portuguese—or if you please they rest upon conquest. In the Eastern States they go back to treaties with Indians and grants from English Kings; in Louisiana to the Government of France; in Florida to the Government of Spain; while in England they go back to the Norman conquerors. Everywhere, not to a right which obliges, but to a force which compels. And when a title rests but on force, no complaint can be made when force annuls it. Whenever the people, having the power, choose to annul those titles, no objection can be made in the name of justice. There have existed men who had the power to hold or to give exclusive possession of portions of the earth's surface, but when and where did there exist the human being who had the right?

The right to exclusive ownership of anything of human production is clear. No matter how many the hands through which it has passed, there was, at the beginning of the line, human labor—some one who, having procured or produced it by his exertions, had to it a clear title as against all the rest of mankind, and which could justly pass from one to another by sale or gift. But at the end of what string of conveyances or grants can be shown or supposed a like title to any part of the material universe? To improvements, such an original title can be shown; but it is a title only to the improvements, and not to the land itself. If I clear a forest, drain a swamp, or fill a morass, all I can justly claim is the value given by these exertions. They give me no right to the land itself, no claim other than to my equal share with every other member of the community in the value which is added to it by the growth of the community.

But it will be said: There are improvements which in time become indistinguishable from the land itself! Very well; then the title to the improvements becomes blended with the title to the land; the individual right is lost in the common right. It is the greater that swallows up the less, not the less that swallows up the greater. Nature does not proceed from man, but man from nature, and it is into the bosom of nature that he and all his works must return again. Yet, it will be said: As every man has a right to the use and enjoyment of nature, the man who is using land must be permitted the exclusive right to its use in order that he may get the full benefit of his labor. But there is no difficulty in determining where the individual right ends and the common right begins. A delicate and exact test is supplied by value, and with its aid there is no difficulty, no matter how dense population may become, in determining and

securing the exact rights of each, the equal rights of all. The value of land, as we have seen, is the price of monopoly. It is not the absolute, but the relative, capability of land that determines its value. No matter what may be its intrinsic qualities land that is no better than other land which may be had for the using can have no value. And the value of land always measures the difference between it and the best land that may be had for the using. Thus, the value of land expresses in exact and tangible form the right of the community in land held by an individual; and rent expresses the exact amount which the individual should pay to the community to satisfy the equal rights of all other members of the community. Thus, if we concede to priority of possession the undisturbed use of land, confiscating rent for the benefit of the community, we reconcile the fixity of tenure which is necessary for improvement with a full and complete recognition of the equal rights of all to the use of land.

As for the deduction of a complete and exclusive individual right to land from priority of occupation, that is, if possible, the most absurd ground on which land ownership can be defended. Priority of occupation give exclusive and perpetual title to the surface of a globe on which, in the order of nature, countless generations succeed each other! Had the men of the last generation any better right to the use of this world than we of this? or the men of a hundred years ago? or of a thousand years ago? Had the mound-builders, or the cave-dwellers, the contemporaries of the mastodon and the three-toed horse, or the generations still further back, who, in dim æons that we can think of only as geologic periods, followed each other on the earth we now tenant for our little day?

Has the first comer at a banquet the right to turn back all the chairs and claim that none of the other guests shall partake of the food provided, except as they make terms with him? Does the first man who presents a ticket at the door of a theater, and passes in, acquire by his priority the right to shut the doors and have the performance go on for him alone? Does the first passenger who enters a railroad car obtain the right to scatter his baggage over all the seats and compel the passengers who come in after him to stand up?

The cases are perfectly analogous. We arrive and we depart, guests at a banquet continually spread, spectators and participants in an entertainment where there is room for all who come; passengers from station to station, on an orb that whirls through space—our rights to take and possess cannot be exclusive; they must be bounded everywhere by the equal rights of others. Just as the passenger in a railroad car may spread himself and his baggage over as many seats as he pleases, until other passengers come in, so may a settler take and use as much land as he chooses, until it is needed by others—a fact which is shown by the land acquiring a value—when

his right must be curtailed by the equal rights of the others, and no priority of appropriation can give a right which will bar these equal rights of others. If this were not the case, then by priority of appropriation one man could acquire and could transmit to whom he pleased, not merely the exclusive right to 160 acres, or to 640 acres, but to a whole township, a whole state, a whole continent.

And to this manifest absurdity does the recognition of individual right to land come when carried to its ultimate—that any one human being, could he concentrate in himself the individual rights to the land of any country, could expel therefrom all the rest of its inhabitants; and could he thus concentrate the individual rights to the whole surface of the globe, he alone of all the teeming population of the earth would have the right to live.

And what upon this supposition would occur is, upon a smaller scale, realized in actual fact. The territorial lords of Great Britain, to whom grants of land have given the "white parasols and elephants mad with pride," have over and over again expelled from large districts the native population, whose ancestors had lived on the land from immemorial times—driven them off to emigrate, to become paupers, or to starve. And on uncultivated tracts of land in the new state of California may be seen the blackened chimneys of homes from which settlers have been driven by force of laws which ignore natural right, and great stretches of land which might be populous are desolate, because the recognition of exclusive ownership has put it in the power of one human creature to forbid his fellows from using it. The comparative handful of proprietors who own the surface of the British Islands would be doing only what English law gives them full power to do, and what many of them have done on a smaller scale already, were they to exclude the millions of British people from their native islands. And such an exclusion, by which a few hundred thousand should at will banish thirty million people from their native country, while it would be more striking, would not be a whit more repugnant to natural right than the spectacle now presented, of the vast body of the British people being compelled to pay such enormous sums to a few of their number for the privilege of being permitted to live upon and use the land which they so fondly call their own; which is endeared to them by memories so tender and so glorious, and for which they are held in duty bound, if need be, to spill their blood and lay down their lives.

I refer only to the British Islands, because, land ownership being more concentrated there, they afford a more striking illustration of what private property in land necessarily involves. "To whomsoever the soil at any time belongs, to him belong the fruits of it," is a truth that becomes more and more apparent as population becomes denser and invention and improvement add to productive power; but

it is everywhere a truth—as much in our new States as in the British Islands or by the banks of the Indus.

....

Book VIII, Chapter 2

How Equal Rights to the Land May Be Asserted and Secured

We have traced the want and suffering that everywhere prevail among the working classes, the recurring paroxysms of industrial depression, the scarcity of employment, the stagnation of capital, the tendency of wages to the starvation point, that exhibit themselves more and more strongly as material progress goes on, to the fact that the land on which and from which all must live is made the exclusive property of some.

We have seen that there is no possible remedy for these evils but the abolition of their cause; we have seen that private property in land has no warrant in justice, but stands condemned as the denial of natural right—a subversion of the law of nature that as social development goes on must condemn the masses of men to a slavery the hardest and most degrading.

We have weighed every objection, and seen that neither on the ground of equity or expediency is there anything to deter us from making land common property by confiscating rent.

But a question of method remains. How shall we do it?

We should satisfy the law of justice, we should meet all economic requirements, by at one stroke abolishing all private titles, declaring all land public property, and letting it out to the highest bidders in lots to suit, under such conditions as would sacredly guard the private right to improvements.

Thus we should secure, in a more complex state of society, the same equality of rights that in a ruder state were secured by equal partitions of the soil, and by giving the use of the land to whoever could procure the most from it, we should secure the greatest production.

Such a plan, instead of being a wild, impracticable vagary, has (with the exception that he suggests compensation to the present holders of land—undoubtedly a careless concession which he upon reflection

would reconsider) been indorsed by no less eminent a thinker than Herbert Spencer, who ("Social Statics," Chap. IX, Sec. 8) says of it:

"Such a doctrine is consistent with the highest state of civilization; may be carried out without involving a community of goods, and need cause no very serious revolution in existing arrangements. The change required would simply be a change of landlords. Separate ownership would merge into the joint-stock ownership of the public. Instead of being in the possession of individuals, the country would be held by the great corporate body—society. Instead of leasing his acres from an isolated proprietor, the farmer would lease them from the nation. Instead of paying his rent to the agent of Sir John or his Grace, he would pay it to an agent or deputy agent of the community. Stewards would be public officials instead of private ones, and tenancy the only land tenure. A state of things so ordered would be in perfect harmony with the moral law. Under it all men would be equally landlords, all men would be alike free to become tenants. . . . Clearly, therefore, on such a system, the earth might be enclosed, occupied and cultivated, in entire subordination to the law of equal freedom."

But such a plan, though perfectly feasible, does not seem to me the best. Or rather I propose to accomplish the same thing in a simpler, easier, and quieter way, than that of formally confiscating all the land and formally letting it out to the highest bidders.

To do that would involve a needless shock to present customs and habits of thought—which is to be avoided.

To do that would involve a needless extension of governmental machinery—which is to be avoided.

It is an axiom of statesmanship, which the successful founders of tyranny have understood and acted upon that great changes can best be brought about under old forms. We, who would free men, should heed the same truth. It is the natural method. When nature would make a higher type, she takes a lower one and develops it. This, also, is the law of social growth. Let us work by it. With the current we may glide fast and far. Against it, it is hard pulling and slow progress.

I do not propose either to purchase or to confiscate private property in land. The first would be unjust; the second, needless. Let the individuals who now hold it still retain, if they want to, possession of what they are pleased to call their land. Let them continue to call it their land. Let them buy and sell, and bequeath and devise it. We may safely leave them the shell, if we take the kernel. It is not necessary to confiscate land; it is only necessary to confiscate rent.

Nor to take rent for public uses is it necessary that the State should bother with the letting of lands, and assume the chances of the favoritism, collusion, and corruption this might involve. It is not necessary that any new machinery should be created. The machinery already exists. Instead of extending it, all we have to do is to simplify and reduce it. By leaving to land owners a percentage of rent which would probably be much less than the cost and loss involved in attempting to rent lands through State agency, and by making use of this existing machinery, we may, without jar or shock, assert the common right to land by taking rent for public uses.

We already take some rent in taxation. We have only to make some changes in our modes of taxation to take it all.

What I, therefore, propose, as the simple yet sovereign remedy, which will raise wages, increase the earnings of capital, extirpate pauperism, abolish poverty, give remunerative employment to whoever wishes it, afford free scope to human powers, lessen crime, elevate morals, and taste, and intelligence, purify government and carry civilization to yet nobler heights, is—to appropriate rent by taxation.

In this way the State may become the universal landlord without calling herself so, and without assuming a single new function. In form, the ownership of land would remain just as now. No owner of land need be dispossessed, and no restriction need be placed upon the amount of land any one could hold. For, rent being taken by the State in taxes, land, no matter in whose name it stood, or in what parcels it was held, would be really common property, and every member of the community would participate in the advantages of its ownership.

Now, insomuch as the taxation of rent, or land values, must necessarily be increased just as we abolish other taxes, we may put the proposition into practical form by proposing—

To abolish all taxation save that upon land values.

As we have seen, the value of land is at the beginning of society nothing, but as society develops by the increase of population and the advance of the arts, it becomes greater and greater. In every civilized country, even the newest, the value of the land taken as a whole is sufficient to bear the entire expenses of government. In the better developed countries it is much more than sufficient. Hence it will not be enough merely to place all taxes upon the value of land. It will be necessary, where rent exceeds the present governmental revenues, commensurately to increase the amount demanded in taxation, and to continue this increase as society progresses and rent

advances. But this is so natural and easy a matter, that it may be considered as involved, or at least understood, in the proposition to put all taxes on the value of land. That is the first step upon which the practical struggle must be made. When the hare is once caught and killed, cooking him will follow as a matter of course. When the common right to land is so far appreciated that all taxes are abolished save those which fall upon rent, there is no danger of much more than is necessary to induce them to collect the public revenues being left to individual land holders.

Experience has taught me (for I have been for some years endeavoring to popularize this proposition) that wherever the idea of concentrating all taxation upon land values finds lodgment sufficient to induce consideration, it invariably makes way, but that there are few of the classes most to be benefited by it, who at first, or even for a long time afterward, see its full significance and power. It is difficult for workingmen to get over the idea that there is a real antagonism between capital and labor. It is difficult for small farmers and homestead owners to get over the idea that to put all taxes on the value of land would be unduly to tax them. It is difficult for both classes to get over the idea that to exempt capital from taxation would be to make the rich richer, and the poor poorer. These ideas spring from confused thought. But behind ignorance and prejudice there is a powerful interest, which has hitherto dominated literature, education, and opinion. A great wrong always dies hard, and the great wrong which in every civilized country condemns the masses of men to poverty and want, will not die without a bitter struggle.

I do not think the ideas of which I speak can be entertained by the reader who has followed me thus far; but inasmuch as any popular discussion must deal with the concrete, rather than the abstract, let me ask him to follow me somewhat further, that we may try the remedy I have proposed by the accepted canons of taxation. In doing so, many incidental bearings may be seen that otherwise might escape notice.

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Book VIII, Chapter 3

The Proposition Tried by the Canons of Taxation.

The best tax by which public revenues can be raised is evidently that which will closest conform to the following conditions:

- 1. That it bear as lightly as possible upon production—so as least to check the increase of the general fund from which taxes must be paid and the community maintained.**
- 2. That it be easily and cheaply collected, and fall as directly as may be upon the ultimate payers—so as to take from the people as little as possible in addition to what it yields the government.**
- 3. That it be certain—so as to give the least opportunity for tyranny or corruption on the part of officials, and the least temptation to law-breaking and evasion on the part of the taxpayers.**
- 4. That it bear equally—so as to give no citizen an advantage or put any at a disadvantage, as compared with others.**

Let us consider what form of taxation best accords with these conditions. Whatever it be, that evidently will be the best mode in which the public revenues can be raised.

I.—The Effect of Taxes upon Production

All taxes must evidently come from the produce of land and labor, since there is no other source of wealth than the union of human exertion with the material and forces of nature. But the manner in which equal amounts of taxation may be imposed may very differently affect the production of wealth. Taxation which lessens the reward of the producer necessarily lessens the incentive to production; taxation which is conditioned upon the act of production, or the use of any of the three factors of production, necessarily discourages production. Thus taxation which diminishes the earnings of the laborer or the returns of the capitalist tends to render the one less industrious and intelligent, the other less disposed to save and invest. Taxation which falls upon the processes of production interposes an artificial obstacle to the creation of wealth. Taxation which falls upon labor as it is exerted, wealth as it is used as capital, land as it is cultivated, will manifestly tend to discourage production much more powerfully than taxation to the same amount levied upon laborers, whether they work or play, upon wealth whether used productively or unproductively, or upon land whether cultivated or left waste.

The mode of taxation is, in fact, quite as important as the amount. As a small burden badly placed may distress a horse that could carry with ease a much larger one properly adjusted, so a people may be impoverished and their power of producing wealth destroyed by taxation, which, if levied in another way, could be borne with ease. A tax on date trees, imposed by Mohammed Ali, caused the Egyptian fellahs to cut down their trees; but a tax of twice the amount imposed on the land produced no such result. The tax of ten per cent. on all sales, imposed by the Duke of Alva in the Netherlands, would,

had it been maintained, have all but stopped exchange while yielding but little revenue.

But we need not go abroad for illustrations. The production of wealth in the United States is largely lessened by taxation which bears upon its processes. Ship-building, in which we excelled, has been all but destroyed, so far as the foreign trade is concerned, and many branches of production and exchange seriously crippled, by taxes which divert industry from more to less productive forms.

This checking of production is in greater or less degree characteristic of most of the taxes by which the revenues of modern governments are raised. All taxes upon manufactures, all taxes upon commerce, all taxes upon capital, all taxes upon improvements, are of this kind. Their tendency is the same as that of Mohammed Ali's tax on date trees, though their effect may not be so clearly seen.

All such taxes have a tendency to reduce the production of wealth, and should, therefore, never be resorted to when it is possible to raise money by taxes which do not check production. This becomes possible as society develops and wealth accumulates. Taxes which fall upon ostentation would simply turn into the public treasury what otherwise would be wasted in vain show for the sake of show; and taxes upon wills and devises of the rich would probably have little effect in checking the desire for accumulation, which, after it has fairly got hold of a man, becomes a blind passion. But the great class of taxes from which revenue may be derived without interference with production are taxes upon monopolies—for the profit of monopoly is in itself a tax levied upon production, and to tax it is simply to divert into the public coffers what production must in any event pay.

There are among us various sorts of monopolies. For instance, there are the temporary monopolies created by the patent and copyright laws. These it would be extremely unjust and unwise to tax, inasmuch as they are but recognitions of the right of labor to its intangible productions, and constitute a reward held out to invention and authorship.⁴ There are also the onerous monopolies alluded to

⁴ Following the habit of confounding the exclusive right granted by a patent and that granted by a copyright as recognitions of the right of labor to its intangible productions, I in this fell into error which I subsequently acknowledged and corrected in the Standard of June 23, 1888. The two things are not alike, but essentially different. The copyright is not a right to the exclusive use of a fact, an idea, or a combination, which by the natural law of property all are free to use; but only to the labor expended in the thing itself. It does not prevent any one from using for himself the facts, the knowledge, the laws or combinations for a similar production, but only from using the identical form of the particular book or other production—the actual labor which has in short been expended in producing it. It rests therefore upon the natural, moral right of each one to enjoy the products of his

in Chap. IV of Book III, which result from the aggregation of capital in businesses which are of the nature of monopolies. But while it would be extremely difficult, if not altogether impossible, to levy taxes by general law so that they would fall exclusively on the returns of such monopoly and not become taxes on production or exchange, it is much better that these monopolies should be abolished. In large part they spring from legislative commission or omission, as, for instance, the ultimate reason that San Francisco merchants are compelled to pay more for goods sent direct from New York to San Francisco by the Isthmus route than it costs to ship them from New York to Liverpool or Southampton and thence to San Francisco, is to be found in the "protective" laws which make it so costly to build American steamers and which forbid foreign steamers to carry goods between American ports. The reason that residents of Nevada are compelled to pay as much freight from the East as though their goods were carried to San Francisco and back again, is that the authority which prevents extortion on the part of a hack driver is not exercised in respect to a railroad company. And it may be said generally that businesses which are in their nature monopolies are properly part of the functions of the State, and should be assumed by the State. There is the same reason why Government should carry telegraphic messages as that it should carry letters; that railroads should belong to the public as that common roads should.

But all other monopolies are trivial in extent as compared with the monopoly of land. And the value of land expressing a monopoly, pure and simple, is in every respect fitted for taxation. That is to say, while the value of a railroad or telegraph line, the price of gas or of a patent medicine, may express the price of monopoly, it also expresses the exertion of labor and capital; but the value of land, or

own exertion, and involves no interference with the similar right of any one else to do likewise.

The patent, on the other hand, prohibits any one from doing a similar thing, and involves, usually for a specified time, an interference with the equal liberty on which the right of ownership rests. The copyright is therefore in accordance with the moral law—it gives to the man who has expended the intangible labor required to write a particular book or paint a picture security against the copying of that identical thing. The patent is in defiance of this natural right. It prohibits others from doing what has been already attempted. Every one has a moral right to think what I think, or to perceive what I perceive, or to do what I do—no matter whether he gets the hint from me or independently of me. Discovery can give no right of ownership, for whatever is discovered must have been already here to be discovered. If a man make a wheelbarrow, or a book, or a picture, he has a moral right to that particular wheelbarrow, or book, or picture, but no right to ask that others be prevented from making similar things. Such a prohibition, though given for the purpose of stimulating discovery and invention, really in the long run operates as a check upon them.

economic rent, as we have seen, is in no part made up from these factors, and expresses nothing but the advantage of appropriation. Taxes levied upon the value of land cannot check production in the slightest degree, until they exceed rent, or the value of land taken annually, for unlike taxes upon commodities, or exchange, or capital, or any of the tools or processes of production, they do not bear upon production. The value of land does not express the reward of production, as does the value of crops, of cattle, of buildings, or any of the things which are styled personal property and improvements. It expresses the exchange value of monopoly. It is not in any case the creation of the individual who owns the land; it is created by the growth of the community. Hence the community can take it all without in any way lessening the incentive to improvement or in the slightest degree lessening the production of wealth. Taxes may be imposed upon the value of land until all rent is taken by the State, without reducing the wages of labor or the reward of capital one iota; without increasing the price of a single commodity, or making production in any way more difficult.

But more than this. Taxes on the value of land not only do not check production as do most other taxes, but they tend to increase production, by destroying speculative rent. How speculative rent checks production may be seen not only in the valuable land withheld from use, but in the paroxysms of industrial depression which, originating in the speculative advance in land values, propagate themselves over the whole civilized world, everywhere paralyzing industry, and causing more waste and probably more suffering than would a general war. Taxation which would take rent for public uses would prevent all this; while if land were taxed to anything near its rental value, no one could afford to hold land that he was not using, and, consequently, land not in use would be thrown open to those who would use it. Settlement would be closer, and, consequently, labor and capital would be enabled to produce much more with the same exertion. The dog in the manger who, in this country especially, so wastes productive power, would be choked off.

There is yet an even more important way by which, through its effect upon distribution, the taking of rent to public uses by taxation would stimulate the production of wealth. But reference to that may be reserved. It is sufficiently evident that with regard to production, the tax upon the value of land is the best tax that can be imposed. Tax manufactures, and the effect is to check manufacturing; tax improvements, and the effect is to lessen improvement; tax commerce, and the effect is to prevent exchange; tax capital, and the effect is to drive it away. But the whole value of land may be taken in taxation, and the only effect will be to stimulate industry, to open new opportunities to capital, and to increase the production of wealth.

II.—As to Ease and Cheapness of Collection

With, perhaps, the exception of certain licenses and stamp duties, which may be made almost to collect themselves, but which can be relied on for only a trivial amount of revenue, a tax upon land values can, of all taxes, be most easily and cheaply collected. For land cannot be hidden or carried off; its value can be readily ascertained, and the assessment once made, nothing but a receiver is required for collection.

And as under all fiscal systems some part of the public revenues is collected from taxes on land, and the machinery for that purpose already exists and could as well be made to collect all as a part, the cost of collecting the revenue now obtained by other taxes might be entirely saved by substituting the tax on land values for all other taxes. What an enormous saving might thus be made can be inferred from the horde of officials now engaged in collecting these taxes.

This saving would largely reduce the difference between what taxation now costs the people and what it yields, but the substitution of a tax on land values for all other taxes would operate to reduce this difference in an even more important way.

A tax on land values does not add to prices, and is thus paid directly by the persons on whom it falls; whereas, all taxes upon things of unfixed quantity increase prices, and in the course of exchange are shifted from seller to buyer, increasing as they go. If we impose a tax upon money loaned, as has been often attempted, the lender will charge the tax to the borrower, and the borrower must pay it or not obtain the loan. If the borrower uses it in his business, he in his turn must get back the tax from his customers, or his business becomes unprofitable. If we impose a tax upon buildings, the users of buildings must finally pay it, for the erection of buildings will cease until building rents become high enough to pay the regular profit and the tax besides. If we impose a tax upon manufactures or imported goods, the manufacturer or importer will charge it in a higher price to the jobber, the jobber to the retailer, and the retailer to the consumer. Now, the consumer, on whom the tax thus ultimately falls, must not only pay the amount of the tax, but also a profit on this amount to every one who has thus advanced it—for profit on the capital he has advanced in paying taxes is as much required by each dealer as profit on the capital he has advanced in paying for goods. Manila cigars cost, when bought of the importer in San Francisco, \$70 a thousand, of which \$14 is the cost of the cigars laid down in this port and \$56 is the customs duty. But the dealer who purchases these cigars to sell again must charge a profit, not on \$14, the real cost of the cigars, but on \$70, the cost of the cigars plus the duty. In this way all taxes which add to prices are shifted from hand to hand,

increasing as they go, until they ultimately rest upon consumers, who thus pay much more than is received by the government. Now, the way taxes raise prices is by increasing the cost of production, and checking supply. But land is not a thing of human production, and taxes upon rent cannot check supply. Therefore, though a tax on rent compels the land owners to pay more, it gives them no power to obtain more for the use of their land, as it in no way tends to reduce the supply of land. On the contrary, by compelling those who hold land on speculation to sell or let for what they can get, a tax on land values tends to increase the competition between owners, and thus to reduce the price of land.

Thus in all respects a tax upon land values is the cheapest tax by which a large revenue can be raised giving to the government the largest net revenue in proportion to the amount taken from the people.

III.—As to Certainty

Certainty is an important element in taxation, for just as the collection of a tax depends upon the diligence and faithfulness of the collectors and the public spirit and honesty of those who are to pay it, will opportunities for tyranny and corruption be opened on the one side, and for evasions and frauds on the other.

The methods by which the bulk of our revenues are collected are condemned on this ground, if on no other. The gross corruptions and fraud occasioned in the United States by the whisky and tobacco taxes are well known; the constant undervaluations of the Custom House, the ridiculous untruthfulness of income tax returns, and the absolute impossibility of getting anything like a just valuation of personal property, are matters of notoriety. The material loss which such taxes inflict—the item of cost which this uncertainty adds to the amount paid by the people but not received by the government—is very great. When, in the days of the protective system of England, her coasts were lined with an army of men endeavoring to prevent smuggling, and another army of men were engaged in evading them, it is evident that the maintenance of both armies had to come from the produce of labor and capital; that the expenses and profits of the smugglers, as well as the pay and bribes of the Custom House officers, constituted a tax upon the industry of the nation, in addition to what was received by the government. And so, all douceurs to assessors; all bribes to customs officials; all moneys expended in electing pliable officers or in procuring acts or decisions which avoid taxation; all the costly modes of bringing in goods so as to evade duties, and of manufacturing so as to evade imposts; all moieties, and expenses of detectives and spies; all expenses of legal proceedings and punishments, not only to the government, but to

those prosecuted, are so much which these taxes take from the general fund of wealth, without adding to the revenue.

Yet this is the least part of the cost. Taxes which lack the element of certainty tell most fearfully upon morals. Our revenue laws as a body might well be entitled, "Acts to promote the corruption of public officials, to suppress honesty and encourage fraud, to set a premium upon perjury and the subornation of perjury, and to divorce the idea of law from the idea of justice." This is their true character, and they succeed admirably. A Custom House oath is a by-word; our assessors regularly swear to assess all property at its full, true, cash value, and habitually do nothing of the kind; men who pride themselves on their personal and commercial honor bribe officials and make false returns; and the demoralizing spectacle is constantly presented of the same court trying a murderer one day and a vendor of un-stamped matches the next!

So uncertain and so demoralizing are these modes of taxation that the New York Commission, composed of David A. Wells, Edwin Dodge and George W. Cuyler, who investigated the subject of taxation in that State, proposed to substitute for most of the taxes now levied, other than that on real estate, an arbitrary tax on each individual, estimated on the rental value of the premises be occupied.

But there is no necessity of resorting to any arbitrary assessment. The tax on land values, which is the least arbitrary of taxes, possesses in the highest degree the element of certainty. It may be assessed and collected with a definiteness that partakes of the immovable and unconcealable character of the land itself. Taxes levied on land may be collected to the last cent, and though the assessment of land is now often unequal, yet the assessment of personal property is far more unequal, and these inequalities in the assessment of land largely arise from the taxation of improvements with land, and from the demoralization that, springing from the causes to which I have referred, affects the whole scheme of taxation. Were all taxes placed upon land values, irrespective of improvements, the scheme of taxation would be so simple and clear, and public attention would be so directed to it, that the valuation of taxation could and would be made with the same certainty that a real estate agent can determine the price a seller can get for a lot.

IV.—As to Equality

Adam Smith's canon is, that "The subjects of every state ought to contribute toward the support of the government as nearly as possible in proportion to their respective abilities; that is, in proportion to the revenue which they respectively enjoy under the protection of the state." Every tax, he goes on to say, which falls only

upon rent, or only upon wages, or only upon interest, is necessarily unequal. In accordance with this is the common idea which our systems of taxing everything vainly attempt to carry out—that every one should pay taxes in proportion to his means, or in proportion to his income.

But, waiving all the insuperable practical difficulties in the way of taxing every one according to his means, it is evident that justice cannot be thus attained.

Here, for instance, are two men of equal means, or equal incomes, one having a large family, the other having no one to support but himself. Upon these two men indirect taxes fall very unequally, as the one cannot avoid the taxes on the food, clothing, etc., consumed by his family, while the other need pay only upon the necessaries consumed by himself. But, supposing taxes levied directly, so that each pays the same amount. Still there is injustice. The income of the one is charged with the support of six, eight, or ten persons; the income of the other with that of but a single person. And unless the Malthusian doctrine be carried to the extent of regarding the rearing of a new citizen as an injury to the state, here is a gross injustice.

But it may be said that this is a difficulty which cannot be got over; that it is Nature herself that brings human beings helpless into the world and devolves their support upon the parents, providing in compensation therefor her own sweet and great rewards. Very well, then, let us turn to Nature, and read the mandates of justice in her law.

Nature gives to labor; and to labor alone. In a very Garden of Eden a man would starve but for human exertion. Now, here are two men of equal incomes—that of the one derived from the exertion of his labor, that of the other from the rent of land. Is it just that they should equally contribute to the expenses of the state? Evidently not. The income of the one represents wealth he creates and adds to the general wealth of the state; the income of the other represents merely wealth that he takes from the general stock, returning nothing. The right of the one to the enjoyment of his income rests on the warrant of nature, which returns wealth to labor; the right of the other to the enjoyment of his income is a mere fictitious right, the creation of municipal regulation, which is unknown and unrecognized by nature. The father who is told that from his labor he must support his children must acquiesce, for such is the natural decree; but he may justly demand that from the income gained by his labor not one penny shall be taken, so long as a penny remains of incomes which are gained by a monopoly of the natural opportunities which Nature offers impartially to all, and in which his children have as their birthright an equal share.

Adam Smith speaks of incomes as "enjoyed under the protection of the state;" and this is the ground upon which the equal taxation of all species of property is commonly insisted upon—that it is equally protected by the state. The basis of this idea is evidently that the enjoyment of property is made possible by the state—that there is a value created and maintained by the community, which is justly called upon to meet community expenses. Now, of what values is this true? Only of the value of land. This is a value that does not arise until a community is formed, and that, unlike other values, grows with the growth of the community. It exists only as the community exists. Scatter again the largest community, and land, now so valuable, would have no value at all. With every increase of population the value of land rises; with every decrease it falls. This is true of nothing else save of things which, like the ownership of land, are in their nature monopolies.

The tax upon land values is, therefore, the most just and equal of all taxes. It falls only upon those who receive from society a peculiar and valuable benefit, and upon them in proportion to the benefit they receive. It is the taking by the community, for the use of the community, of that value which is the creation of the community. It is the application of the common property to common uses. When all rent is taken by taxation for the needs of the community, then will the equality ordained by Nature be attained. No citizen will have an advantage over any other citizen save as is given by his industry, skill, and intelligence; and each will obtain what he fairly earns. Then, but not till then, will labor get its full reward, and capital its natural return. ◇

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APPENDIX

On January 16, 1889, Henry George addressed a joint session of the Minnesota Legislature.⁵ The *St. Paul Daily Globe* carried the story the next morning:⁶

⁵ The both branches of the legislature passed a "concurrent resolution" inviting George to speak "on the question of single taxation." *Journal of the House of Representatives*, January 9, 1889, at 12; *Journal of the Senate*, January 9, 1889, at 12.

⁶ *St. Paul Daily Globe*, January 17, 1889, at 2.

HENRY GEORGE TALKS

**To the House and Senate of
the State on Single Tax.**

**All Men Are Equally, Entitled
to the Use of the Land.**

**Possession of Land Not Nec-
essary to Production
From It.**

**The Story of Burdens Now
Borne Under the Double Tax.**

"If," remarked Mr. Donnelly, "the length of my face is greater than that of Henry George, it must be due to the predominance of my moral qualities." Thus it was that the sage met a laughing reference yesterday noon to some facial points of resemblance between him and the great, reformer." Henry George has the smaller head of the two, although the thinker's forehead is not one whit contracted from the span of the cryptographer's brow. And there is about Mr. George and in his actions a constant suggestion of a practical nature, far more impressive than other qualities, more brilliant, perhaps, but less beneficial in the end to the human race.

His reception at the state capitol yesterday noon was most flattering, coming as it did from a community scarce knowing the difference between a single and a poll tax. Aside from the presence of the senate and house, there were in attendance such notabilities as Ignatius Donnelly, Gen. J. H. Baker, Hon. John C. Wise, of Mankato; E. H. Dearth, of Le Sueur; E. V. Smalley (who carries ahead proportioned something like that of George's), Prof. Kiehle, John L. Gibbs, Hon. P. J. Smalley, W. W. Braderi and others. At a few moments after 12 Speaker Graves said: "I have the honor to introduce to you Henry George, of New York."

The cartoons of Keppler had made that face and beard only too familiar for any one not to know (without the official introduction) that it was Henry George who rose and, with the scantest ceremony, plunged into an

exposition of the single tax theory. Mr. George started out with a definition of his subject, and said:

"We hold, in the first place, that all men are equally entitled to the use of land; that, as man is the necessary element to all land, the necessary factor in the production of all wealth, the equal right of men to land involves the equal right to the use of that land; that the man who has no right to the use of land is necessarily at a disadvantage with the man who has merely the right to the use of his own labor, without any right to the use of that indispensable element to all labor; that to appropriate the land on which and from which a people must live is in itself ultimately equivalent to their reduction to slavery.

We recognize also that while the right to the use of land is equal, that the use of land does require that its possession shall be secured individually; that in order to carry on production the producer must be assured of the individual possession of the land. That is necessary to production. A farmer will not plow and sow unless there be a certainty that he may reap; no one will expend labor in opening a mine unless he be assured that he can benefit by the results of that labor; no one will build a house unless he has such security of possession of the lot as is necessary to his secured possession of the structure."

With this, by way of explanation, Mr. George continued:

"These principles are not diverse and repellant; they are easily recognized by treating land as the property of the whole community and allowing absolute possession to improvers on condition that they shall pay to the community an equivalent sum for the superior advantage obtained by the possession of the land they have in use. As Herbert Spencer well says, 'Nothing like all the requirements of justice could be satisfied,' and in that way the whole people of the community would be all equal laborers and users; all equal tenants. But it is not necessary at all to take land as the formal property of the state and to bother with leases and collect rents in order to carry out that principle. In the United States — in all our states — some portion of needed public revenues is raised by a tax which falls on the value of land. We have but to extend that so as to take for the use of the community, so far as practical, the whole value of land, in order to arrive at the same point. In speaking of the

value of land, what we mean is that value, and that value alone, which attaches to land by reason of the growth of public and public improvements; that value which attaches to land by reason of the growth and improvement of the community, excluding altogether the values which are created by any labor expended on or in the land, but is the value of improvement, which we would leave to the improver, taxing merely the value of the bare land. Now, the value of the bare land, unlike the value of anything produced by human labor, is something that is brought out by no individual exertion."

Mr. George entered into a lengthy disquisition of this value. It was a value clearly given by the growth of the whole community; it grows as the community grows. Therefore it was a value belonging to the community; that should and ought to be taken for the use of the community in preference to any of those values produced by human labor.

"We, in short, would manage the estate of a community on the same principle that any hotel is arranged. The hotelkeeper does not charge a man who comes and takes rooms in accordance with his wealth, nor yet in accordance with the use he makes of the room. He charges him per apartment. We would collect taxes on vacant land irrespective of the fact that it is vacant; we would tax a man who holds a vacant lot in a valuable part of the city just as much as we would tax a man who on such a lot has erected a fine building. In that way all men would be put on a plane of equality."

The man holding a superior piece of land would pay additional taxes on its value than a man owning an ordinary tract. It seemed stupid that we should tax men for making improvements. The farmer who cultivated was adding to the wealth of the state, and ought not to be taxed anymore than the speculator who was holding a similar piece of land idle and doing nothing to add to the wealth of the state.

"We hold that all these taxes that bear upon wealth, or any of the processes of its production, are taxes in favor of the impoverishment — for they diminish the wealth — of the state; that they tend to lessen production and to keep and drive wealth away; that they, ought to be abolished in order that the wealth production may be as large as possible; and we hold that the most equitable

distribution of wealth is that which gives wealth to the man who produces it. We hold that there is a sacred right of property, that whatever; anyone, by his exertions, brings forth from the reservoirs of natures and adds to the sum of things that are fitted for the satisfaction of human desires, obtains by his exertion the absolute right to the things that he produces; that is a right that ought not to be violated by any citizen and it is a right that ought to be observed by the state, save upon the pressure of the greatest exigencies. Industry and thrift are virtues. They are virtues that add to the commonwealth; but under our system if one man be industrious and thrifty, and another, idle and without care, and the one accumulates while the other has nothing, we come down and demand of the industrious and thrifty man because of his industry and thrift. We say that is not merely impolitic, but that it is wrong; and we say further, and it is perfectly clear to any one who will look; at the system of our taxation, that it is essentially unjust."

The disposition of the wealth of the country was next touched upon. There were in the United States to-day no less than 100 citizens whose incomes were \$1,000,000 per year, while according to the figures of the census, the average earnings of the agricultural laborers were not more than \$200 per year, and the average earnings of the great mass of the population did not amount to \$400 per year.

"The great mass of our people find it hard to live. They toil from year's end to year's end, and at the end of the year are very fortunate indeed if they can have a few dollars laid by. But the great mass of our people are working from year to year, merely maintaining their families, and that in away that is unworthy of an American citizen at the close of the nineteenth century. They are not half-clothed, they are not housed, they get but the scantest portion of all the advantages and luxuries which an advancing civilization brings, and they merely manage to live."

The impression prevailed, largely among farmers, that to concentrate taxes on land values would be to put taxes on the farmer and let the capitalists escape. It would be the reverse. Farming was only one of the uses of land; man could not live without using land. By putting taxes on land values there would necessarily be a taking of

taxation off the agricultural districts, off the outskirts, and a concentration of taxation upon the centers of industry. That was as it should be. The value of land of a great city did not come entirely from the population of that city; it came in a degree from the agricultural population of which it was the center. St. Paul and Minneapolis could not exist if there were no one in the district of which they were the center. Taxes on personal property and improvements bore with most weight upon the farmer and the mechanic, and allowed the rich man to escape. For instance, by the auditor's report of Minnesota, in Minneapolis and St. Paul, where, unquestionably, there were the finest buildings and the largest amounts of personal property — where personal property concentrated—the value of personal property and structures amounted to only 52 per cent of the land values; whereas, in the state at large, outside of Minneapolis and St. Paul, personal property and improvements exceeded the land value by 160 per cent. There was over the United States, and especially the new sections, one general scramble for land, not for use, but simply to hold, that the men who some day must use it will be compelled to pay a high price. That is the reason why our people are crowded too closely together in our principal cities, while all through the country they are too widely scattered.

"The tax upon land values — to concentrate everything upon the single tax — would, in the first place, do away with this taxing the poor man so much more heavily than the rich man, would do away with those forms of taxation that make the farmers pay a far greater proportion of their income and their gain than do the rich men of the cities; would do away with all those taxes that fine men for cultivating and improving; would give to every one who wished to add to the wealth of the state the assurance whatever his labor or exertion produced he might enjoy; and it would, by making the value of the taxes on land more heavy, crush out speculation and enable the user to get land when he wanted to use it without paying a blackmail price to the man who did not want to use it."

Senate Chaplain Lathrop asked the question: "What amount of taxation would a railroad stockholder pay under, the single tax system?"

Mr. George — I should like to ask the gentleman, if he will permit me, a question in reply to a question: "Does that man pay his fair share of the burdens now?"

Chaplain Lathrop — I presume he does not; but under your theory, as it occurs to me, he would not pay anything at all. [Applause.]

Mr. George — He would pay far more than he does now. Railroads, would have the value of their lands taxed, and would necessarily have to pay a much larger assessment than they do now. This would affect the stockholders. Mr. George stated that he favored state control of railroads and telegraphs. Hearty applause greeted Mr. George at the conclusion of his address.

ANSWERING QUESTIONS.

Henry George Has a Tilt With H. S. Fairchild.

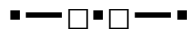
An audience representative of the people, and business interests of St. Paul greeted Henry George at Market hall last evening. In the "reserved seat" section of the hall were businessmen, professional men and capitalists, while the rear section of the hall and the gallery was occupied principally by that class of society referred to by the speaker as "mere" laboring men. The familiar faces of many prominent barristers of the city, several well-known railway officials and leading real estate holders were scattered throughout the audience, and the close attention paid to the argument of the speaker, showed that they fully appreciated the great social problems presented.

The speaker was introduced by. E. V. Smalley and was roundly applauded on stepping to the rostrum to open his discourse. The speech was a review of the speaker's celebrated work on "Progress and Poverty," but the evils of the present social system were so forcibly presented, and the alleged remedy in the Georgian theory on taxation so logically brought forth, that the long discourse was doubly interesting to those familiar with the work.

At the close of the speech Mr. George cordially invited those present to ask such questions as they desired regarding the single tax theory. Among those who took

advantage of the invitation was H. S. Fairchild, the well-known realty dealer, who aimed several well-directed shots in the form of questions at the speaker. His interrogations were readily answered by Mr. George, and the gentleman, observing that the sentiment of the gathering was against him, and that he appeared at a disadvantage, gave up the fight and retired in good order.

At the close of the meeting brief remarks were made by Mr. Buell, president of the Minneapolis Single Tax league, and a similar organization was perfected in St. Paul, with Octave Savard, a clerk in the office of the register of deeds, as president. About thirty persons signified their intention of joining the league. ■



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