

CHAPTER 2

OF THE EFFECT UPON DISTRIBUTION AND THENCE UPON PRODUCTION

The land value tax has beneficial effects on the distribution of wealth.

As civilization advances, private ownership of land gives increasing power of appropriating wealth produced by capital and labor.

Therefore, moving taxes off of labor and capital, and onto rent, means that rent, instead of causing inequality, would promote equality.

But great as they thus appear, the advantages of a transference of all public burdens to a tax upon the value of land cannot be fully appreciated until we consider the effect upon the distribution of wealth.

Tracing out the cause of the unequal distribution of wealth which appears in all civilized countries, with a constant tendency to greater and greater inequality as material progress goes on, we have found it in the fact that, as civilization advances, the ownership of land, now in private hands, gives a greater and greater power of appropriating the wealth produced by labor and capital.

Thus, to relieve labor and capital from all taxation, direct and indirect, and to throw the burden upon rent, would be, as far as it went, to counteract this tendency to inequality, and, if it went so far as to take in taxation the whole of rent, the cause of inequality would be totally destroyed. Rent, instead of causing inequality, as now, would then promote equality. Labor and capital would then receive the whole produce, minus that portion taken by the state in the taxation of land values, which, being applied to public purposes, would be equally distributed in public benefits.

That is to say, the wealth produced in every community would be divided into two portions. One part would be

distributed in wages and interest between individual producers, according to the part each had taken in the work of production; the other part would go to the community as a whole, to be distributed in public benefits to all its members. In this all would share equally—the weak with the strong, young children and decrepit old men, the maimed, the halt, and the blind, as well as the vigorous. And justly so—for while one part represents the result of individual effort in production, the other represents the increased power with which the community as a whole aids the individual.

since everyone would share equally in the rent.

Thus, as material progress tends to increase rent, were rent taken by the community for common purposes the very cause which now tends to produce inequality as material progress goes on would then tend to produce greater and greater equality. Fully to understand this effect, let us revert to principles previously worked out.

We have seen that wages and interest must everywhere be fixed by the rent line or margin of cultivation—that is to say, by the reward which labor and capital can secure on land for which no rent is paid; that the aggregate amount of wealth, which the aggregate of labor and capital employed in production will receive, will be the amount of wealth produced (or rather, when we consider taxes, the net amount), minus what is taken as rent.

We have seen that with material progress, as it is at present going on, there is a twofold tendency to the advance of rent. Both are to the increase of the proportion of the wealth produced which goes as rent, and to the decrease of the proportion which goes as wages and interest. But the first, or natural tendency, which results from the laws of social development, is to the increase of rent as a quantity, without the reduction of wages and interest as quantities, or even with their quantitative increase. The other tendency, which results from the unnatural appropriation of land to

private ownership, is to the increase of rent as a quantity by the reduction of wages and interest as quantities.

Now, it is evident that to take rent in taxation for public purposes, which virtually abolishes private ownership in land, would be to destroy the tendency to an absolute decrease in wages and interest, by destroying the speculative monopolization of land and the speculative increase in rent. It would be very largely to increase wages and interest, by throwing open natural opportunities now monopolized and reducing the price of land. Labor and capital would thus not merely gain what is now taken from them in taxation, but would gain by the positive decline in rent caused by the decrease in speculative land values. A new equilibrium would be established, at which the common rate of wages and interest would be much higher than now.

But this new equilibrium established, further advances in productive power, and the tendency in this direction would be greatly accelerated, would result in still increasing rent, not at the expense of wages and interest, but by new gains in production, which, as rent would be taken by the community for public uses, would accrue to the advantage of every member of the community. Thus, as material progress went on, the condition of the masses would constantly improve. Not merely one class would become richer, but all would become richer; not merely one class would have more of the necessaries, conveniences, and elegancies of life, but all would have more. For, the increasing power of production, which comes with increasing population, with every new discovery in the productive arts, with every laborsaving invention, with every extension and facilitation of exchanges, could be monopolized by none. That part of the benefit which did not go directly to increase the reward of labor and capital would go to the state—that is to say, to the whole community. With all the enormous advantages, material and

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mental, of a dense population, would be united the freedom and equality that can now be found only in new and sparsely settled districts.

And, then, consider how equalization in the distribution of wealth would react upon production, everywhere preventing waste, everywhere increasing power.

If it were possible to express in figures the direct pecuniary loss which society suffers from the social maladjustments which condemn large classes to poverty and vice, the estimate would be appalling. England maintains over a million paupers on official charity; the city of New York alone spends over seven million dollars a year in a similar way. But what is spent from public funds, what is spent by charitable societies and what is spent in individual charity, would, if aggregated, be but the first and smallest item in the account. The potential earnings of the labor thus going to waste, the cost of the reckless, improvident and idle habits thus generated; the pecuniary loss, to consider nothing more, suggested by the appalling statistics of mortality, and especially infant mortality, among the poorer classes; the waste indicated by the gin palaces or low grogeries which increase as poverty deepens; the damage done by the vermin of society that are bred of poverty and destitution—the thieves, prostitutes, beggars, and tramps; the cost of guarding society against them, are all items in the sum which the present unjust and unequal distribution of wealth takes from the aggregate which, with present means of production, society might enjoy. Nor yet shall we have completed the account. The ignorance and vice, the recklessness and immorality engendered by the inequality in the distribution of wealth show themselves in the imbecility and corruption of government; and the waste of public revenues, and the still greater waste involved in the ignorant and corrupt abuse of public powers

Society suffers great loss because large classes are condemned to poverty and vice. The amount of this loss includes not only charitable expenditures, but the loss of potential earnings, and the damage done, by people deprived of the opportunity to become productive workers,

as well as the cost of wasteful and corrupt government.

and functions, are their legitimate consequences.

The increase in wages has an additional benefit, because poorly paid labor is inefficient labor.

But the increase in wages, and the opening of new avenues of employment which would result from the appropriation of rent to public purposes, would not merely stop these wastes and relieve society of these enormous losses; new power would be added to labor. It is but a truism that labor is most productive where its wages are largest. Poorly paid labor is inefficient labor, the world over.

What is remarked between the efficiency of labor in the agricultural districts of England where different rates of wages prevail; what Brassey noticed as between the work done by his better paid English navvies and that done by the worse paid labor of the continent; what was evident in the United States as between slave labor and free labor; what is seen by the astonishing number of mechanics or servants required in India or China to get anything done, is universally true. The efficiency of labor always increases with the habitual wages of labor— for high wages mean increased self-respect, intelligence, hope, and energy. Man is not a machine, that will do so much and no more; he is not an animal, whose powers may reach thus far and no further. It is mind, not muscle, which is the great agent of production. The physical power evolved in the human frame is one of the weakest of forces, but for the human intelligence the resistless currents of nature flow, and matter becomes plastic to the human will. To increase the comforts, and leisure, and independence of the masses is to increase their intelligence; it is to bring the brain to the aid of the hand; it is to engage in the common work of life the faculty which measures the animalcule and traces the orbits of the stars!

Who can say to what infinite powers the wealth-producing capacity of labor may not be raised by social adjustments

which will give to the producers of wealth their fair proportion of its advantages and enjoyments! With present processes the gain would be simply incalculable, but just as wages are high, so do the invention and utilization of improved processes and machinery go on with greater rapidity and ease. That the wheat crops of southern Russia are still reaped with the scythe and beaten out with the flail is simply because wages are there so low. American invention, American aptitude for laborsaving processes and machinery are the result of the comparatively high wages that have prevailed in the United States. Had our producers been condemned to the low reward of the Egyptian fellah or Chinese coolie, we would be drawing water by hand and transporting goods on the shoulders of men. The increase in the reward of labor and capital would still further stimulate invention and hasten the adoption of improved processes, and these would truly appear, what in themselves they really are—an unmixed good. The injurious effects of laborsaving machinery upon the working classes, that are now so often apparent, and that, in spite of all argument, make so many people regard machinery as an evil instead of a blessing, would disappear. Every new power engaged in the service of man would improve the condition of all. And from the general intelligence and mental activity springing from this general improvement of condition would come new developments of power of which we as yet cannot dream.

But I shall not deny, and do not wish to lose sight of the fact, that while thus preventing waste and thus adding to the efficiency of labor, the equalization in the distribution of wealth that would result from the simple plan of taxation that I propose, must lessen the intensity with which wealth is pursued. It seems to me that in a condition of society in

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The equalization in the distribution of wealth would lessen the intensity with which wealth is pursued, since

which no one need fear poverty, no one would desire great wealth—at least, no one would take the trouble to strive and to strain for it as men do now. For, certainly, the spectacle of men who have only a few years to live, slaving away their time for the sake of dying rich, is in itself so unnatural and absurd, that in a state of society where the abolition of the fear of want had dissipated the envious admiration with which the masses of men now regard the possession of great riches, whoever would toil to acquire more than he cared to use would be looked upon as we would now look on a man who would thatch his head with half a dozen hats, or walk around in the hot sun with an overcoat on. When every one is sure of being able to get enough, no one will care to make a pack horse of himself.

when everyone is sure of being able to get enough, few would feel the need for great riches.

And though this incentive to production be withdrawn, can we not spare it? Whatever may have been its office in an earlier stage of development, it is not needed now. The dangers that menace our civilization do not come from the weakness of the springs of production. What it suffers from, and what, if a remedy be not applied, it must die from, is unequal distribution!

Nor would the removal of this incentive, regarded only from the standpoint of production, be an unmixed loss. For, that the aggregate of production is greatly reduced by the greed with which riches are pursued, is one of the most obtrusive facts of modern society. While, were this insane desire to get rich at any cost lessened, mental activities now devoted to scraping together riches would be translated into far higher spheres of usefulness.

Total production is reduced by the greed with which riches are pursued.