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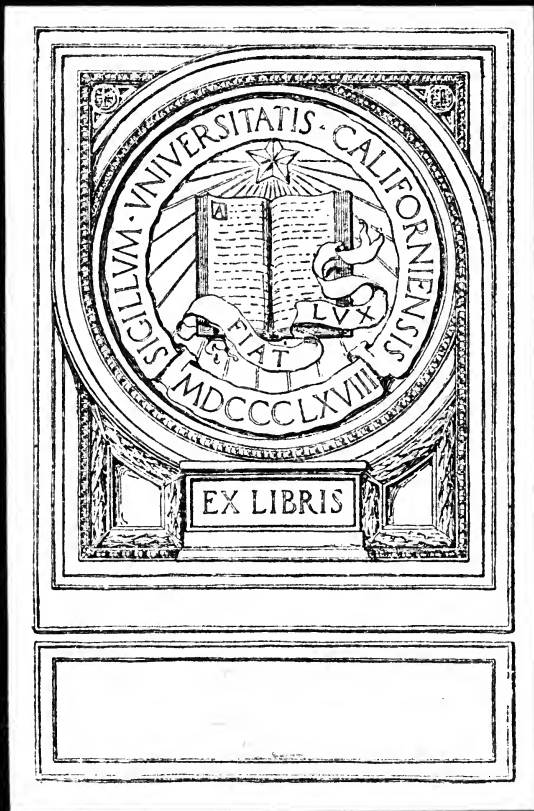
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The Call System
VERSUS
The Single Tax

A Thesis from a Chapter of Volume III of
THE WORLD QUESTION AND ITS ANSWER

The Solution of the Problem of War,

By JOHN E. BENNETT

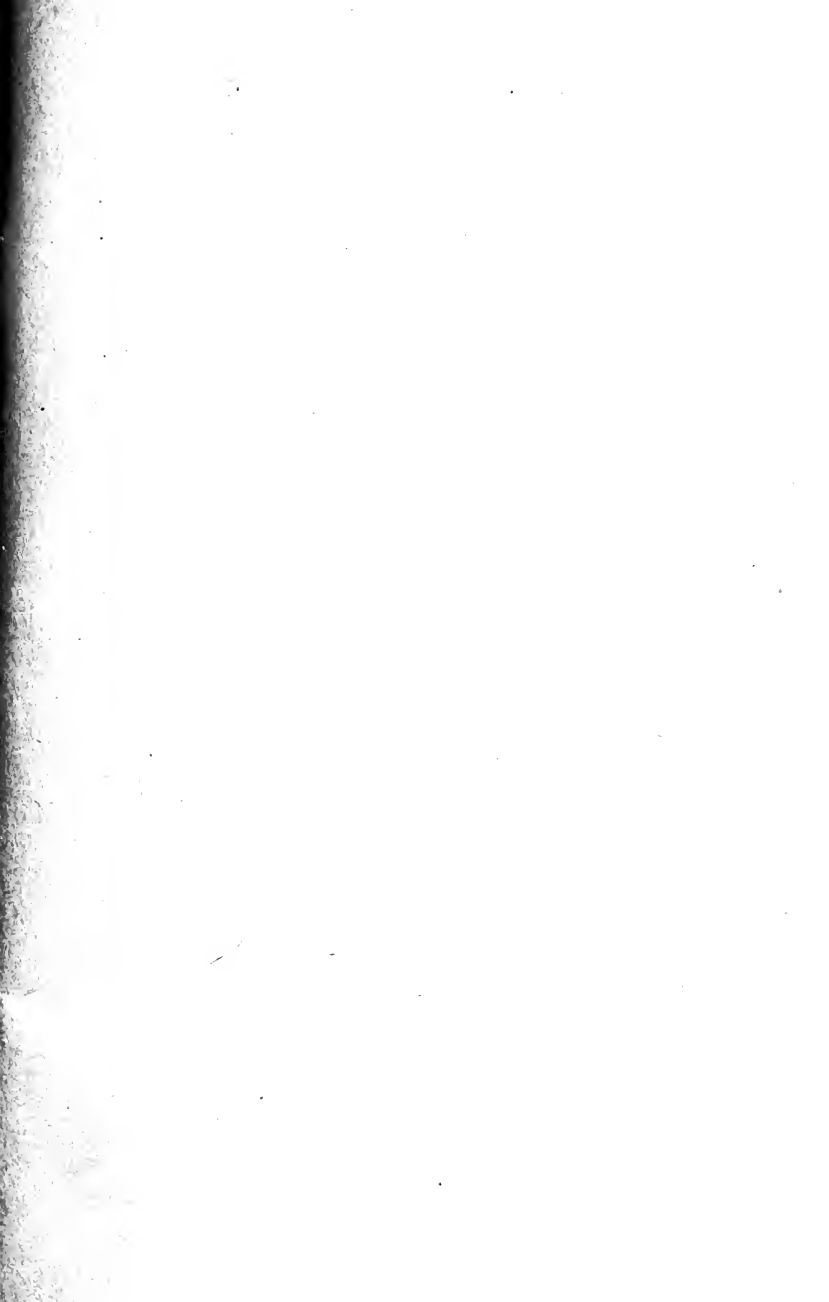
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For a nation to be free, it is sufficient that she wills it.—Lafayette.

1918
MENLO PUBLISHING COMPANY
246 Russ Building
San Francisco, Cal.





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UNIV. OF
CALIFORNIA

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THE ENORMOUS PRODUCTIVE POWER OF SOCIETY SHOWN BY ITS WASTE

There are more men confronting each other on the European front with the purpose of murder than there are men in the United States—the total adult male population of this enormous republic is not so great as the number of armed men upon the battle front; and these men are supplemented by great armies of reserves behind them, prepared to support their efforts, and there are still larger armies at home, making so many people engaged that it means taking out of the productive life of the world perhaps as many people as there are in the United States.

Are you conscious, gentlemen, of what it means that while there are people starving and suffering from cold, and in other ways, in all of these countries, far beyond anything we have experienced yet, nevertheless they are somehow living, and the world is somehow going on, and that, so far as Atlantic commerce is concerned it may be said to be in almost a flourishing condition, while the great bulk of the skilled labor of all these civilized countries is taken out of productive enterprise? Gentlemen, the incompetency of the system of industry that preceded this war is simply beyond the possibility of human description. That the world could go on at all, with the bulk of its best men engaged in destruction, and with millions of women unaccustomed to labor pressed into service for the war, reveals the greatest economic scandal of history; and if it does not open our eyes to a reconstructed world we are certainly devoid of the capacity of vision.

CHARLES ZUEBLIN,

Before the National Economic League.

THE COMING GENERAL CHANGE

The vast majority of our people * * * feel keenly the inequalities and injustices which too often afflict their lives. They also are conscious that, for the most part, the leaders of public thought, religious, moral or political, have failed to make any real attempt to solve the problems that confront and afflict them. There are some * * * who are proclaiming a policy of despair. They have looked, they tell us, in various directions for a solution to the problem in vain. They are compelled to the unwelcome conclusion that the existing conditions of society are incapable of being remedied, and that things cannot be worse than they are at present time. * * * Our workers tend to be resentful and suspicious of public authorities and political leaders. They are questioning the whole system of society.

There is, in short, a general change in the mind of the Nation. Few suppose that after the war the social order will automatically adjust itself. Most realize that we must make a combined and determined effort to right it.

The leading features of the modern labor unrest are: Its passion for fair treatment and for liberty; its resentment at bureaucratic interference with family life; its desire for self-realization and opportunities for education. * * * Cordial co-operation among all classes are necessary if their ideals are to be realized.

CARDINAL BOURNE (London).

UNIVERSITY OF CALIFORNIA
THE WORLD QUESTION AND ITS ANSWER

THE SOLUTION OF THE PROBLEM OF WAR

By John E. Bennett

(Publisher's Note)

There is in San Francisco the manuscript of a book bearing the above title. It is in five volumes, the first two of which are ready for the printer and are planned to appear under one cover. The other three volumes will follow in succession.* The book presents the solution of the problem of war, which includes the problem of peace, with its several questions of business hard times, industrial unrest, unemployment, poverty, etc. The author shows, by sociological analyses, how a single nation by the enactment of a measure, and repealing various inconsistent laws, may set up within itself an order in society which would automatically cause war to disappear from the world. It is not contemplated that it would stop the present war,

*The subject is divided in the several volumes into sub-heads as follows:

Vol. I: The Forces Which Integrate Society. Vol. II: The Forces Which Disintegrate Society. Vol. III: The Forces by which Society is Preserved and Its Progress Compelled. Vol. IV: Erroneous Endeavors to Defend Against the Forces Disintegrating Society. Vol. V: Ineffectual Efforts to Comprehend Society and to Perceive the Forces Which Tend to Its Making and Unmaking.

which apparently must be prosecuted until the German people are forced to get rid of the military group and establishment which rules them. But excepting this, it would remove all other objectives for continuing the war. It would automatically effect the several purposes asserted by President Wilson as the aims of the Allies, and it would possess the Allies with an enormous revenue, in the United States the sum of five billions of dollars per year, wholly applicable to war purposes and which it does not harm, but immensely benefits, business for the government to take. In other words, what Mr. Bennett does is to show us the way to make society 100 per cent cooperative, instead of less than 40 per cent as it is today; and in doing this war, and all other untoward phenomena of society automatically disappears.

But the most startling thing of all which Mr. Bennett shows is that the prevailing sociological system—which he calls the Protective Spirit or System—has been necessary in the course of human progress, a natural vehicle for the advancement of civilization; but that it has now accomplished its purpose and spent its beneficial force. Henceforth it can only work injury and must be accompanied by practically continuous war. Its essential is Privilege, while that which Mr. Bennett shows is based on freedom and equal right.

This capital problem of the human race which

has engaged the thought of philosophic writers for centuries, has been worked out here in San Francisco. Its meditation required six consecutive years of the author's time, to the practical exclusion of his income-producing legal profession. Many millions of dollars have been set aside by endowments and other endeavors to aid in finding the solution of this problem. It is the peculiar irony of fate that the man who actually did the work never received any assistance to sustain him in his long and arduous task, but was compelled to struggle with his problem amidst the importunities of creditors; and now that the labor is done he is unable to print his book and so present it to the world—a world which is in death agony, "bleeding white," for lack of the knowledge which it contains.

It is a part of the purpose of the publication of this thesis, a condensation of one of the chapters of the third volume, to call attention to the existence of the book, in order that the people of the Nation, through forwarding their subscriptions to the part which is ready to issue, may not suffer the knowledge to be suppressed.

As it was necessary in proceeding with the analyses through which the sociology shown by Mr. Bennett has been evolved to designate the order he reveals by some name, he speaks of it as the Call System in contradistinction to the Pro-

tective System, to which we have alluded. The Call System is simply orderly use, by the units of society, of the earth, and is effected through the State laying such a charge upon each piece of valuable land as would cause it to be used to its full volume of possible efficiency. This does not injure the landowner, but greatly enriches him. Such being the method of effecting the Call System it has been mistaken by many who have heard Mr. Bennett lecture, for the Single Tax. But the two are radically different, and it is to show that distinction that the following thesis is presented.

The Difference Between the Call System and the Single Tax

By John E. Bennett



THE Single Tax was devised by its founder, Henry George, to be a sociological reform that would abolish poverty on one hand, and prevent upon the other the plethoric and pathological accumulations of wealth in individuals—a manifestly morbid secretion of adipose upon the social body—which characterize present-day civilization.

Mr. George located the cause of the trouble in the pressure of rent against wages. In stating this he says :

“The reason why, in spite of the increase of productive power, wages constantly tend to a minimum which will give but a bare living, is that, with increase in productive power, rent tends to even greater increase, thus producing a constant tendency to the forcing down of wages.” *Progress and Poverty*, p. 243.

There is no doubt that this statement is exactly true. The landowner gives nothing for what he gets—only his permission that the earth may be used. If he gave potatoes or something else for what he receives, his power to take would be lim-

ited by his power to give; but giving nothing, his capacity for taking is unlimited. Unless, therefore, there were some influence in society to hold him back he would take the whole yield of industry—for all industry must operate upon the earth. He is held back by the requisites of industry itself. Unless capital can receive a certain interest it will not lend itself to industry; unless profit be sufficient to make the enterprise “attractive” the entrepreneur will not install it or continue to conduct it. Unless labor can receive enough wages to subsist it will not work in the industry. All of these elements, therefore, must be paid from the industry before rent can receive its toll. But there is upon them all a constant pressure of rent. This is not generally apparent as a sociological force. It does not always manifest itself by the landlord raising the rent of land, for the entrepreneur may own the land. It shows itself in rising prices which move demands for increased wages, which in turn increase prices, which make slack markets, which throw men out of industry and produce a pressure of application for jobs at the door of industry. So the labor union is forced to do two things: To make wages fixed and uniform like interest, and to hold away the unemployed man.

All this is caused by the ever rising price of rent and the sale price of land, just as industry rises. Let initiative bring forward any new facil-

ity—electric light, the automobile, and land price in rent or sale at once moves up to take in all the slack of wealth which the new thought has generated. This is not altogether or always the landowner's fault. Competing entrepreneurs will bid against each other, bid up the price for access to the land, and the landowner has often only the matter of accepting the highest. So that industry is pressed by rent, not only upon the land which a given enterprise may occupy, but by that which goes on everywhere else. If Jones who tans hides must give more for a piece of land for his tannery than he could have gotten it for a year ago, he must, unless his costs be otherwise reduced, charge more for his leather. Jacobs the baker must pay more for boots and he must have more wages to enable him to do it. Higher wages for Jacobs means higher price for bread, and Jenkins who eats bread must pay more for that as well as for boots, so he must have more wages from the iron foundry where he works, and so on. The effect of all this is to narrow industry and throw men into unemployment, which is famine; so that we have the rising price of rent and land tending to narrow industry, prevent its increase, to shut away from the earth such of industry as exists. It was for this reason that prior to the outbreak of the war 16 per cent of the used land of England had in twenty-five years reverted to pasture, and

30 per cent of the population of England was in famine.

The discernment by Mr. George of the cause of the evil was clearly right, and I believe this perception, though forecast by Mill, Ricardo and others, had not been fully appreciated before Mr. George made it. Though announced forty years ago it is very far from being understood at the present day, though like all sociological science, it is extremely simple. It was not in the perception of the character of the evil that Mr. George made the mistakes we shall hereafter note, but in his assignment of what he believed the cause of the phenomenon he observed, and in the remedy he proposed. [His conclusion was that the trouble was due to the institution of private property in land, and his remedy was that this institution should be abolished.]

He would return man, in effect, to that relation to the land which the individual bore in savagery and barbarism, when land was not owned by the person; only the nation owned the land, and all in the tribe were free to draw from it subsistence as they would. The certain deferences which Mr. George made to civilization, and to ownership in allodium, land parcelled in severalty, [in that he would not dispossess the occupant, only confiscate rent which he treated as issuing from a value which was "unearned increment,"] in no wise

vitiating this reversionary project. For the State to absorb the whole of rent was for the State to own the whole of land. It was Mr. George's concept, therefore, that the trouble with society was that rent was not divided up. It seemed to him that if this fund was taken and distributed to all and sundry in something approximating, perhaps, equal proportions, that the unearned increment thus being returned to society, the pressure of rent against industry would be relieved and all would be right. The way it would be relieved would not be altogether by lessening its tension, but by easing the circumstances of those upon whom it bore by dividends apportioned from the common fund. This was the basis of Mr. George's doctrine of distributing rent through the State's taking. We have the idea expressed today by the Single Taxers in their *Single Tax Review* (March-April, 1914), viz.:

✕ "The single tax is an instrument for effecting the resumption of social wealth for social needs—not merely for the needs of government as now administered, but going beyond it, if necessary, in order to take all the land value."

To carry out this idea Mr. George announced what seemed to him a perfectly axiomatic assertion. We find it stated on page 289 of *Progress and Poverty*, as follows:

"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. This is 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 today has as much right as has his eldest son. 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.”

Surely a doctrine could not be set forth in language more emphatic, nor its principle more clearly enunciated.

When we come to the Platform we find this doctrine split into two parts wherein the second of the postulates shows forth, that is, (1) all men are equally entitled to the earth, and (2) all men are equally entitled to the value of land—the social value. Mr. George opens his Platform with this statement, and all that follows flows from it, viz.:

“We assert as our fundamental principle the self-evident truth enunciated in the Declaration of American Independence, that all men are created equal and are endowed by their Creator with certain inalienable rights. We hold that all men are equally entitled to the use and enjoyment of what God has created and of what is gained by the general growth and improvement of the community of which they are a part. Therefore, no one should be permitted to hold natural opportunities without a fair return to all for any special privilege thus accorded to him, and that value which the growth and improvement of the community attaches to land should be taken for the use of the community; that each is entitled to all that his labor produces; therefore, no tax should be levied on the products of labor.”

This leads Mr. George into the field of his concept of the cause of that body of sociological disturbance which he perceived, namely, poverty and excessive wealth, and the remedy therefor. We find here two objects through which the tax is taken; one asserts that

X "No one should be permitted to hold natural opportunities without a fair return to all."

And the other that

X "That value which the growth and improvement of the community attaches to the land should be taken for the use of the community."

X If the origin of the value of land be as above, being that which is attached to land by the growth and improvement of the community, that is, society, how "all" are to receive their "fair return" through taking of land value for "the use of the community" is not apparent from the Platform, unless we are to infer that the phrase "the community" includes both the State and the citizen, which in fact, as is well known, was precisely what Mr. George intended.

That he intended this is manifest from the fact that he proposed that the entire volume of land should be absorbed from the landowner. Mr. George's purpose in this is to divest the landowner of ownership of his land. Were it requisite or even desirable in effecting this he would dispossess him entirely. Such, however, is not needful. Mr. George has another way of attaining the same end. What this is he makes very clear. On pp. 347-8-9 of *Progress and Poverty*, where we note he italicises his objectives, he says:

"Let the individuals who now hold it (valuable land) still retain, if they want to, pos-

session of what they are pleased to call **their** land. Let them continue to call it **their** land. Let them buy and sell, 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."

He then says:

"By leaving the landowners 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 therefor, propose, as a simple yet sovereign remedy, which will raise wages, increase the earning 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."

As to what was the volume of this rent, or when taken how it was to be apportioned between State and citizen, Mr. George never considered. The prime idea always in his mind was to get the entire of rent, save a nominal—say five per cent—to the landowner for collection, into the hands of the State, and this because private ownership of land was wrong, and distribution of the "unearned increment" would restore to society "social wealth,"

and this would equalize things and provide the remedy. In his *Social Problems*, p. 283, Mr. George says:

“All it is necessary to do is to abolish all other forms of taxation until the weight of taxation rests upon the value of land irrespective of improvements, and takes the ground rent for public benefit. In this simple way, without increasing governmental machinery, but, on the contrary, greatly simplifying it, we could make land common property. And in doing this we could abolish all other taxation and still have a great and steadily increasing surplus—a growing common fund, in the benefit of which all might share, and in the management of which there would be such a direct and general interest as to afford the strongest guarantees against misappropriation and waste.”

And on page 295 he continues this idea and says:

“Here is a provision made by natural laws for the increasing needs of social growth; here is an adaptation of nature by virtue of which the natural progress of society is a progress toward equality, not toward inequality; a centripetal force tending to unity, growing out of and ever balancing a centrifugal force tending to diversity. Here is a fund belonging to society as a whole from which, without the degradation of alms, private or public provision can be made for the weak, the helpless, the aged; from which provision can be made for the common wants of all as a matter of common rights to each, and by the utilization of which society, as it advances, may pass, by natural methods and easy stages from a rude association for purposes of defense and police, into a coöpera-

tive association, in which combined power guided by combined intelligence can give to each more than his own exertions multiplied many fold could produce."

Here we have a distinct statement that the culmination of Mr. George's vision is socialism. The State is taking possession of a fund, land value, which is to be administered by the State as a co-operative association or establishment for the benefit of all; and this conduct of the State is based upon the principle inherent in the George doctrine, as the Platform declares that all men are equally entitled to it from their very natures—the fact that they are men, that they are equal, and are hence equally entitled to the earth.

After the costs of the State are paid from this fund some inkling is given by the Platform as to how a part of the balance will be spent by the clause:

"It is also a proper function of society to maintain and control all public ways for the transportation of persons and property, and the transmission of intelligence; and so to maintain and control all public ways in cities for furnishing water, gas, and other things, that necessarily require the use of such common ways."

By *maintain* and *control* Mr. George did not mean the ownership and administration by the State of the public highways, the word *highway* covering all channels of transportation for public use or consumption, and upon equal terms to all—

as the Call demands, but he meant that public utilities were to be conducted free to their consumers, their costs being defrayed from this public fund of land value. Mr. George, in his lectures, commonly iterated that a street car line should be free to all the people just as is an elevator in a building is free to all the tenants and their callers, and its cost is a charge upon the rooms; and what was said of the street railway obtained equally with water, gas, telephone, telegraphs and all else. Since the operation of these things increased the value of land, it was proper that rent of land should pay for them, and their use should be for the taking.

When transportation, gas, water, light, old age, and other pensions and awards were taken care of, if there was still left money in the fund it might be distributed in whatever way its directors, the rulers of the State, might determine. A fitting way, I have heard Single Taxers assert, would be to increase the incomes of the citizens by declaring a dividend, and pay the sums in cash.

We therefore find the essential principle of the George doctrine to be this:

The use of the State by the citizen to take from the landowner the full yield of valuable land, or rent (less a nominal primage) to be distributed to himself, first in sustaining the agent through whom the taking is effected—the State—the balance dis-

bursed to him in such forms as his concepts of his interests may direct. And this taking based upon the principle that he has a right to it, a natural right, originating in the very fact that he is a man, that he is the equal of all men, and a member of society—that the product is an issue of the earth in connection with society—and with which equality of being and of right he was invested by the Creator.

The whole doctrine, I say, as to the taking, is essentially, fundamentally wrong. Man has no such rights as Mr. George imagined, and he has no right to move the State in the direction of such behest.

The Single Tax was not intended by Mr. George as a fiscal measure. It was to his mind not a mere device for getting in taxes in an easier and better way, resulting in making the State a less onerous burden to industry. What Mr. George saw in it was, as I have remarked, a profound sociological provision; the remedy for the deep evil which now afflicts society, which in his eyes was pauperism and poverty and excessive wealth. In *Social Problems*, p. 290, Mr. George says:

“It is no mere fiscal reform that I propose; it is a conforming of the most important social adjustments to natural laws. To those who have given thought to the matter, it may seem irreverently presumptuous to say that it is the

evident intent of the Creator that land values should be subject of taxation; that rent should be utilized for the benefit of the entire community, yet to whoever does think of it, to say this will appear no more presumptuous than to say that the Creator has intended men to walk on their feet, and not on their hands."

And yet it has only been solely as a fiscal reform that what bears the modified name of the Single Tax, namely, the "Single Tax limited" (a local release from taxation of buildings and personal property), has in the forty years since *Progress and Poverty* was published, ever gotten entry into any community. And among those countries where, even in this phase of supposed "entering wedge" it has secured a footing, the United States has not been one. In the British Colonies, in the German colony of Kiachau, even in the German nation itself, it has secured an exceedingly attenuated application, having none of the sociological effects that Mr. George's vision contained. In the State of California it has three times been attempted at the polls, each time without success, but with a successively increasing proportion of the vote. In the city of San Francisco, where *Progress and Poverty* was written, it has been solidly fought by the allied business interests. At the last election at which a Single Tax amendment to the constitution was submitted, the savings banks published to their patrons and the public the following appeal:

SAVINGS BANK DEPOSITORS AND THE SINGLE TAX

Public Statement of the Associated Savings Banks of San Francisco to their 350,000 Depositors, on why they Should Vote Against the Single Tax Amendment, Number 5 on the Ballot.

To the 250,000 Depositors in the Savings Banks of San Francisco:

So vital to your interests is the defeat of the Single Tax Amendment (Number 5 on the ballot in November election) that the savings banks would be remiss in their duty if they did not take steps to inform you of the nature and effect of this measure, and why it should be beaten by a large vote. This statement is published by the Associated Savings Banks of San Francisco as the best means of bringing the matter before their 350,000 depositors.

THE MEANING OF SINGLE TAX

The advocates of Single Tax have a creed, originated by Henry George and expressed in the following passage from his book (Progress and Poverty):

“Private property in land is a bold, bare, enormous wrong, like that of chattel slavery.”

By a process of reasoning satisfactory to themselves, the advocates of Single Tax have reached the conclusion that it is as immoral to own land, an inert thing, as it is to own human beings! They say the value of land should therefore be taken for the public use. How? By compensating the present owners as the owners of a water works or street railway are compensated when the public takes their property? No; they propose through this amendment to levy a tax equal to the whole earning

power of the land and so confiscate its value, thereby depriving its owners of the fruits of their industry and thrift.

All this the people of California are asked to approve, because a group of experimental idealists, laboring for a "cause," believe private property in land is immoral.

ITS EFFECT UPON SAVINGS BANK DEPOSITORS

There are more than one million savings bank depositors in California.

Nearly four hundred million dollars of their money is loaned on the security of real estate. The interest of savings bank depositors in this security give them, collectively, a larger interest in California real estate than any other class, excepting only farmers and home-owners.

Single Tax aims to abolish the value of land by taking its entire income for public use, and so depreciate the security on which the money of depositors is loaned.

This you are asked to approve, because "private property in land is immoral!"

ITS EFFECT UPON SAVINGS BANK BORROWERS

Tens of thousands of savings bank borrowers have used the money as obtained to buy or build their own homes in the city, or to acquire small farms in the country, which they have mortgaged to secure their debt.

Until the mortgage is paid off, their entire investment of money and labor is represented by their equity in the property, that is, by the difference between its selling value and the amount of the mortgage.

Single Tax would wipe out these equities by taking in the form of a tax the entire "rental and site value" of the land. The savings of

years would disappear, and in many cases the helpless borrower would not only lose his whole investment, but he would be personally liable on a deficiency judgment for an additional sum.

Thus, home-owners striving to pay off their mortgages are asked to sacrifice everything they have already paid; and for the reason that the creed of Single Tax declares a man has no more right to own land than to own slaves!

THE ORIGIN OF THE AMENDMENT

The pending amendment is admittedly an experiment for the Single Tax scheme has never been tried out in practice in any State in the Union. Although it has been the subject of continual agitation for some thirty years, the voters, for reasons which must be apparent, have never failed to repudiate it at the polls.

A substantially similar measure has already been twice defeated in California—in 1912 by a majority of 75,000 votes and in 1914 by a majority of 108,000 votes..

It now appears on the ballot through the initiative, but this does not signify a spontaneous demand on the part of the voters of this State. On the contrary, it represents a plain abuse of the initiative. Most of the money to pay the cost of obtaining signatures to the petition came from persons outside the State who have taken advantage of the initiative law to force an election upon the people of California.

The Single Tax advocates call their California campaign "The Great Adventure." So it must be for non-residents who, fired with zeal and a "cause" and owning no property here, lack all occasion to count the cost of their experiment. But the scheme does not appear in the light of a "great adventure" to the hard common sense of the farmers, home-owners and

savings bank depositors whose interests it threatens.

Savings Bank Depositors, it is of vital importance to you that Single Tax should not only be defeated, but that the majority against it should be so great as to discourage forever the attempt to place the burden of this experiment upon the people of California.

**VOTE "NO" ON SINGLE TAX, NUMBER 5
ON THE BALLOT**

**ASSOCIATED SAVINGS BANKS OF SAN FRANCISCO:
BANK OF ITALY,
COLUMBUS SAVINGS AND LOAN SOCIETY,
FRENCH AMERICAN BANK OF SAVINGS,
FUGAZI BANCA POPOLARE OPERAIA ITALIANA,
GERMAN SAVINGS & LOAN SOCIETY,
HUMBOLDT SAVINGS BANK,
ITALIAN-AMERICAN BANK,
MISSION SAVINGS BANK,
MUTUAL SAVINGS BANK,
SECURITY SAVINGS BANK.**

Dated October 25, 1916.

Clearly, the doctrine that "private property in land is a bold, bare, enormous wrong" has in it the power to elicit vehement condemnation by an exceedingly large and important element of our citizenry, who cannot be said to be committed in their interests wholly, or even in the largest sense, to land ownership, but whose greatest concern is the general prosperity of the community which Mr. George believed would be so ascendently enlarged by the political application of his principle.

The idea that the earth belongs to man and that its value should be absorbed by the State for

the citizen, was not original with Mr. George. At least, when the concept came to him and he turned to the literature upon the subject he found there a considerable accumulation of recorded thought. Chief among the writers upon it had been Herbert Spencer. In the first philosophical book that Spencer wrote he stated the principle in ten postulates, which Mr. George later set forth and declared that they covered the whole of the doctrine. Nor was the idea original with Spencer. It went back of him into the Physiocratic School; and wherever Dr. Quesney got the elements of it, we do not know. Truth upon a great world-moving force does not come forward with a gush, nor can any one man ever claim the credit of its perception. Mr. George holds a large place in its evolution, so does Mr. Spencer; but its culmination was not to be reached either in the day of Spencer or of George. Spencer forsook the idea, and in later editions of his book he expurgated all reference to the theory. This greatly provoked Mr. George, who devoted an entire volume to what he declared to be Mr. Spencer's remissness, and charged his conduct to moral cowardice; whereat Mr. Spencer came back with a tart reply. I do not believe Mr. Spencer expunged the matter from his book through the motives which Mr. George ascribes to him. The fact was that while in the earlier years of his philosophical thought the doc-

trine looked sound to him, yet later he doubted its correctness, and became so far convinced of its error that he was unwilling to longer continue it in his works. And yet Mr. Spencer never knew what was really wrong with it, never reached the analyses which showed him in fullness its falsity. Mr. George was deceived by the doctrine all his life. Mr. Spencer, a far greater analyst than Mr. George, was not deceived, but failed to locate its error.

For the error in the doctrine is due to two things—failure to understand the State, and failure to understand the value of land. These analyses were never made until they were made in *The World Question and Its Answer: The Solution of the Problem of War*, the unpublished book of my authorship, which I hope may soon be printed. It is, indeed, singular to say that Mr. George, during the last twenty-five years of his life devoted himself exclusively to a discussion of land value, without ever knowing what land value was. He never pushed the analysis into the zone of determining how it arose. With him it always was:

“that which is gained by general growth and improvement of the community.”

In *Social Problems*, p. 292, he thus speaks of it:

“What can be more in accordance with justice than that the value of land, which is not

created by individual effort, but arises from the existence and growth of society, should be taken by society for social needs? * * * The value of land only arises as in the integration of society, the need for some public or common revenue begins to be felt. It increases as the development of society goes on, and as larger and larger revenues are required."

Again he says (p. 295) :

"As individuals come together in communities, and society grows integrating more and more its individual members, and making general interests and general conditions of more and more relative importance, there arises, ever and above the value which individuals can create for themselves, a value which is created by the community as a whole, and which attaching to land, becomes tangible, definite and capable of computation, and appropriation. As society grows, so grows this value which springs from and represents in tangible form what society as a whole contributes to production as distinguished from what is contributed by individual exertion. By virtue of natural law in those aspects which it is the purpose of the science we call political economy to discover, as it is the purpose of the sciences which we call chemistry and astronomy to discover other aspects of natural law—all social advance necessarily contributes to the increase of this common value; to the growth of this common fund."

Here, then, we have as far as Mr. George ever got into an analysis of the origin of this quality which he regarded as "unearned increment" and called *land value*. It was to him a phenomenon which seemingly through certain combinations and

alchemies inherent in society effloresced as an effluvia. It exuviated, or shed, from the social body. So arising, it seemed to Mr. George that all men were alike entitled to it in equal share, since they were surely all alike entitled to the earth which the Creator had made. Here was his prime mistake.

For if Mr. George had only asked himself what society is, he would have realized that it is an aggregate of individuals, of units, hence, of social units. Then all of value that arises in society must issue from these units. And while these units act co-operatively in the general scheme of moving the earth to yield them livings, yet the conduct of each is as an individual; so that all value of whatever kind must have its rise with the individual; and as this value is unquestionably of two kinds, viz., the value of things and service, and the value of land, we have here the quality of value split in two and falling apart into two definite compartments, or what I call *hemispheres*, namely, the *unit value*, the value of things and service, and the *social value*, or value of land.

Having got this far Mr. George would have seen that the value of land is not a product of society at all, but is a product of the unit in society; hence he would have perceived that to talk of giving every man an equal share of it merely because he was a man and in society, was

erroneous. If this value is to be partitioned at all it must be paid out to those who make it and in due proportions; for as the powers of men in production differ, so their productivity of social value differ, and the question would at once arise as to what right has the State to take social value which I have produced, and which according to Mr. George's ethics ought to belong to me, and give it to Smith who has not only produced none of my social value, but has produced none of his own, for, we shall say, Smith has never raised his finger in the doing of any co-operative thing; all his life he has only consumed.

Clearly then the idea that social value or land value is created "by the community as a whole" is erroneous; it is not so created at all. It is created by the individual, the social unit. But how is it created by him? Mr. George certainly does not tell us.*

The fact is that it arises in a way of which the social units are unconscious. It is engendered incidentally to the making of the *thing*, or rendering the service. The unit creates unit value with the object of his deed in mind. His article made is the result of his purposeful, intentional, conscious act. He knows when he makes the thing,

*The analyses of the social value comprises over one hundred pages in Volume I of **The World Question and Its Answer**. It can, of course, only be slightly touched upon here.

where he makes it, and where it is when it is finished, and he knows how much of value he created upon having made it; that is, he knows what it has cost him in material, overhead, interest, labor and so on. He may also make this value non co-operatively; that is, alone, I may retire to the Sierras and, on a small piece of land, I may there make, from wood about my cabin, say household furniture. And my making these products will not in any way confer a penny of value upon any of the land about me.

When, however, I send these merchantable articles I have made to San Francisco, and their presence in the store cause people to come thence in numbers and they are purchased and enter the uses to which their buyers shall devote them, then through them social value arises; that is, the land in the region of those articles becomes more valuable, and when we look to see what this furniture has done that has generated this value, we remark that it has enabled the units of society to become more co-operative, that is, it has increased the efficiency of the social units in their task of using the earth to produce livings for themselves and for each other. It has facilitated the production of food, clothing, shelter, transportation and so on. So then we see what social value in its essence is: it is an influence facilitating co-operation. That is to say, *the social value is a poten-*

tiality deposited in the land which enables the user more efficiently to serve society in the particular way of its use, than he could do without it.

Although the furniture did not begin to produce social value until it reached San Francisco, and called into co-operation the railroad, teamster, warehouseman, merchant, buyers, and so on, yet the social value which it ultimately created was really related, in large part, to my act in the Sierras of making furniture. I did not know this. I did not know that while I was making unit value, I was at the same time making that which would, as soon as the articles passed into society, become social value. Nor did the railroad people, or the teamster, the storekeeper or others who co-operated in getting that unit value to the consumer, know that in so doing they were severally making social value. Social value is therefore created by the unconscious act of the unit while making unit value. He does not know when he makes it, how much of it he makes, or where it is when he has made it. It is therefore, what I call *the subjective value* as against the unit value which is *the objective value*, the negative as against the positive. It is nevertheless *value* as perfectly as is the commodity, *value*.

When, therefore, we perceive that the social value can only be made co-operatively—for while I finished the table in my cabin, and so created

there the unit value, yet it would never have had power to generate any social value unless I had converted my separate act of making it into a co-operative act by hooking it up with the acts of others in San Francisco—so that while the social value can only be made co-operatively, yet there is always present in the act of making the social value another ingredient, that is, *order*. Order must necessarily be maintained for people to be able to co-operate. Where there is disorder, where people are afraid of one another, refuse to trust one another, where disturbance is rampant, they cannot co-operate, and social value cannot be made. The lands in such places will have no value. People must be secure in the possession of the fruits of their labors or they will not work with each other, and where they do not work with each other social value cannot arise.

Now the power in society which is in charge of order is the State. It is not understood. People think the State is an institution gotten up to give some privileges as against others, or to conduct utilitarian industry and so deprive the citizen of that which is solely his right—that of co-operating with his fellows in the task of getting a living. We do not today know that the State is that organ of society whose *sole* function it is to maintain order, and as such it is the sole user of force, the force of society in effecting that result.

So then the social value, being made by the unconscious act of the citizen in the presence of order enforced by the State, belongs really to the State, through whose offices it has been made. If it does not belong to the State who does it belong to? To the citizen who made it? Certainly it does not belong to the citizen who did *not* make it, as Mr. George would give it. Very well, then, let us give it to the citizen who made it. How will we get it to him? Where is it? Who knows? Does *he* know? Though he may have made a billion dollars of it, can he identify one nickel's worth of it? Mr. Thomas A. Edison has perhaps made a billion dollars of social value during his lifetime yet he does not know that he has made five cents of it. Verily in its nature this quality was never intended to find its claimant in individual ownership. The social value cannot be individualized.

It is Nature's ^{plum} pabulum of the State. The State is a natural creation without which society could not exist; and as Nature provides food for all her creatures so she has, cunningly, most wonderfully, provided for the State a source of sustenance *wholly its own*, so automatically devised and engendered that its production does not bear in the slightest way upon those who produce it, for the State to take which, as I shall show, facilitates production of both unit and social value and does not lessen either.

But as the State's sole function is to maintain order, and cannot engage in utilitarian industry, so it cannot administer the land. That is, it cannot sell land, rent, collect rents, attended to property, and so on. This is utilitarian business. Neither can it take from the social value more than its needs, for if the State took more than its needs, it would have to give the residue away. This would not be the State taking, but it would be the recipient using the State to take for him. Now in order to take anything from anyone you must first show a superior title to the thing taken than that of the possessor. The State has that title to the social value in so far as its needs, and may rightfully take it from the landowner. But no one else has. Certainly all and sundry, merely because they are men and are in society have no such title. There is hence, no way to get out of the possession of the landowner more of the social value than the State's costs, and this dispenses with Mr. George's idea of distributing the value of land.

But we have seen that it is the State's duty to maintain order. In the furtherance of order the State may do anything properly necessary to maintain order. My house is my castle; yet if I so use it that it is a nuisance, that it is a source of disorder, disturbance, confusion to my neighbors and others, the State may lay upon me such

inhibitions as will compel me to eliminate the disorder. So the State stands charged by society with the duty of securing orderly use of the earth. What is orderly use of the earth? Is it board-fencing a lot, and strewing it with tins and debris? Is it growing six rows of potatoes upon a million-dollar "piece or parcel" of land? Or is it covering with a one-story building a lot next door to a twenty-story building in the center of a crowded city. Is it growing oat hay in the midst of groves of oranges where bare land sells for a thousand dollars an acre? And so on. Is it not manifest that "orderly use of the earth" means that the land in its several parcels shall be put to such use as by reason of its value would be full and efficient use of the land? And when we realize that in society today the valuable land is only 40 per cent used, while 60 per cent of it we do not use, an enormous fund of value in society from which society receives no benefit whatever—when this is known, we shall not longer look for the cause that lies at the bottom of all the inharmony in human society, as my book the *World Question and Its Answer* fully shows.

For if we have in society a value which is not used, it does not matter whether such value be in all the manufactured iron, or the manufactured wood, or the cereals, or fabrics or else, if these be shut away from society and cannot be used,

society is going to suffer for such use; the units of society will have thus much less of value to exert their efforts upon, for value is the basis of co-operation. It must hence occur that if we have 60 per cent of the social value idle, we shall have 60 per cent of the people idle. These will not all be absolutely idle; some will be so, but the vast multitude will be in business hard times; that is they will be partially non co-operative—from one per cent to 100 per cent.

Orderly use of the earth is effected by the State in levying upon the several parcels of land such an annual Call as will make it unprofitable for the owner of the land to hold it at less than its full use, that is, its appropriate use. This charge would necessarily be uniform in neighborhoods, and would be effected by fixing valuations upon land through appraisements precisely as now pursued by assessors. The appraisements would simply more nearly accord with the social value content of the land and the rates would be higher.

This change would not lessen the property of the landowner in the land. To the contrary it would greatly increase it. There would be a decline during the first year, possibly 30 per cent, but it would quickly recover and following that there would come a tremendous rise in the volume of social value which would far more than compensate the landowner for all that the State has

taken. This rise would be occasioned by release from taxation of the unit value, the striking away of all forms of privilege and monopoly which now hamper men in their co-operation, and by the enormous production which would ensue through full and efficient use of all the valuable land in society. In other word, full co-operation of all the members of society ensues; these people in addition to using the earth use the unit value; the latter thereby becomes the shuttles through whose unhampered and unimpeded action social value is woven. Once this truth is understood the landowners themselves will be the most severe guardians of the unit value, strenuously opposing every project to tax it, to impair it, to repress its use in the slightest way. They will not be, as they are now, declaiming against removing taxes from buildings, personal property and else, in the Single Tax campaign, when they know for a fact that they themselves enormously benefit by such release, and the State is limited in its taking only to that sum required to force continuous full use of the valuable land.

The landowner is the steward of the State; as such he performs a natural function and nature rewards him profusely for his services, as she does all those who obey her laws.

Nor would landowners consent to the maintenance of armaments to be used in war, where a

sociological arrangement exists that nations have ample room for full and free development, and cannot possibly benefit a particle by the results of war, when those landowners realize that the entire cost of such armaments is a charge upon them and must be paid from the social value. They will strenuously resist the laying of any burden upon the social value above that required to keep the land at its full economic use, and they will be changed from the most active agents for war, as they now are in Europe, to the most vigilant protectors of peace.

Understanding then, how the social value, or land value is made, if it were to be taken from the landowner and distributed, as Mr. George would have it, manifestly it must be distributed not only to those who contribute it but in the proportions in which it was contributed. The condition would be similar to that of a joint stock company whose members receive according to the contributions they severally make to the common fund. Mr. Edison, as I remarked, has contributed many millions. My gardener has contributed very little. But Mr. George would give my gardener as much as Mr. Edison because they are both men. "What has that got to do with it?" you ask. Assuredly. And when we use a part of this land value to conduct telephones and my cook, who has not produced as much social value

as the gardener, spends a considerable part of her time at the telephone, we find as against Mr. Edison that there is a unit getting a disproportionate share of social value, for Mr. Edison does not use telephones at all.

To give people free utilities and free coin would not have the effect upon them which Mr. George thought. It would not be a fund "in the management of which there would be such a direct and general interest as to afford the strongest guarantees against misappropriation and waste," as Mr. George supposed. It would, to the contrary, lessen their initiative. People should be compelled to put forth effort for what they receive. The social value would be a corruption fund to do politics over. People would be in incessant quarrels over their "rights" to proportions, and the idea that car service were given free to benefit the people in the outlying districts while those closer in did not use cars, yet their money in the fund went to pay for cars and so on, would be productive of continuous disturbance, until through the weakening influence upon the people of these fund distributions there would tend to be no such fund because of a consequent lessening of the volume of the social value. There would be general demoralization of the people.

Here then, is the difference between the Call System and the Single Tax. The latter denounces

private property in land, and takes from it its full value which it absorbs through confiscating rent, the grounds of such taking being that it is of right the property of society and should be distributed to its members. The Call System shows it to be the property, not of society, but of the State; that it cannot be distributed to society, and only enough of it can be taken by the State to enable the State in its function of maintaining order to compel orderly use of the earth. The Single Tax denudes the land in the hands of its owner of all value; the Call restores to it far more value than it takes, making it highly profitable to own land, yet finding abundance of land in society for all the people. Practically everyone under the Call System, would become a landowner. Only, under the Call, the landowner could not hold his land at less than its full use, according to its value.

In the Single Tax Platform there occurs amongst the number of effects which the Single Tax, it claims, would attain the statement:

“It would thus make it impossible for speculators and monopolists to hold natural opportunities unused or only half used, and would throw open to labor the illimitable field which the earth offers to man.”

It may be conceded that the Single Tax would squeeze out the land speculator, but that it would “throw open to labor the illimitable field,” etc., is

extremely doubtful. That it would cause any considerable increased use of land, or relieve the pressure of rent against wages, it is impossible to see. The Academic economists strenuously insist it would not, and I am not prepared to say that in this instance they are not correct. While the Single Tax would aim, as the Call in fact does, to wipe out all taxes upon which I show is the unit value, taxes on personal property, buildings, income taxes, tariffs, taxes on estates, internal revenue and the "whole slough" of taxes, dues, charges, imposts, and else which now stifle business, and industry so relieved would become far more active than at present, yet for the rest the Single Tax simply shifts landlords. Instead of Jones owning the land the State owns it. If we shall say that Jones is now holding the land unused or half used as a speculation, rather than pay the State its full rental value, he may prefer to drop it. The State would then sell it for taxes to the highest bidder. The buyer would buy it for use, not for speculation. In this way, if the land sold readily, the Single Tax would get full use of the land, and this was what Mr. George meant in his statement in his Platform which we have quoted. But would lands sell readily under such circumstances? Is a state of fixed tenantry such as induces people to go upon land in the installation of industry? Is it not a fact that the

emolument derived to the owner fully using land from the margin of rent which remains in his hands after the State is paid what we now call taxes, is a very large inducement to use land? Where is the farmer who does not want to own his farm? And what would be the advantage of owning a farm if one was in fact merely a lessor of the State paying to the State its full rental value? It is true that people *will* use land, even under tenantry, for industry must go on, and the earth is the only place upon which it can go on. Yet beyond all question the inducement to use land, that is, to conduct industry, would be far greater, the stimulus to initiative would be vastly more, if the owner-user were permitted to retain a large part of the rent, and the State limited in its taking to only the quantity necessary at all times to secure full use of the land according to the merit of its value.

In other words, Mr. George with his reform was looking in the wrong direction. It is not through dividing up the yield of the social value—rent, that benefit to society is to be obtained, but it is through *full use of the land*. Not through giving people free electric light, pensions and coin, but through the vast quantity of products poured into society through valuable land fully used, which lowers prices with abundance, and raises wages through demand for labor caused by the

heavy draughts upon labor by the land forced to full use. The Single Tax cannot secure in that manner what its Platform says; it cannot in this way "throw open to labor the illimitable field which the earth offers to man," simply because man will not go into the field freely and fully without he has more inducement to his enterprise than that given by his labor alone; he must have thereto a share, and a very large share, of that value which his labor unconsciously produces, and which I call the social value.

Nor can I see that the Single Tax would remove the pressure of rent against wages, of which Mr. George justly complains. This pressure is caused by three things: (1) the holding of valuable land out of use, (2) the edging up of price of rent and land to absorb the slack of income of industry, caused by the effort of industry to employ itself, and (3) by the presence of idle labor at the door of industry seeking jobs and undercutting in wages those at work, this idle labor caused by idle or inefficiently used valuable land. As I remark, the Single Tax would indifferently encourage the use of land. Matters not who the landlord is, the tenant will improve land only in the flimsiest way; his concern is to get all off it, and put back as little on it, as possible; and he wants to get this off with the ultimate object of quitting the land and going into something that

is more profitable. The quality of the Single Tax would not therefore be to draw to all of the idle valuable land, users; nor, because of its failure to induce the making of the best improvements upon the land, would it move the use of the land to its highest efficiency.

Nor can it be seen that the State being the sole landlord, would not edge up on industry to absorb the full of the yield of industry as far as possible, just as the landlord does now. Since it will take all of rent, surely as rent in land increases through increase of the value of land, the State would come forward and take it. Here we have the pressure of rent against wages precisely as we now have it with the landlord. If it was the quality of the Single Tax to cause full use of all the valuable land, if as soon as new land accreted any value it would have to be placed to its fitting use, as the Call system requires, this pressure would not exist, but it is impossible to see that that Single Tax would do this; to the contrary, as far as I am able to penetrate the analysis, it would not do so. What miner would devote his life to seeking out new ore deposits if his reward in finding one would be merely wages for his labor in mining the ore? Who would level a forest of timber trees if he must needs pay to the State a stumpage at the same rate he would pay to a landlord? *Some*, indeed, would do this. Today both

mines and forests are leased. Under the Single Tax the tendency perhaps would be, through lowering *price* by forced sales, to increase the number of those who are disposed to be tenants; but the inducement to go on the land and work it to its full efficiency is *not sufficient* under the Single Tax, and there is no doubt that under it a great deal of valuable land *would not be used*, and land generally would not be used *to its highest efficiency*.

Not, therefore, using all the land, or using that employed to its highest efficiency, there would be a margin of people in society unemployed or half employed—for as I show in *The World Question* efficient use of all the valuable land and efficient employment of all the people correlate each other. You cannot have any idle or half idle people if all the valuable land be efficiently used. These unemployed and half employed people institute and maintain a pressure against the doors of industry through under-cutting wages, holding them low, and the margin of income in industry which would otherwise go to wages, goes to rent and is collected by the landlord, and under the Single Tax, would be collected by the State.

What Mr. George was really striving to reach was the key to that condition which he asserts in his Platform as:

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“It would thus solve the labor problem, do away with involuntary poverty, raise wages in all occupations to the full earnings of labor, make overproduction impossible until all human wants are satisfied, render labor saving inventions a blessing to all, and cause such an enormous production and such an equitable distribution of wealth as would give to all comfort, leisure, and participation in the advantages of an advancing civilization.”

And the way he would secure this was by “throwing open to labor the illimitable field of employment which the earth offers to man.”

This vision is correct enough, but the Single Tax will not do it, only the Call can do it. The whole structure of the Single Tax rests upon false premises, upon erroneous analyses. Mr. George never grasped the great central principle in the whole thing, namely, *order in the use of the earth*, nor recognized that this State which he wanted to become the agent of the citizen to collect for him from the landowner the rent of land, was really the organ of society in possession and control of order, and whose function it is to enforce orderly use of the earth, now used by society with such tragic disorder that we must needs have war to destroy millions of population in order that civilization might not lapse, and man be pressed far back toward the savage stage. The Single Tax therefore fills the definition of the term commonly used in science as “half baked,” a body of thought containing many truths, but upon the whole erroneous.

The principle with which Mr. George was dealing embodies a vast realm of sociology which he never saw, which, indeed, he had no inkling of, which in fact could not have been acquired in his day for the phenomena did not exist whereby the analyst might discern the Laws of Nature which run through the human scheme, upon which society is unconsciously organized and upon which it exists. Great basic laws seemed to Mr. George to be erroneous or not to exist. He derided the Law of Malthus, that *human population increases faster than wild life replenishes*. Malthus, himself, did not fully understand this, and applied it to erroneous reasoning. Mr. George scouted the principle of population, and science does not know today that the human scheme is, as it has been from the beginning, as I show in my book, *the increase of population to unfold the mind*.

Mr. George says:

“Whether man was or was not gradually developed from an animal, it is not necessary to inquire. * * * However man may have originated, all we know of him is as man—just as he is now to be found.”

He then proceeds to note the faculty of man “of supplementing what nature has done for him by what he does for himself.” This is as far as Mr. George goes into the region of the origin of man; and unless this be recognized, as we now know

it through the work of Darwin, and Wallace, the Laws that moved man forward from the ape to civilization cannot be understood, and without an understanding of these society cannot be understood, and without understanding society the basic cause of its disturbance, its inharmony, its business hard times, industrial unrest, high prices, low wages, poverty, unemployment, crime, intemperance, armament, war, cannot be understood, nor can we know the remedy for these disorders.

All this my book *The World Question and Its Answer*, tells. We may stop the present war instantly if we desire. Not through force, by which means we have been trying to stop it for years, and by which means the war, while it may ultimately be stopped, cannot be prevented from recurring, much as those who favor a League to Enforce Peace suppose—but through producing within the allied countries a sociological status that removes all cause for war, and automatically compels Germany to disarm, never again to be able to put on armament, or to conduct war.

War cannot be abolished by threats of force. All efforts to do this by a combination of nations to “police the world” must result in failure. Hence the undertaking of the *League to Enforce Peace* must be utterly futile. Were it possible to suppress external war by such an association, it would mean that war would fiercely rage within the sev-

eral nations. And if the League scheme be extended to suppressing civil war, and an enforced peace were actually attained and held, civilization would sink in famine. The *League to Enforce Peace* can no more be successful than was the Holy Alliance, which—a scheme of terrible tyranny, held Europe in peace for forty years only to end in sporadic war everywhere breaking out as an eruption. Those well-meaning people who now are concerning themselves with a project for a world peace pact are dealing with sociological forces which they do not understand, and which will rend any structure they seek to erect upon that principle. They can never have peace with privilege, which is what they are aiming at, though they may not realize it. Only freedom and equal right can abolish war. When society is so adjusted, war disappears simply because a *casus belli* cannot arise. It is easy to stop anything you want to stop by force. All you need is brawn enough in your arm to land the blow. But the quality of such blow is that while you dent the surface at your point of contact you bulge it elsewhere. So it is in this matter of war. The real problem is not to call a world convention and fix up a treaty, but to so arrange society that peace is automatically preserved. The way to do this is now known, and we have only to inform ourselves and apply it.

It is the decree of nature that progress of the human must go forward with peoples grouped in nations. It is the requisite of a nation that its political powers be full, free and autonomous. The only higher rule that it can recognize is those political and economic precepts which the reason shows to rest on Natural Law, and to stand for human welfare.

The distinction between political law and economic law is not now known. People think that economic law stops at the political boundary; that the interests of a people are best served where those beyond the political boundary are denied in order that those within the boundary may have (what they think) is larger opportunity to serve society. The doctrine is wholly wrong. People can only serve themselves by serving others. The office of a political boundary is not to divide people economically, for in the scheme of co-operation it matters not where one resides, but to enable people to know to what organization they owe respect in the preservation of order. National boundaries are hence wholly political; in no sense are they economic. In political rule the country must be self-determinate. Never can a single ruler destride the world, whether as kaiser of a world nation or as president of a world peace parliament. A "United States of the World" is a myth. At the root of this principle is *diversity*

as against homogeneity. Nature moves away from uniformity and towards variety in the unfoldment of the mind. The only uniformity she recognizes is that of her Laws to which all men, when they see them, yield obedience. And these Laws, while everywhere the same, allow free latitude in their subjects to the utmost heterogeneity.

Upon two points only do the Call System and the Single Tax resemble, viz.: Both take the cost of government from the value of land and both eliminate all taxation from commodities, structures or service. Aside from this they present two different systems of philosophy, or rather perhaps, a philosophy or process of reasoning from erroneous premises in the Single Tax, and a science, to which sociology is now reduced, in the Call System. It would be impossible in the limitations of this booklet to specify these differences, but a few of them, those bearing upon the limited field of sociology which Mr. George treated, may be enumerated.

The Fifteen Points of Difference Between the Call System and the Single Tax

Let us now summarize and note the differences between the

SINGLE TAX and the CALL SYSTEM

Denounces private property in land.

Defends private property in land.

Asserts value in land is the property of society.

Declares it is the property of the State.

Does not know how value of land arises.

Shows by analysis that it arises through the unconscious co-operative act of the citizen while producing unit value, effected through the existence of order maintained by the State.

Asserts the defect in society to be that rent is not distributed equally amongst the citizenry thereby increasing their incomes, but is allowed to devolve upon a limited group of persons. That this would and should be cured by increasing the incomes of the citizens through the equal and free distribution of rent.

Declares the defect to be that opportunity of the citizen to co-operate with society is held down by holding out of use a vast body of value in society (social value), and by the absence of the products and service which full use of such would entail. Declares the defect would be cured by raising wages, and by enabling business to increase, and through increased activities to enlarge incomes therefrom, and by lowering prices; all of which is automatically effected by the State compelling full use of valuable land.

The citizen uses the State to take all property in land to distribute to himself after supporting the State.

Denies the State may take more than its support.

The primary object is to secure incomes for the citizen from rent. The support of the State is secondary.

The primary object is to secure orderly use of the earth. The support of the State is secondary.

Does not regard full use of valuable land as an object but as an incident which might occur as a consequence of the landholder being "compelled to restore to society an equivalent to that which he takes from society," namely, the whole of rent commensurate to the quantity of land value which he possesses. Does not believe that the defect in prevailing social arrangement proceeds from land not being orderly used.

Offers no inducement to owner to use land through sharing in its value.

By reason of weakening influence upon recipients of free gifts of incomes derived from rent, hence tending to relaxation of their economic exertion and efficiency, it is doubtful if land value would continuously increase.*

*This may not strike the reader with force. It is nevertheless true. Not only would free gifts of incomes tend to relax the industrial energies of people generally, particularly those who toil on the physical plane, but, as we have seen recently, unusually high wages brought about by the war, has had the effect of "laying off" lumberjacks in the Northwest and negroes in the South. Receiving more wages in two or three days than they have heretofore been accustomed to receive in a week, and with jobs easy to get, they work but two or three days in the week. A hundred years ago this was the general temper of most people. Had the Call System, with its voluntary high wages and abundance of jobs, come into existence at that time, it must have demoralized society. Men had to farther advance before they reached a stage of development where they could receive good incomes and continue work. In this development prevailing low wages and scarcity of jobs, with the labor unions enclosing industry to a protected few and forcing high wages for its members, all incidents of the Protective System, were needful as well as the increase of many and diverse delights and comforts in society which money can buy—all were requisite to provide a stimulus to drill men to industry and keep them at it. But the day has now come when voluntary high wages can be paid to the mass of men, and their energies be thereby increased, not diminished. But the reverse would be the case were any free fund generally distributed amongst them.

The full efficient use of valuable land is orderly use of the earth, which it is the State's duty to compel. This is attained through the State taking such an annual Call from the social value as will make it unprofitable for the landholder to hold it at less than its full use. He would be compelled to fully use it or let some one else through leasing it, fully use it. What this amount may be is a question for the assessor and board of equalization dealing with the particular neighborhood, acting under general ordinances to be framed.

Induces use of land through leaving greater part of value with the owner of land, and setting up conditions favorable to each person acquiring ownership of land.

Tremendously increases land value (social value), which becomes nearly all profit to the landowner.

Limits improvements to such as a tenant would make.

Wholly effaces the borrowing power of the landowner where the land is unimproved, and lowers it to the security of the value contained in the structures where it is improved, thus reducing the co-operative efficiency of the landowner as a social unit

Demands that the State should own and operate those utilities which employ highways, and proposes that the service of these shall be free to the citizen.

Names itself **Single Tax**, importing the sense of an arbitrary levy, impost or burden.

Mr. George unqualifiedly condemned private property in land as an institution which has at all times been injurious to the human race.

Both compels and induces improvements to full efficiency of value.

Greatly enlarges his borrowing power through increasing his volume of value contained in the land, and through the plentitude and free movement of money, and the general confidence created in the business world, it becomes easy for him to borrow at low interest rates.

Demands the State rigidly withhold its hands from the operation of utilitarian industry, which is the sole right of the citizen. And that all highways shall be open to the use of citizens under general laws and upon equal terms; and that mergers of competing operators of these industries be prohibited.

Not a tax at all, and in no sense answering to the definition of a tax; but is a **call** made by the State upon its own property, similar to the call of a bank on an outstanding loan.

Shows it is necessary and wise and may be made precisely just. Its prevailing phase, designated as the **Protective Spirit**, has been imperatively required in the great scheme of human progress. It was the method which nature took to get civilized man over the earth, through making land in society scarce and high, driving him forth to the wild and unoccupied spaces of the earth to get cheap land. The spirit or system is now obsolete.

Realizes that the prevailing system causes constant increase of poverty and believes that unless the influence in society which affects this be checked civilization will lapse.

Shows that prevailing system produces constant increase of dis-cooperation of the units of society, throwing an ever enlarging margin into famine. Shows, however, that this can never cause lapse of civilization because war automatically ensues, which at once effects full co-operation of society, and tries to make this permanent in the peace following war, tending to produce the Call System through the medium of force. But that in order for society to hold on in peace to the co-operation which war devolves, it is necessary that the mind recognize Nature's effort through war to make society economically whole and effect the necessary legislation to that end; otherwise war will again transpire, for war always closes bearing the seeds of future wars. **The World Question and Its Answer** shows the way whereby through legislation permanent full co-operation may be effected.

In thus showing some of the mistakes of the Single Tax, and the impossibility of its ever getting into existence as the working structure of a nation, I am conscious of the blow which may be dealt that movement. I have long seen the errors of the Single Tax, but have held my peace because I had not worked to its conclusion the problem of sociology, and until I was able to present the true solution to the problem I was loath to lift my hand against a proposed reform—the only one existing aimed at rational understanding of sociological disturbance, and the only hope of millions of serious and conservative people the world around, who have their hearts set upon the attainment of a society in which all may be fed in abundance and in harmony.

That problem, as I say, has now been worked out and we know the remedy. In twenty-four hours the Congress of the United States could by the passage of a simple measure, and repealing a bevy of pernicious laws, change the whole condition which other nations must, for reasons I show in the book, immediately adopt, and war shall then be abolished from the earth forever. I do not pretend or believe that the introduction of the system will close the war now prevailing. I think that so outraged and overwhelmed with horror have the non-Teutonic peoples of the world become at the methods of warfare of Germany that

they will never lay down arms until the few individuals who comprise the German militaristic group are deposed and effaced. I do not believe that the governments and peoples of the allied nations will, under any circumstances, consent to dwell with this group in any relations whatever save those of war. Had they conducted their warfare after the rules of civilized nations, I have no doubt that the war would be closed immediately the Call System is recognized and applied. But all that the Call could now do would be to strengthen the Allies, through revealing to them an immense supply of funds, the taking of which does not hurt business.

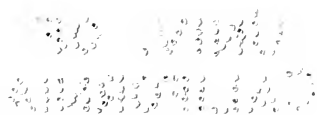
Under the Call System in place of the famine, the oppression and agonies of the prevailing system there automatically supervenes a sociological condition which, as I have repeatedly said, I can find no other name for than a *heaven on earth*. It is a state of things in which there is more jobs than there are men; more offers of business than business people can accept; where wages are high for lack of men, and prices are low with abundance of goods; wherein there cannot be a strike or a lockout; where crime, intemperance, insanity, many diseases, are at a minimum and tend to disappear, not to increase as now. Wherein every man moving ever so selfishly towards his own ends, is but aiding his neighbor and cannot injure him. You

may call this state of society what you like, it is certainly far different from the present society, which I call that of the *Protective Spirit*, which system, however, has, as I show, been utterly necessary for the human race, since it could never have reached present civilization without it, but which is now obsolete and must be abolished, if war is to cease.

And in the working out and elucidation of this problem I cannot withhold expressions of my deep gratitude to Mr. George for the aid I have received from his labors. His celebrated book, *Progress and Poverty*, was written not a block away from where I now write; it has swung around the world, and his name is familiar to distant peoples to whom the name of San Francisco is known chiefly as his home. Surely one who has done so much for this city is entitled to earnest inquiry into the merits of the work he has performed. This I have sought to give, and to locate his place and achievement in the successive steps through which the capital problem of society has been compassed and its answer found. His share in the work has not been small, his contribution has been no meager portion. History, in its summing up, will give to him his due reward, that public gratitude for the possession of a sincere and ardent mind, profoundly committed to the public welfare, who boldly showed forth such of truth as he saw, and

who made easier the path to the ultimate goal, which he brought nearer to the reach of those who should follow.

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