

Ethics

Is it proper and just that only holders of land should pay the cost of government? To answer a flat "Yes" hardly suffices. It is more enlightening to point out that every living person is a user of land. Even if you live in a tall apartment building (instead of a farmhouse) and earn your living in a big office building (instead of building roads) you are occupying a portion of the earth's surface during every instant of your life. Since we are all users of the land, all entitled to be on earth, those who wish to occupy a specific area should recompense the rest of us for the space from which, because they occupy it, we are excluded.

If one could not have exclusive possession of a portion of the earth's surface, it would be impossible to conduct a

business or to maintain a home. But, once having agreed to pay his fellow man the land-rental value of his holding, the holder of a site should not then be *fined* by taxes on those investments installed on the site that are referred to as improvements. On the contrary, he should be encouraged in every way to improve the site as fully as possible.

Our accepted habit of thinking makes us readily approve the idea that birth under certain circumstances entitles a fortunate person, not only to the area he occupies, but to the privilege of charging other people for his permission to occupy an area which, insofar as his having contributed anything to it, they are perfectly entitled to occupy without his permission. Under such conditions he is a landlord, the lord of the land, part of a landed "aristocracy," a very different thing indeed from being a land user or occupier.

As occupants of the land, we all participate in payment for its use. Insofar as the rental is concerned, the landholder, or landlord, is collecting a publicly created revenue. Insofar as the same person may have placed buildings, machinery, or other improvements on the site, although said to be collecting rent, actually he is collecting a properly earned interest on his investment, *plus* the site rental and perhaps a profit. His income, therefore, can be divided into (1) earned interest on his investment in goods, labor, management, and creativeness, and (2) an unearned payment to which he is not entitled, for exclusive occupancy of the site.

We should make a clearer distinction between *rental* and *hiring*. In studies of economics, rental is *land rent*, and that only. You can hire capital—a harvesting combine is capital, as is a computer or a furnished room—and your payment is interest and perhaps profit to the owner. But you rent land.

For an investor who suitably improves a site to which he holds title, discontinuance of taxation on his improvements can in most cases be found to more than offset his payment of full land rental. But what of the innocent owner of land under lease or held as an investment who in a period of ten years would find his or her whole income and the sale value of his or her title perhaps greatly reduced?

The answer to that question involves the whole question and can perhaps best be supplied by first answering a few other questions. Is the purchaser in good faith of a stolen violin or painting entitled to keep it? Or to be recompensed for what he paid to the thief? Is the inheritor or purchaser of the stock of an enterprise which has failed entitled to recompense from the public? Presuming Prohibition to have been a beneficial act, should those who were ruined by its passage have been paid? And when Prohibition was repealed, presuming that, too, to have been a beneficial act, should the people who were ruined—and there were some—have been paid? In short, when the world moves ahead, or even just along, some people are bound to lose by it. But in this case, even the losers would be benefited in the long run.

The overwhelming majority of landlords are high-minded people, utterly unconscious that they are improperly appropriating public funds, and to accuse most of them of intentional wrong would be rank injustice. Naturally, therefore, the subject of compensation at once arises. Suppose some physician, high in his profession, generous with his skill but still well paid, were to invest in land for the benefit of his family—in dense ignorance of the fact that he was launching them as leeches. Would it be fair to render

them destitute? Of course they might be looked on as heirs to an investment that did not pan out as profitably as was anticipated, which is the present fate of many innocent heirs of stocks and bonds. But as this is called a radical change, suppose someone were to suggest that they should be looked after. Suppose he were to suggest that they be given a life income, which in the case of the wealthier landholders might be, for example, \$5,000 per month from the public treasury. Imagine the outcry from all of us. What! Give someone all that public money for nothing? It would seem foolish, but they are getting that now, and some are getting a hundred times that for nothing.

A Mr. Rothbard has asked: "What of the pioneer? Why should anyone find new sites and bring them into use, when the gain will be confiscated? And how moral is this confiscation?"

Increase in the land-rental tax proportionate to increased population is not confiscation. Too many people fail to realize that if the pioneer is alone on a piece of land he lacks many services, conveniences, and gainful opportunities. As people assemble near him, however, all these opportunities develop. It is these people and the opportunities they create which raise the value of the land. In short, people gathering about the landholding of a pioneer *bring its increasing value with them.* (This has nothing to do with the fact that some of us might wish to pioneer in order to attain solitude in complete isolation. But as population increases, this becomes a rarer and more expensive luxury.)

For the most part, it must be remembered that *the people bring the rising value with them.*