

dollar's service. All they do is to allow capital and labor to use the land of the United States.

The consequence is that after the landlord has taken his economic rent, labor and capital have not enough left to divide between themselves. Labor now lacks purchasing power. It is unable to purchase the products of other labor. Likewise, capital is in difficulties. It is unable to dispose of the products which it, in association with labor, has produced.

A prolonged or general condition wherein labor is unable to purchase the necessities of life, we call a panic.

#### THE REMEDY?

It is to establish an Economic Order wherein the land-owning class shall be unable to acquire wealth without rendering service.

It is to introduce an economic order which will recognize the earth as belonging equally to all mankind. In a word, the community shall recognize ground rent as common property and shall take it in the form of taxation.

I ask you to study this proposition more thoroughly.

The Single Tax is no palliative for our present disorders. It is a real cure, because it goes to the root of our trouble.

## Let the Farmers Themselves Answer

ALTHOUGH extensive and definite statistics have not been gathered, there seems reason to believe that the removal of taxes from improvements and concentrating them on bare-land values would mean a real relief to most working farmers. This is especially the case now when we have been going through a period of agricultural depression. Why don't the farmers agitate, then, for such taxation? Well, most of them—like most other people—don't know what is meant by bare-land value. The bare-land value of a farm is what would be left after subtracting the value of buildings, of fruit trees, of fences, installed drainage, growing crops, tools and machinery, horses and cattle, and *fertility also* in so far as it has been built up or maintained by fertilization and careful cultivation. A tax on the bare-land value of a farm would therefore, be really, a tax on the "run down" value of the land, after the value of all the so-called improvements had been subtracted. Where such "run-down" value is zero, a tax on the bare-land value of the farm, no matter how high the rate of taxation, would be a zero tax! If American farmers realized this, would they not, like farmers in Denmark, try to get the tax system changed in that direction?

Another way of expressing the matter is to say that a bare-land-value tax certainly should not take more than the entire *economic* rent, and the entire *economic* rent, in the case of many farms, is *nothing*. For what is *economic* rent? Suppose a man owns a farm which he leases

to a tenant by the year. Before we know what is the *economic* rent, we must subtract from the yearly payment made for the farm by the tenant, not only enough to cover depreciation of improvements, but also a reasonable percentage of interest on the value of all improvements, including fruit trees and including the fertility value built up or maintained by fertilization, careful crop rotation, etc. Only the surplus above such interest is *economic* rent or the rent of the bare land. A tax on bare-land value could not take any thing beyond such economic rent. If it did, it would be a tax on improvements, too, and not just a tax on bare-land value. A tenant farmer, of course, doesn't receive any economic rent at all.

Let's look at the matter in still another way. If the owner runs his own farm—i.e. if he is a typical American working farmer—what really is his *economic* rent which is all that would be taxed under a bare-land-value tax? To find what is his economic rent, we must first subtract from his total income as pay for his work, all that he would make as a tenant if someone else owned the farm. Then, second, we must subtract from the remainder enough to cover not only depreciation but also a reasonable percentage return as interest on the value of all improvements. And in these improvements must be counted the fertility value built up or maintained by wise cultivation and proper fertilization. Only what is left after making these subtractions, is *economic* rent. A tax on this remainder would be a tax on bare-land values. And a tax on bare-land values alone could *not* take *more* than this remainder. A tax taking more than this would not be a tax on bare-land values alone but on improvements also. A bare-land value tax is a tax on the *run-down* value of the land not counting any improvements. It is important that those who submit land-value taxation measures to the public should see that their proposed changes *clearly conform to the principle of not penalizing the maintenance or improvement of fertility*.

One would think that farmers and farm leaders would devote themselves enthusiastically to putting into effect such a scheme of taxation of bare-land values. For this would be practically no tax at all on a considerable proportion of farmers. Especially in this recent period of agricultural depression when all sorts of nostrums have been advocated to cure the evil, is it not amazing that more farmers have not demanded scientific taxation which would leave them all the wages of their labor and interest on all their improvements, which would tax only their economic rent, if and when they received any, and which would *never penalize them for improving their farm*, by raising their taxes? How great is their surplus above wages for their work and interest on all their improvements? How many farmers think they get any such surplus? How much of a burden on them would be a bare-land-value tax which would not take more than such a surplus? Is it not one of the most amazing things of all the ages that

farm leaders don't look into this matter and "start something"? Do they think the farmers can not understand it and will throw over the leaders who advocate it? Or are they afraid of the opposition of land speculators? Or are our so-called leaders, in practice, usually *followers*, lest they lose their "leadership" by leading!

Such a tax system would be much fairer than the present system. In taxing bare-land value we are taxing a value which is due to the growth and development of the community rather than to individual labor and thrift. We all know that the annual rent which an owner could charge for a piece of bare land in Chicago's Loop district, to a prospective builder desiring a long lease, is not a consequence of the owner's saving the land or making the land, but is the consequence of the growth of Chicago and surrounding territory. An eighth of an acre at the corner of State and Madison streets in Chicago has been expertly appraised as worth, bare-land value, about two and a half million dollars or at the rate of twenty million per acre. Wherein is such an eighth of an acre better than an eighth of an acre of farm land worth twelve or fifteen or twenty dollars? Is the additional value of the land in Chicago due to the owner's activities? Everyone who is honest with himself knows it is not. It is the result of the growth and development of the geographically tributary country, and of Chicago as a port and a market center.

The same is true of the several billions of dollars of land value in New York City. New York is situated on a great natural harbor. If there were none to use it except a few pioneer farmers on Manhattan Island trading some of their surplus produce for the textiles and other goods of Europe, landing space for a very few boats or perhaps for a single one would be all that would be needed. But as the rich interior of the North American continent was settled, with its mines of iron ore, copper and coal, its prairie and river-bottom wheat and corn lands, and its other resources, more and more goods were produced to be poured through the port of New York into foreign countries and more and more foreign goods were wanted in exchange which could most advantageously pass through the same port. Today there is needed in New York City a large population to meet the requirements of this great *hinterland* (as the Germans would say) or tributary country.

If all the present working population of New York were whisked away overnight, the land of New York would still have great value because of the need for millions of men and women on it to serve the commerce of the back country. A new population would move in and take up the important work for the rest of us which can be done nowhere else so well; and those who own that part of the earth's surface would be in a position to make this new population pay handsomely for the privilege of working for us and of living where we need to have them live in order that this work may be effectively done.

The demand of the tributary country for this service

makes a demand for the use of the land by the people who must live and work there to render the service. Incidentally, too, it makes a tremendous demand—and correspondingly high rents and values for the use of especially well-situated lots for the location of department stores, lunch rooms, banks, lawyer's offices, etc., necessary to supply near-at-hand the requirements of those who live there to serve the non-seacoast sections.

It is fair enough, then, that the economic rent of valuable city land, which is due so largely to the development and trade of the surrounding country, should be taken in taxation and used for the benefit of all. Thus, the children of the more remote country districts, where bare-land value may be almost nothing, can have good schools, good roads, and other advantages, paid for by land value in the cities but which value their country communities help to create.

Why don't more farmers agitate for this change and work for and support it as do so many farmers in Denmark? These Danish farmers, some of our American "farmers' friends" politicians claim to admire for their development of cooperative marketing, but the Danish farmers' support of land-value taxation they say nothing about. Yet recently, and with large support from the farmers, Denmark has passed legislation providing for higher local rates of tax on land values than on improvement values. When will American farmers wake up! Let the farmers themselves answer whether a bare-land value tax would not be better for them than the present system?

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## Colorado's Amendment

THE campaign for the Single Tax amendment noted in March-April issue is proceeding slowly. Only 5000 names have been secured, but the committee have 400 petitions still out that may yet come in filled or partly filled. Five thousand names in four months is slow work and it is inevitable that it must be slow if our friends are to rely on volunteer work. Unless money is paid for soliciting signatures to the petitions the work must fail.

It is to be hoped that it will not fail. The St. Louis Single Taxers headed by E. H. Boeck, Percy Pepoon, Charles Lischer and Henry George Heigold have promised financial support to the campaign and will send out a general appeal. They say: "The importance of getting signers to a legal petition is that it makes it a live matter. People become interested and as the campaign advances the interest deepens, and though the measure may not carry the cause is advanced in proportion as there was means to present it."

The last Single Tax measure submitted got a big vote. The Lower Rent bill received 30 per cent. of the vote in Denver, and the Landlords got the scare of their lives.