

of land alone, and these farmers begin to see that the enormous rental values of city lands now going to a few individuals would pay the taxes of the nation.

What Ails the Theatre? High Land Prices and High Rents

JAMES R. BROWN, PRESIDENT MANHATTAN
SINGLE TAX CLUB

(Special article in *New York Sunday World*, Jan. 6.)

HARD times have struck the theatrical business. Carking care grips the managers.

How to increase receipts and keep down expenses is the all-absorbing thought.

The troubles of the theatre are not the troubles of the theatre only but of all industry—high overhead and diminishing receipts. This condition is not an accident, but like all effects it has a cause, and the only remedy is the removal of the cause.

The problem is not solved by merely reducing here and there salaries, for the trouble is not fundamentally due to high salaries. Lower compensation to players is not by any means an unmixed blessing.

The trouble of the theatre lies deeper than the salary question and is fourfold in manifestation, but due to one common cause—a very clumsy and unjust system of taxation that produces dear land, dear building material and imposes heavy taxes on building and equipment, and the high rents theatre-goers are compelled to pay, seriously limiting their ticket purchasing ability.

WHY IS LAND SO DEAR ?

First, the outrageously high cost of land constitutes a serious part of the burden carried by this industry. Why is land so dear? No matter where you are, to buy enough land to bury a snake, it costs a King's ransom. Land costs nothing to produce; the legend says it was made by the Creator and given to the race free of charge. There are a lot of us busy trying with great success to correct that oversight.

The selling price of everything but land is determined by the cost of production. The scientific truth is that the selling price of land has a different genesis and nature than the selling price of things made by man.

The selling price of land is the amount of economic rent or annual social service value that we fail to collect by taxation, capitalized.

By social service we mean streets, roads, schools, police, fire department, etc., and the advantages growing out of an ever increasing population.

The better the social service and the greater the pressure of population, the higher will be the annual social value, and the greater the amount of this socially created value

we fail to collect by taxation, the greater will be the selling price of land.

To keep land reasonably cheap so that industry can buy and use it without being crushed, we must collect more of economic rent. This and this alone will keep the selling price of land down to a reasonable usable level.

CORRECT VIEW OF TAXATION

Second—The cost of building material is greatly augmented by taxes that fall upon industry in all directions and must be added to the selling price of all products. Hence the cost of building theatres is artificially high because of a foolish tax system.

Third—Not the least by any means of the burdens carried by the theatre is the tax levied upon building and equipment, a tax without justification in science, ethics or business.

To get a correct concept of what taxation really is and how it should be administered is the first step toward salvation. Now taxation is a payment to the city by the citizen for what the city has done for him in the way of social services already enumerated. If the city repairs the street in front of your property, improves the schools or sand-papers the police, then the city is justified in sending a bill, but to send a bill when no service is rendered, no goods delivered, is unbusinesslike, unethical and not in harmony with economic law.

A building put up by a citizen is not a service rendered by the city and to tax such a building is a gross violation of the rights of private property. In other words it is taking private property for public use. The reason we take private property for public use is because we stupidly give away (through failure to collect) vast sums of publicly created values to private persons who render no service, deliver no goods. They get something for nothing, and some one else, the builder, the producer, gets nothing for something.

In New York City we yearly give away at least \$400,000,000 of publicly created values, and to make good the deficit caused in our natural revenue by this act of folly, we tax, fine and penalize to a degree simply criminal, every man who employs labor and capital in doing useful things.

Our present system of taxation is simply a fine upon industry and a premium upon idleness.

HURTING THE THEATRE

With a 3 per cent. tax rate in about thirty years we take from the theatre owner the price of his theatre. As a matter of fact, he has paid twice for this theatre, once to the builder (that payment was just and right) and a second time to the city, which is not just or right, for the city did not build the theatre and therefore should make no charge. It should charge for the streets, fire department, police, etc., but the value of buildings or any form of capital value is not the measure of the value of the services the

city gives to a citizen. The land value alone is the true and just and only measure of such services.

Fourthly, the excessively high rents paid by our citizens leave a small margin of surplus earnings that can be spent with the theatre, so in a dual way we hurt the theatre industry, first by artificially heavy overhead, and then by impoverishing their customers.

The remedy is to collect publicly created values for the support of public utilities, in lieu of all taxes now levied on any form of industry. In other words, substitute public value in the place of private property, for the support of the city.

Keep in mind all taxes levied on labor or capital values are added into the cost of living.

No tax levied on land value can be added into the cost of anything; only taxes not laid upon publicly created values can be added into the load carried by industry.

Half of City Area Unbuilt

ALTHOUGH the Borough of Manhattan is more densely populated than Shanghai, China, and 2,500,000 persons in five boroughs live in overcrowded "old law" tenement houses, nearly half of the land in New York City is still unbuilt and largely available for dwellings, business and industry, according to a report prepared by the Regional Plan of New York and its Environs.

The Regional Plan survey, based upon five years of intensive study of the metropolitan area within a fifty-mile radius of New York City, finds a definite trend toward decentralization of population in New York City, with indications that the next few years will witness an even greater exodus to the suburbs.

"What may give us hope, if we have the courage to act," the report says, referring to the fact that some parts of the city show low population densities, "is that although certain parts of Manhattan and a few spots in adjoining boroughs and towns are overcrowded, the region as a whole is not populated too densely. The present population of the whole region could be housed within the corporate limits of New York City (297 square miles), at an average density that would be but scarcely higher than the present moderate average throughout Kings County—fifty persons to the acre. The area of the region is, however, 5,528 square miles, or eighteen times the area of New York City.

"On the unbuilt land in New York City," the report continues, "2,500,000 people could be housed without raising the population density of these new areas to more than thirty persons to the acre."

Building Investment for January, 1929.

A MINNESOTA FARMER inquires: "What is farm relief anyway?" Mostly it is the feeling that comes after a strenuous Presidential campaign.—

St. Paul Pioneer Press.

False Education in Our Colleges and Universities

ADDRESS BY EMIL O. JORGENSEN

DIRECTOR OF THE MANUFACTURERS AND MERCHANTS FEDERAL TAX LEAGUE, BEFORE THE THIRD HENRY GEORGE MEMORIAL CONGRESS HELD IN CHICAGO, SEPT. 10-13, 1928.

(Reprinted from *The American Teacher*)

ONE of the saddest questions that I have heard since coming into this convention is "Why in view of the soundness and justice of the Henry George idea and its tremendous importance to every human being, are young people becoming less and less interested in it?"

I don't know that I can give you a full and satisfactory answer to this question. One thing, however, I am very certain of, and that is that the false education regarding the Henry George reform which is streaming through our schools, colleges and universities is chiefly responsible for the declining interest that our young men and women are taking in it.

Now when I say false education I mean just that. I do not have in mind intellectual error; I have in mind untruthfulness and downright dishonesty. I can and do have the highest respect for any one who disagrees with me so long as he is sincere, but I can have absolutely no respect for anyone who disagrees with me when I know that he is not sincere.

Let me give you an illustration of this false education which I feel is doing so much, not merely to turn the minds of our young people against the Henry George reform, but to hold back the movement for the public ownership of public utilities as well.

TAX LEAGUE FORMED

About nine years ago, after a long period of thought and discussion, a group of men met in Chicago and formed the Manufacturers and Merchants Federal Tax League with my friend, Otto Cullman, as chairman. The purpose of this organization was to promote legislation along the Henry George lines and I was called in to act as the Director of Information. We had a bill drawn up which proposed to reduce the tax burden on the fruits of human labor about \$1,000,000,000 by substituting therefor a one per cent. tax on the unearned values of lands and natural resources in excess of \$10,000. This bill, was of course, a long way from the full Single Tax programme of Henry George but it was at least a step in that direction. It was drafted by Jackson H. Ralston and introduced into Congress by Representative Nolan of California and became known as the Ralston-Nolan bill.

We pushed the bill, of course, as hard as we could. Money was easier in 1919 and 1920 than it is now and we were able to send out over the country some two million pamphlets and circulars about it. Much discussion was aroused, a great deal of favorable sentiment was developed