

emancipates will know neither Jew nor Gentile, nor Irishman nor Englishman, nor German nor Frenchman, nor European nor American, nor difference of colour nor of race, nor animosities of class nor condition. Let us set our feet on old prejudices, let us bury the old hates. There have been "Holy Alliances" of kings. Let us strive for the Holy Alliance of the people.

Liberty, equality, fraternity! Write them on the banners. Let them be for sign and countersign. Without equality, liberty cannot be; without fraternity, neither equality nor liberty can be achieved.

Liberty—the full freedom of each bounded only by the equal freedom of every other.

Equality—the equal right of each to the use and enjoyment of all natural opportunities; to all the essentials of happy, healthful, human life!

Fraternity—that sympathy which links together those who struggle in a noble cause; that would live and let live; that would help as well as be helped; that, in seeking the good of all, finds the highest good of each!

SECURING PAYMENT FOR PRIVILEGE

By John Sturgis Codman

(Being Chapter III. of Mr. Codman's "Unemployment and Our Revenue Problem."*)

The preceding discussion has, I hope, made it clear that unemployment is an artificial phenomenon, and that it is certain to exist in a society which invites the restriction of opportunity by permitting private possession of land without adequate compensation to the community for the privilege. It has also, I hope, been made sufficiently clear that the institution of private possession of land, with its many advantages, is not in itself the cause of unemployment, and that a system of leasing by the State would have the same result if the privilege of possession were granted for an inadequate rental. In either case the use of valuable opportunities would be denied to industry and chronic unemployment would result. Since, therefore, there are in the United States enormously valuable economic opportunities lying idle, and since unemployment is chronic, is it not possible that this condition may be the result of inadequate payment for the privilege of possessing land and natural resources? It would be well to consider just how, if at all, landowners pay for their privileges; and whether the payments, if any are made, are adequate and in proportion to value.

It is true that landowners in the United States do make, in the form of taxes, a payment to the community. Nevertheless it is also true that for the privilege of land-ownership as such, no compensation is required by any government, federal, state or municipal, and that, therefore, whatever payment is made to these governments is merely incidental to the needs of revenue for governmental purposes. If no revenue were required, or if revenue were supplied from some outside source, then no taxes would be levied, and the owners of the land would hold their privileges without compensating the community and would therefore be in a position to monopolize opportunity and thus control the lives of others. That some tax is levied upon landowners may be looked upon as a sort of happy accident. Since, however, it is not required as a payment for privilege, but is levied as part of a general tax on property, there results a great disproportion in the relation of the amount of tax to the value of opportunity. Those landowners who fail to utilize their opportunities pay relatively very little for their privileges, while others, who with no greater opportunities make use of them in

industry or for home purposes, are required to pay very much more. Thus the enterprising and industrious are sacrificed to the forestallers of opportunity.

For example, in Massachusetts the holder of unused land is required to pay only the municipal tax on the supposed market-value of his holdings, which value, moreover, is usually assessed at too low a figure for the very reason that the land is unused. On the other hand, if the owner erects buildings and makes other improvements on his land, he is taxed by the municipality on all this property as well as on his land, and at the same rate. Should the owner be a corporation endeavouring to enter into productive industry, not only does the corporation have to pay taxes to the municipality on its buildings, improvements and machinery, but in addition it must pay to the Commonwealth another property-tax on its "corporate excess," which is the market-value of its capital stock in excess of the value of its property locally taxed; and it must also pay to the federal government a "capital-stock tax" on the market-value of its capital stock in excess of \$5,000. If in spite of these penalties on doing business the corporation can still make a profit and therefore can continue its productive activities, it becomes subject to still further exactions levied by the state and federal governments. Principal among these last are the taxes, state and federal, on net income.

The following illustration is submitted in order to give some idea of the amount of these various taxes which a corporation is called upon to pay as a penalty for using its land for productive purposes, as compared with the amount it is required to pay if it makes no use of its opportunity. Let us assume, first, a plot of suburban land valued at \$10,000 and entirely unused, being held perhaps to secure a profit from its rise in value as the city grows in population. The only tax levied upon it would be the local tax of perhaps twenty-five dollars in \$1,000, or a total of \$250 annually. Next let us assume a similar plot of land of equal value, and therefore representing an equal opportunity, but in use by a corporation for manufacturing purposes. We may, in regard to the corporation's business, make the following additional assumptions which seem fairly reasonable:

Value of buildings	\$20,000
Value of machinery	5,000
Value of capital stock (market value)	60,000
Net income	5,000

On these assumptions taxes will be as follows:

Municipal tax on land at twenty-five dollars per thousand (the average rate in Massachusetts)	\$250.00
Ditto on buildings	500.00
Ditto on machinery	125.00
State tax on "corporate excess" of \$25,000 (\$60,000 minus \$35,000*) at five dollars per \$1,000	125.00
Federal tax on capital stock over \$5,000, at one dollar per \$1,000	55.00
State tax on net income at 2½ per cent.	125.00
Federal tax on net income over \$2,000 at 12½ per cent.	375.00
Total	\$1,555.00

In this illustration, the tax on the land without regard to use, which may be considered the tax on the privilege of possession, is only \$250. The additional taxes levied because of the use of the land in industry amount to \$1,305, or more than five times as much. Thus the practice of withholding land from industry for speculative purposes is directly encouraged while its use in industry is heavily penalized.

* B. W. Huebsch, New York. Price \$1. Reprinted by permission.

* Land, buildings and machinery, \$35,000.

The above example is probably not exceptional. There is reason to believe that the tax on the use of land is in even a greater ratio than five to one as compared with the tax on the privilege of holding. Other taxes not paid directly by the corporation in the above illustration, but which nevertheless discourage industry, are import taxes on the materials of industry, various stamp and other miscellaneous excise-taxes and (very important) the income-taxes levied on the wages and salaries of its employees, on the interest of its creditors and on the dividends of its stockholders.

It has been estimated by a committee of the Boston Chamber of Commerce that in 1920, the taxes, municipal, state and federal, for Massachusetts amounted to \$457 million. But the tax on land exclusive of buildings in that year was only about \$48 million, and since a portion of that land-tax was laid on improvements other than buildings, something should properly be deducted from the above figure of \$48 million in order to arrive at the actual tax levied on the value of sites without regard to use.

One need look no farther than the above facts for the cause of recurring business depression, of unemployment accompanied by low wages, of poverty, disease and crime. Throughout the country industry and enterprise are loaded down with taxes and restrictions in order that those who control opportunity may escape with a trifling payment for the privilege. Why rail against profiteers and monopolists when we deliberately encourage monopoly and speculation by not requiring adequate payment for the holding of opportunities? Why break our hearts over depression in business and all the horrors that go with it, when we not only allow the opportunities indispensable to business to be withheld from use, but in addition ruin business with the penalties which we impose upon it? That industry accomplishes what it does under the circumstances is a demonstration of the remarkable ability of individuals and groups to make headway under the most difficult conditions, and it is an indication of what wonderful results industry might accomplish if freed from the restrictions of monopoly and from the blighting effects of governmental penalties.

Unemployment will remain and business depressions will continue to occur until those who own the opportunities to produce are required to pay adequately for the privilege, whether they utilize their opportunities or not. Then the power to forestall opportunity in order to get an unearned share of the product of industry will cease to exist. To secure this payment it is not necessary to overthrow our institutions, nor is it even necessary to demand a specific payment for the privilege of land-ownership as such. If it but come to be recognized that this payment for privilege ought to be made, it can be readily secured through taxation. We can tax more fully the ownership of opportunity and can reduce or abolish the taxation of its use.

The WESTERN DAILY PRESS, 14th August, gives space to the considered opinion of the Bristol Housing Reform Association from which we quote: "The effect of what is really a subsidy in aid of wages will be further to depress the general rate of wages. Bristol rates are 16s. in the one pound and if the new houses are assessed at a low value, the rents, inclusive of rates, will be 11s. or 12s. per week, and the Corporation will be faced with the same dilemma as with their recent new houses—unable to let them at the rents required."

The Corresponding Secretary, W. Bartlett, writes: "We are convinced that the only sound finance for National Housing will be found in the Rating and Taxing of Land Values."

NOTES AND NEWS

THE LIBERATOR (101, Victoria Arcade, Auckland, New Zealand) for June has the announcement that the Hon. George Fowlds has left home to attend an international conference of Rotary Clubs in Toronto, Canada. He will be speaking before Single Tax organisations in the United States and Canada.

Speaking at Mow Cop, Cheshire, 27th July, Col. Wedgwood said: "The higher aspirations of mankind expressed themselves in religious movements. Now, owing to wider education, a more social form of aspiration was being evolved. The missionary spirit was being directed towards political channels. Why were there people begging for the chance to produce goods? Because they were shut off from the raw material whence the goods could be produced. But Labour was now in politics and could break down the enclosures by taxing land and mineral values, and by making it expensive to keep idle the raw material of all production. Next year the 'squeeze' would begin."

The Press report of the meeting omitted any reference to the able speech of Mr. Andrew MacLaren.

In the old days, Mr. Asquith was Whiggish and Mr. Lloyd George Radical. Now Mr. Asquith is Radical and Mr. Lloyd George is—not a Whig; he could never be that—but some sort of an Imperialist. One of these days he will be enjoining us to think Imperially again in the Chamberlain manner.—*Mr. Harry Jones, Parliamentary Correspondent, DAILY NEWS (London), 19th August.*

On the point of 1½d. a week for housing sites, a lady suburban correspondent "almost persuaded to cross over from the Liberal to the Labour side," writes to the effect that Mr. Wheatley is the man for her money. She is a sun worshipper and will take a couple of sites to the north and south of her house, to give her deity the opportunity to show what he can do in so much space to brighten up the house.

"It speaks well for the state of the land market that 1,150 of the 1,720 acres of the Beresford estate, near Matlock, arranged for public auction before the end of the year, have already been disposed of by private contract."—*THE STAR (London), 23rd August.*

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