

ow at least a small place for charity and not place our sole reliance on justice.

Justice, of course, we must have at all costs, whether it will eliminate poverty or not. We may find, however, that after we have approximated as closely as possible to justice in the distribution of wealth, there will still be cases of poverty which can only be relieved out of the goodness of our hearts, people whose needs must be supplied whether they can earn anything or not. Charity is a good word and its spirit should be preserved and not be thrown into the incinerator.

Let us be a little more specific and assume, for the sake of argument, that the Single Taxer is right in his contention that the rent of the land is unearned by the landlord. Let us go further and assume that this rent is taxed away, that it is taken by the government in lieu of other taxes, and used to pay all the necessary expenses of government, including schools. That particular form of unearned wealth, as the Single Taxer calls it, would then be taken away from those who formerly received it, and redistributed. Will it find its way to those in need, or will it go, most of it, to those who are already pretty well to do or at least above the poverty line?

Of course, those who now pay taxes will be relieved, but they are not usually the people in need. They will also have more money to spend, and, it may be contended, their increased spending will stimulate business, increase employment, and thus help the poor. But their increased spending will be balanced by decreased spending on the part of the former landlords. It looks like a case of cancellation. We may decide that it is better that those who now pay taxes should spend more money for what they want than that landlords should spend it for what they want. But so far as helping the poor is concerned, it does not seem to make much difference to them which group spends the money.

Let us pursue the matter a step further. Business men are heavy taxpayers on their buildings and equipment. These taxes are a heavy burden. Let us grant that if the taxes were all put on the landlords, it would be a great relief to active business, and that business would therefore expand. This expansion would mean more employment for both labor and capital, and better interest rates, salaries and wages. But would the benefit go chiefly to the poor whose wages are too low to supply their needs, or would it go to those who are already well to do?

It would depend upon other circumstances. If technologists and skilled laborers were scarce, and if unskilled labor from abroad could come to the country in unlimited numbers, it is pretty certain that wages of unskilled labor would not rise. The chief benefit would go to those whose labor was scarce enough to command high wages or salaries. Under such circumstances, it is pretty certain that the Single Tax would not eliminate poverty.

The Single Tax has been selected, not for the purpose of special attack, but merely as one example of the numer-

ous attempts to achieve what various reformers call justice. Whatever else may be said for it, there is no reason for believing that it will eliminate poverty. Precisely the same remark may be made of every other scheme for achieving distributive justice. It cannot be too often repeated that we must have justice, as soon as we discover what it is, whether it will eliminate poverty or not. But if we really want to eliminate poverty we must have something more than justice.

[EDITORIAL-NOTE.—Professor Carver is in the same predicament as Pilate. Instead of asking "What is truth?" the professor asks "What is justice?" and confesses he does not know, though he indicates his belief that we must have it.

It is an ingenious argument. But the fallacies are obvious. The contention that economic rent might just as well go to the landlords, that it makes no difference which group spends it, and that if it went to the workers the total sum spent would be just about the same, and therefore it is only a problem of cancellation, is a perfect gem of reasoning. For if economic rent is not earned by the landlords, if its present recipients are to be classed as receivers of loot, then they are not easily identified as differing from such eminent personages as Robin Hood and Captain Kidd. The reasoning is not ours, it is the professor's, and it is not we but the professor who owes the landlords an apology for the harsh implication.

The argument of the Single Taxer is not based upon the contention that economic rent would be redistributed so as to give more of the same money to the poor to spend. Economic rent would go into the public treasury, not into the pockets of any group. The resultant benefits to the poor, who pay most of the taxes, would be the abolition of all taxation and the freeing of all natural opportunities, which would so raise wages as to give every worker employment, whether his labor be skilled or unskilled. If it would result in an increase of salaries and wages, as Professor Carver in a moment of inadvertence seems to admit, then he need not ask himself whether these benefits would go chiefly to the poor, for it is in wages and salaries that the poor are mainly interested.

Professor Carver crowds a great many errors into a little space; indeed his cute little essay is quite a masterpiece in its way. He is to be congratulated that his arguments are quite new; we do not recall having heard them before, at least not put in the same way, and this is something of an achievement after fifty years of controversy. We think, however, that Mr. John S. Codman in the article that follows has made an effective reply.—EDITOR LAND AND FREEDOM.]

Reply to Professor Carver

JOHN S. CODMAN, in *Boston Herald*

IN your issue of Feb. 16, Prof. Carver devotes about half an editorial to a discussion of "the Single Tax" and reaches the conclusion that "whatever else may be said about it, there is no reason for believing that it will eliminate poverty."

The theory and programme of Single Tax have been very well and briefly expressed as follows: "The rent of the land belongs to the people; the first duty of government is to collect it and abolish all taxation." If the programme indicated by this pronouncement were carried out, certain very oppressive restrictions on the industry of the country would be removed. These restrictions at all times prevent industry from being as active and as profitable as it should

be, and from time to time they become so burdensome that widespread business depression results. The removal of them would go far toward the elimination of poverty.

The most obvious of these restrictions on industry is the staggering burden of taxation levied upon it by the federal, state and municipal governments. That the business men and wage earners of the country are willing to tolerate this restriction is mainly due to the misconception that revenue for governmental purposes can only be raised by the taxation of industry and that no other source of revenue is available. There is, however, a fund from which our government could secure the necessary revenue, and the securing of revenue from this fund, far from throwing a burden on industry, would actually assist industry to prosper.

The City of New York builds a rapid transit system which enables commuters to make their trips in a fraction of the time in which they could be made previously. The possible residential area for commuters is thereby vastly increased, and as a direct result the demand for land throughout this enlarged area and also in the downtown area is greatly increased and a huge sum is added to the value of land in Greater New York.

The City of Boston decides to build a tunnel from the city proper to East Boston, and no sooner is the plan known to be seriously contemplated than land prices at the terminals start to go up in anticipation of the certainty of increased land value which will arise as the result of the expenditure of taxes collected from the citizens of Boston.

In both of these cases and in countless other cases throughout the United States, in little towns as well as big cities, land values stupendous in aggregate amount have been created and will be created as the result of the presence and activities of the people and the expenditure of the taxes levied upon them. If these values were retained by the people who created them they would form a vast fund which could be used to finance still further improvements and would thus enable industry to be relieved of a great burden of taxation.

But what is actually done in Massachusetts and other states with this great fund of land value which the community collectively has created and in which every citizen from the captain of industry to the day laborer should feel he rightfully owns a share? It is the traditional habit to give it away to certain private individuals who have helped no more than the rest of us in its creation, but who happen to be the possessors of the land the value of which has been enhanced by community activity.

What would be thought of the stockholders of a corporation who would permit the capital they furnish to be invested by the corporation so as to create values and should then proceed to give away those values to private parties?

Furthermore, the failure to collect the fund of land value for community purposes not only necessitates unnecessary taxation of industry, but it creates a restriction on industry

of an even more serious nature than does the unnecessary taxation itself. Land to do business upon is the first requisite of industry, but if the private owners of land are in a position to secure the land values which industry creates, then a motive is established for owning land, not to make use of it, but to gamble on the possibility of increase in its value. It is here that the land speculator steps in to forestall the demand for land for industrial or home purposes, and he either prevents its use or forces industry to pay a price which it can barely afford to pay and live. In times of increasing industrial activity land rentals and prices advance and the increase passes to the land owners who, in trying naturally to get all they can, finally force rentals and prices to such a height that they become an overhead charge so burdensome that industry finally cracks under the strain and panic and depression follow. It is also true that at all times land owners are encouraged to leave land idle or inadequately used. They know that any improvements they may make, whether on building, agricultural benefits or what not, will add to their taxes but having to pay relatively little in taxes if the land is merely held and not used, they feel it may pay to wait until the industry of others enables them to sell out at a profit.

There are then three ways by which the adoption of Single Tax will greatly assist industry. It will secure to the community the rental value of land, which value the community has created. It will, therefore, enable the taxes on industry to be abolished. Finally, and most important, it will prevent the withholding of valuable land from the use of industry.

With these things done, who will dare say that we shall not have gone far, if not all the way, to the elimination of poverty? And if we do not do them, why should we expect not to go from bad to worse?

"Real" Property

OUR "conservative" newspapers really ought to be more careful in the grouping of their business news. On page 8 of the real estate section of the *N. Y. Times* of March 8, 1931, column 4, is the story of a plot of land in Seattle, Wash., purchased for \$1 in 1879, which was recently leased for "a long term" at an aggregate rental of \$60,000,000. In column 5 of the same page is another article carrying the caption, "Realty Taxation Calls Too High," pleading for greater economy in public expenditures.

AS I look toward the future of our civilization I see ahead only two causes that may bring it finally to ruin; one is another European war between great Powers, the other is a general resort to Protection. And in essence these are not two causes, but one.—Professor GILBERT MURRAY.