

are doing all we can to help people to get a clear vision in the matter. We hold open air meetings twice every week, distribute a lot of free leaflets, send letters to the daily and country press, and point out clearly that protection is simply a respectable name for legalized robbery.

We also emphasize the fact that the defense of Australia should be paid for by those who own land values of Australia. When we refer to this we always get a sympathetic response. Unfortunately our Federal politicians do not realise the importance of taxing land values, so they are floating loans to pay for the war, and thus providing a good investment at $4\frac{1}{2}\%$, free of income tax, for the "Capitalists" they claim to hate.

The cost of living in Australia is going up by leaps and bounds. The goods which could be obtained for 17/3 in 1901, cost 22/5 in 1914, and 26/6 in 1915. The 1915 figures are of course abnormal, owing to the war and the drought. But the 1914 are pre-war figures. You will note they are considerably different from those of 1901. One of the chief reasons for this is the tariff. In 1901 we collected £8,869,000 from food taxes, and in 1914 we collected no less than £15,062,000. Out of 125 lines of foodstuffs in the first three schedules of the Trade and Customs returns, no less than 117 are carrying heavy taxes, and only 8 are on the free list. Is it any wonder we have a high cost of living problem to solve? And yet our good Labor politicians want to give the workers more PROTECTION.—E. J. CRAIGIE.

THE Fels Commission has issued a printed list of distinguished Americans who favor the taxation of land values and endorse the Single Tax. They comprise the names of men who have attained high distinction in many fields of endeavor.

THE GREENFIELD (Pa.) *Bulletin* is issued every week by H. W. Noren. The purposes to which it is devoted is the civic improvement of Greenfield. But by this time its readers know just how in the opinion of its editor the town interests are to be benefited.

THE COMMITTEE ON TAXATION OF NEW YORK CITY

PUBLIC HEARINGS AND REPORTS

(For the Review)

BY GRACE ISABEL COLBRON

(Continued)

Mr. Clarence H. Kelsey, President Title Guarantee and Trust Company, also representing the Chamber of Commerce of the State of New York, was the first witness at the hearing of November 10th. Mr. Kelsey might easily be termed the star witness because of the opportunity for humor afforded by many things he said. Like most of the other people testifying in opposition to the untaxing of buildings Mr. Kelsey seemed to fear that it would cause too many buildings to be built, but he also feared that it would ultimately kill speculation in land because it aimed to take away its value. Mr. Kelsey's ability to see the ultimate object of the measure does honor to his perception even if his idea as to the undesirability of that object does not do quite as much honor to his ethical sense. As far as its effect upon rent goes Mr. Kelsey believes that,

"It will not reduce rent where there are too many houses, as is now the case in New York. Rents are too low now and the landlord is not getting a fair return on his money and no such reduction of taxation will be sufficient to induce more men to become landlords or if it does it will only add to the ruin."

(These are Mr. Kelsey's own words as quoted in the printed report). Mr. Kelsey believes that New York is suffering from too many buildings, apparently from the point of view of the landlord, for there are certainly not too many homes available at a reasonable price when we find people crowded together eight to fifteen in a room. Furthermore, Mr. Kelsey believes that the better proposition would be the "control of supply of space and keeping of rents uniform." He does not state why, as

the supply of space is thoroughly controlled at the present moment, it doesn't seem quite feasible to keep rents uniform.

Mr. Kelsey says further that if the city should take away all land value by taxing it up to the limit of its productivity, nobody would wish to own it, and the city would become the owner of it all, and then who would pay the taxes?"

Nobody wanted to interrupt Mr. Kelsey while he was giving his testimony, but there were a number of people present who would like very much to have reminded him that the people who use the land pay more taxes now than do the people who own it, in this city at least. And also, we would like to have asked Mr. Kelsey why the owning of land or not owning it in the city would interfere in any way with the use of it? He said something along that line a little later, when he warned us that,

"Of course, for a time, owing to the wise system in the past of encouraging private ownership of land, which has led to the building up of great cities, New York could get some one to take the corner of Wall Street and Broadway and put a building there and pay ground rent by way of taxes, but it would not be a big building for no one would lend on it, and gradually the city would run down, for men of enterprise would turn to other occupation than building buildings on other people's land and we would slowly drift back to decay and territorial simplicity, and gradually retrace our steps to the time when the State owned all the land and could not do anything with it but give it away to settlers and beg them to put something there and commence to pay taxes."

No comment is necessary on this for readers of the REVIEW. I have quoted verbatim from the typewritten minutes of the hearing. Those who edited the printed report were kind enough to Mr. Kelsey to leave this out, so that if he wishes to raise an objection to being thus quoted here, we will give him respectful attention.

Mr. Kelsey raises a hymn of praise to the land speculator who has built up the entire city, generally at an actual financial loss to

himself. After hearing much of this sort of testimony, one wonders why this city has not built a special hall of fame to the land speculator. Also, one mildly wonders whether the men of enterprise, to whom Mr. Kelsey alludes, would all take to aviation or submarining as an alternative to occupying their capital on other people's land.

A little later on, Mr. Kelsey said that, of course, the owner of the Woolworth building would like to have the taxes taken off that structure, although Mr. Leubuscher informed him that the gentleman in question had not expressed himself in favor of the measure, but against it. Mr. Kelsey believes, however, that the man with a four-story building, "bringing in perhaps no rent on a valuable Broadway or Fifth Avenue corner" would lose by the taxation reduction. Mr. Kelsey did not state how many such buildings bringing in no rent could be found on valuable Broadway or Fifth Avenue corners. He tells us that we will kill the growth of the city, but in the same breath he tells us that we will make over-production of buildings. However, so many others said the same thing that one cannot hold it against Mr. Kelsey. He does admit, however, that the greater erection of buildings which would be the result of the measure would keep rents down. But Mr. Kelsey is so concerned for the fortunes of the landlord that he does not think the lowering of rent to the average man would be of any use to the city compared with the loss to the landlord. Unfortunately, Mr. Kelsey neglected to distinguish between the two classes of landlords, the land owners who make no improvements, and either hold land idle or merely take in rent, and the house owner who rents houses built with his own or borrowed capital, in other words, capital productively employed.

Mr. Charles T. Root and Mr. Frederick L. Cranford testified in favor of the measure. Mr. Adolph Bloch, intimately connected with the real estate interests, Mr. Louis B. Bright, President Lawyers' Title and Trust Company, and Dr. Robert Murray Haig,

the committee's special investigator, testified in opposition. The burden of Mr. Bloch's and Mr. Bright's testimony, if a little more coherently and consistently expressed than that of Mr. Kelsey, was so much the same that it is hardly worth while to go into it in detail. The gentlemen both showed a lack of economic understanding which does not seem possible for men of their prominence in city affairs. It is far more easy to believe that, like great financiers on similar occasions, they have forgotten what they did not choose to know.

The testimony of Dr. Haig, who is an instructor in economics at Columbia University and was the expert chosen to investigate conditions in cities and States where the exemption of taxation on improvements was in force, had been looked forward to as likely to be important.

Dr. Haig proved a disappointment, however. His knowledge of economics was so absolutely academic and statistical that he reiterated again and again his argument of the small reduction on rent resulting from the proposed measure, as if that reduction were only what the subtracted amount of the lesser tax would be. He refused to acknowledge what any of the other gentlemen testifying on the same side, however much they might have forgotten their economics, knew to be a fact from business experience, i. e. the fact that the reduction would be brought about by increased building and cheaper land. Dr. Haig thinks, in fact, that the proposition would discourage building but also added cautiously, that there might be places and times where, under certain conditions, it might have a certain value in bringing people and capital to a city. He refused to advocate local option in taxation, although he believed that the land values might furnish a source of city revenue that would be reliable. Dr. Haig thought that some of the ends desired could be better gained by an increment tax, although he does not think that an increment tax would bring in anything just now. He believes that a super-tax on land values would be a foolish thing at this particular time and in

the situation of real estate just now. Dr. Haig appeared to believe that the landlord can shift the land value tax to the tenant, although shortly after that he stated that possibly in the long run the tenant would benefit.

Apparently the study of economics, as a profession, tends to confuse the mind, as well as enlighten it.

It reminds one of what Dr. Dooley says about literature: "Literature is all right as a pursuit, but it's hell for the man who catches up to it."

Economics may be all right as a study, but it seems to be bad for the man who tries to make a living out of it.

REPORT OF THE COMMITTEE ON TAXATION OF THE CITY OF NEW YORK

EDITOR SINGLE TAX REVIEW:

Presuming that Miss Colbron's excellent comment on the New York enquiry need not preclude contributions from other readers, I venture to record a few of the impressions left on my mind after perusal of the volume.

The failure to accomplish a thing is never entirely a failure if it has taught us how better to approach the venture another time. The reading of these reports, and especially that of the Majority, has revealed to me as nothing has done before, the importance not only of having a righteous cause to support, but of being wise enough to present it in the one best way that may be selected out of a hundred more or less effective ways. We are all too easily attracted by the idea of carrying a reform not by the weight of its inherent justice, but by the force of our own smartness. The wisest among us have a tendency to exercise finesse, diplomacy, or statesmanship, and to attempt flank movements and surprise attacks, when a plain old-fashioned trial of strength as between the force of inertia and the cause we believe to be just would serve our purpose much better. And the danger of such movements just is, that they tend to make us lose the sense of