

and Guide makes of explaining the figures. Of course the population of Manhattan fell off about 50,000, but this was not the main factor in holding land values stationary or causing them to recede. Even if the population of Manhattan fell, the rest of the city grew and New York as a whole had 850,000 more people in 1920 than in 1910. Under normal circumstances that number of people should have added about \$1,250,000,000 to the value of the city's real estate but only about \$150,000,000 was added to assessed value. What became of the rest? A billion has to be accounted for. We do not have to go far to seek it. The city budget grew \$182,441,129 between 1910 and 1921 and that made the tax rate grow. So that it may safely be said that the increase in the budget for the past decade absorbed practically all the increased land value, which the increased population created during the same period.

So it is not true that real land values decreased—they grew. What did decrease was selling value, which the man in the street often mistakes for land value. If this process continues, as it must, it is bound to create a situation which will force attention. We are limited as to tax rate; with a diminishing tax base the 2% rate will be insufficient to meet municipal needs. Of course, we must anticipate a great effort by real estate interests to prevent the removal of the limit, though in the long run they will be the heaviest losers if it is maintained, for no community really thrives where adequate municipal services are not provided and there is no other method of raising taxes for local purposes which in the long run is not more injurious to real estate interests than direct taxes on real estate. This sounds like a paradox but is true nevertheless.

An Enlightened Public Official

HON. THEODORE S. FETTINGER, president of the Newark, N. J. Tax Board, contributes an article to the *Newark Evening News*, of September 9. In it he outlines a tax programme. It embodies (1) a recommendation for a land value tax to supply the bulk of revenue; (2) a per capita tax on males and females over 21; (3) income taxes very limited in extent and incidence.

Mr. Fettinger says:

"A tax on land alone is stoutly advocated by a growing group of thinking men. Their proposition has the merit of at least being basically sound and, aside from the proposed income tax, the only taxing plan that is worthy the name that is being seriously advocated.

But we may not be ready for a plan so drastic as the Single Tax. At least the plan is not very generally accepted. It is, however, made a basic part of the plan here advanced as feasible and practical and easy of adoption by any State in the Union.

The tax on people is not distinctly new, but the reason for its being levied and the method of apportioning it is perhaps novel.

The income tax is approved by most people and some think it should be the primary tax, but this plan regards it as a secondary tax—one that should be levied at the

will of each community, when necessity or conditions warrant, and not used as a penalty for prosperity.

It may be essential in the adoption of such a plan as here outlined, for the State to levy, in addition to the taxes proposed, taxes upon railroads and other public utilities, to raise revenue to defray the cost of extraordinary State enterprises, although a proper application of the land tax should take care of the public utilities' contribution to the State's revenue.

It also may be necessary for municipalities to require license fees for the establishing of certain classes of business, or for their regulation and restriction. Such taxes or licenses would be optional with each community, according to its own requirements, and could be regulated by local ordinances."

Under a sub-heading, "The Primary or Fundamental Tax," Mr. Fettinger well says:

"The tax on land is intended to supplant the tax now generally imposed upon improved realty, including the homes of the people and their contents, the industrial establishments and their machinery and raw materials, the stores and their merchandise and personal possessions generally.

The land tax should be made to yield revenue sufficient to pay the fundamental expense of government, the acquirement of property and the upbuilding of the material side of the State, county and city, such as construction of water works, sewers, canals, highways, docks, bridges; the building of schools, hospitals, asylums, fire houses, police stations, etc.; the payment of interest on bonds and their redemption and the creation of a reserve fund for emergencies.

Land is the one permanent form of property; it is always in evidence—immovable; can be measured and zoned scientifically; its possession is a monopoly of a common heritage, bequeathed by the Creator to all humanity; it is the primary source of all property, all wealth."

Mr. Fettinger condemns the taxation of improvements in the following terms:

"Since all wealth comes from land, private ownership of it should be paid for in proportion as it enriches the holder. Taxing land will tend to bring much waste land into use and encourage improvements of every kind, whereas taxing other forms of real estate and possessions generally tends to discourage improvement and places a fine on the merely thrifty and a penalty on the enterprising home-owner, manufacturer or merchant.

We want factories. We want stores and offices and theaters. We want attractive homes. Why put up a tax barrier against them?

Tax placed upon buildings, be they residential, mercantile or industrial, is a tax upon development, enterprise and progress.

Tax levied upon raw materials, ready for conversion into goods, or upon manufactured goods, or personal possessions, be they furniture, clothing or luxuries; or wealth the result of thrift, is and must of necessity be obnoxious, because it is virtually a fine imposed upon those who practice the virtues classed as essential to a well ordered life and a successful community."

On the personal property tax Mr. Fettinger says:

"It is the opinion of almost all who have studied tax questions that the tax on personalty is not a just tax and should be abolished.

Probably seventy per cent. of the cases in dispute before boards of taxation are over personal taxes, notwithstanding the tax imposed by no means begins to cover the value of personal possessions.

It is manifestly impossible to inspect every home, store and factory; and, if this were possible, it would be impossible to get an adequate inventory of their contents. Especially would it be impossible to get at the value of the contents of safe deposit boxes and such other secret storage places as are utilized to keep most costly valuables.

Even if every avenue for inspection were opened and sworn detailed statements made of all personal property they would be impossible of verification annually without enormous expense."

Toward the conclusion of his very admirable article, Mr. Fettinger says:

"It would seem that the land tax is immeasurably superior to the income tax in reaching unearned incomes. Yet the income tax might reasonably be utilized to cover inheritances when they run into large amounts."

The entire article is well worth while. It is good to hear a public official speak in these terms. That a tax official should show a knowledge of the fundamental laws of taxation is unusual, but refreshing.

Great is Efficiency

ANOTHER great idea has been launched. It is embodied in the Industrial Extension Institute. Although it pays the metropolitan dailies for space, we give it this notice gratis. Its slogan is greater productivity, its sponsors are men who steer great commercial enterprises, most of which are engaged in cutting wages and hence reducing consumption to the best of their ability. But still they cry for more intensive production—otherwise the "low paid competitive forces of foreign lands" will put it all over us. They predict that the fight of the next ten years will be as tragic as the war. Harken to these words of menace and of wisdom. "The foreigner who sells his goods in the market you should have *takes what belongs to you.*"

What a charming philosophy! What a world "red of tooth and claw" these gentlemen foresee. "Do or you will be done by," is their substitute for the golden rule. Of course it's all only an "ad" to induce ambitious would-be captains of industry to take training courses in the aforesaid Industrial Extension Institute, but the significant thing is that a lot of men who are important in the business world underwrite this kind of economic fallacy and spread their poison gas among the men and women of the rising generation. Small chance has disarmament or even reduction of armament in an atmosphere generated by minds which look upon the artisans of foreign countries producing useful goods for exchange with the same hostile eye that they regard embattled foes. If the world war proved anything it showed that we had developed productive capacity far beyond the power of consumption. Unless unemployment

is to be the characteristic feature of the next decade, we must find some way to increase effective demand but no institute has been founded to do this. Fortunately it needs no institute. All that is necessary is to tear down the barriers that now separate the landless millions from the land, and they will furnish demands so unlimited that the world will wonder why it should have been racked and torn for ages by a disease for which the remedy was so simple.

Vacant Land

WE ARE told that Nature abhors a vacuum. Flip-pant economists reiterate the truism "vacant lots buy no groceries." Sidewalks in front of vacant lots seem to accumulate more than their share of slush and snow and their owners can seldom be compelled to keep them in viable condition. Empty lots are the breeding grounds of noxious weeds and the reservoirs of rubbish. But in spite of these various causes of unpopularity, a certain toleration has been extended to them and their owners because they represented the vague thing called "value."

Now comes a most responsible corporation, the "Lawyers Mortgage Co," and issues a pamphlet "The Science of City Mortgage Lending," which treats them most spitefully. It actually plumes itself on its contemptuous attitude and prints in red letters the announcement that it "rejects vacant land as security for mortgage loans."

How desirable it would be if the public generally which puts so much real money every year into speculative purchases of real estate would inwardly digest the wisdom contained in the foregoing passage from Mr. Hand's pamphlet.

VACANT LAND

"Why should this be rejected? First, because vacant land—until a demand arises for its use—lacks utility and hence intrinsic value, this being the resultant of net rent capitalized. While vacant land may be said to have value in that it can be sold and converted into money, the more correct statement would be that vacant land has a speculative price which represents the community's discounting of its probable value when built upon and rented, such price being merely an estimate of the future, which may or may not arrive.

The clearest demonstration of the absence of any intrinsic value in vacant land on the outskirts of a city is obtained when the growth of a city is checked or reversed by a panic or depression. With decreasing business and population a city literally shrinks, the process being the converse of a city's expansion from the centre under the pressure of increasing business and population. While these conditions hold, a general decline in the value of all city property occurs, which is least at the centre of the city and increases in intensity towards the circumference, so that vacant land on the outskirts becomes practically unsaleable and hence valueless even for conversion into money.