

# THE SINGLE TAX REVIEW

A Record of the Progress of Single Tax and Tax Reform  
Throughout the World.

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## THE TAXATION OF LAND VALUES.

Can this Tax be Shifted?

*(Expressly for this Review.)*

By LEWIS H. BERENS.\*

Advocates of the Taxation of Land Values are constantly being confronted with the objection that any such taxation would inevitably be shifted by land-holders on to the land-users; in other words, that land-holders would simply add the amount of such taxation to the burdens they already impose upon the industrial, land-using classes generally. Even the proverbial man in the street knows that if we tax any ordinary article of consumption—tea, coffee, sugar, beer, tobacco, clothes and so on—such taxation ultimately falls, not upon the producer, importer, merchant or retailer, even though he may pay the amount directly to the Treasury, but upon the ultimate consumer of such articles. That if we tax machinery, spades, sewing-machines, or any other auxiliary of production, such taxation tends to make such things scarcer and dearer, consequently more difficult to obtain, to the temporary advantage, may be, of those who already own a sufficient supply, but to the direct disadvantage of all who have to purchase or to hire them, to the direct increase of the cost of production of all articles produced therewith, and consequently to the direct injury of the community as a whole. That if we tax houses, or any of the materials with which they are built, such taxation tends to make houses scarcer, dearer and worse, to the temporary advantage of the fortunate few who already own houses, but to the direct disadvantage of all who have yet to build, to purchase or to hire them. In other words, that the taxation of houses (as distinct from their site value) tends to discourage the building of houses, to make all houses scarcer and dearer, and to increase house rents: and that such taxation consequently ultimately falls, *not* upon house-owners, but upon house-users.

This being so, it is not surprising that many should jump to the conclusion that the same is true of the Taxation of Land Values; that such taxation, too, would simply tend to make land, if not scarcer, at all events dearer, to the direct advantage of land-holders and to the corresponding disadvantage of land-users; and that consequently such taxation would also ultimately fall,

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not upon land-holders, but upon the land-users. If this conclusion were valid, it would at once dispose of any hope that the burdens now imposed upon industry by the privileged land-holders generally could be reduced, the tribute levying power of the landocracy permanently and materially diminished, or the social and economic condition of the masses of our people permanently and materially ameliorated, by any such step as the Taxation of Land Values. Hence it is incumbent upon all who advocate the Taxation of Land Values to equip themselves to demonstrate that any such conclusion is not valid; that, on the contrary, as a matter of fact, any such taxation would in itself tend to make land cheaper; and hence that it would fall upon land-holders, and could not by them be passed on to land-users: To show this is the sole purpose of this essay.

#### PRELIMINARY CONSIDERATIONS.

In the first place, then, we would draw attention to the fact that the rent or tribute obtainable for any given holding of land, consequently also its selling or market or "capital" value, is not determined by the will of the owner, but by certain conditions, and will vary with altered conditions. Hence the first question we have to consider is—Would the Taxation of Land Values tend to alter the prevailing conditions so as to affect the rental value of land, either to increase or to lessen it, or would it leave the rental of land totally unaffected? In the latter case, i. e., if it leaves the value of land totally unaffected, then, manifestly, the Taxation of Land Values would have no other effect than to take so much out of the pockets of the land-holders and transfer it to the pockets of the community. On the other hand, if the Taxation of Land Values would tend to increase the rental value of land, then land-holders would in consequence be able to command higher rents and higher prices from land-users, and thus be able to pass the burden of such taxation on to them, in addition to whatever they may be now receiving. Finally, if the Taxation of Land Values would in itself tend to reduce the rental value of land generally, then, manifestly, not only would it be impossible for land-owners to pass such taxation on to the community generally, but their rent-rolls would be reduced by far more than the amount thus appropriated in taxation. For, though to-day almost omnipotent over the labor and industry of the community, even land-holders would find it an impossible task to obtain higher rents or higher prices for the use of something the rental or selling value of which had been materially reduced.

#### LAND VALUES.

To throw some light on this vital question, let us briefly examine the conditions and causes determining the value of land. Now, the rent obtainable for the use, consequently also the market, selling or capital value, of any given holding of land—whether city, urban, village, mineral, lumber or agricultural—will in all cases be determined by the advantages it offers over the worst land available and suitable for a similar purpose. Thus, if land on the outskirts of any centre of population is only available at a cost of say £200 (\$1,000.) per acre, then the value of every acre nearer the centre would obviously be worth £200 *plus* the value of any advantages it offers over the land on the outskirts. Consequently, other things remaining equal, if the value of the suburban land were reduced, so, too, proportionately, would the value of the more advantageously situated land. The same is true of all other land, whether it be land suitable for intensive culture, for agricultural or grazing purposes, or mineral or lumber land: in all cases it is the present value or price of the less rich or fertile, or less advantageously situated land which determines the rental or selling price of the more fertile or more ad-

vantageously situated land. In other words, though in all cases it is to natural advantages, either of fertility or situation, that differences in the value of different holdings of land are due, yet in all cases it is the price at which the inferior land is available that will determine the value and price of the more fertile or better situated land.

#### INFLUENCE OF SUPPLY AND DEMAND.

Briefly, it is desire that creates value, and supply and demand which determines values. Things which nobody desired, or of which everybody had a sufficient supply, would have no value: i. e., exchange or selling value. The value of land, as the value of everything else, is created by desire or demand, and determined by supply and demand. Hence, manifestly, anything that tends to increase the available supply of land will necessarily tend to reduce the value of land; and anything that tends to diminish the available supply of land will tend to increase land-values. Seeing that, though the increase and public activities of the community may increase and even create land-values, it can not create land at will, it may seem almost ridiculous to talk of increasing the supply of land. But though all the land of the country may be "owned" or engrossed, it is not all in use, and certainly not all put to the most productive uses of which it is capable. By withholding some land from use, or putting it to inferior uses, the legalized holders of the country artificially diminish the available supply of land, and consequently artificially increase the value of land. By this means, in short, they artificially inflate the rental and selling value of land, creating what may be termed a monopoly value far in excess of its natural or economic value. Thus, by withholding some land from use or putting it to inferior uses, land-holders as a class are able to obtain more rent for the portion they make available to land-users than they would be able to obtain for the whole of their land if it were allowed to come on the market and to compete for land-users. Thus, in many parts of Great Britain land-holders are to-day obtaining £4 to £10 per acre for land they allow to be used in small allotments for intensive culture, though at the same time they are allowing large farmers the use of similar land at rentals from 15 shillings to 30 shillings per acre. Though this may be partly due to their ill-concealed desire to keep the agricultural laborers in servitude, to deprive them of any opportunity of working for themselves, thus keeping their labor-force at the command of the large farmers, who otherwise could not pay their rents, yet is it also in part due to their knowledge that if all land suitable for allotment purposes was made available, any such rent as from £4 to £10 per acre would be unobtainable. The same is true of all other land. If the iron ring of land-monopoly which encircles every centre of population, from the largest towns to the smallest villages, were once broken, then the rental and selling value of the rest of the building land would also fall, and the housing and other "town" problems would soon solve themselves. Or again, though all the mineral and lumber lands of any value may to-day be engrossed, it is not all in use; and manifestly if none of it could be withheld from use, if it were all available to the labor and capital of those who would use it, then, manifestly, not only the economic condition of our industrial population, but the price of access to the mineral and lumber natural sources would be very different. In other words, by withholding some land from use, land-holders can command what we have termed "monopoly rents" and "monopoly values," at the cost and to the detriment of the rest of the community. If this highly injurious, anti-social power were made impossible, or at least highly unprofitable, land-holders generally would have to be satisfied with the natural, "economic" rental value of their holdings less the amount, whatever this may be, appro-

priated by the community in taxation. Thus, land-values all round would be reduced to their normal level; and the economic condition of the people dependent on the use of land would be materially altered.

#### THE TAXATION OF LAND VALUES.

The proposal known as the Taxation of Land Values may be summarized as follows: In lieu of at least some portion of the taxation now levied upon industry and the products and earnings of labor, the value of land, irrespective of the use to which it is being put and of the value of any improvements in or on it, shall be assessed and taxed for local and national purposes. Under such a system of taxation each and every land-holder would be called upon to contribute to public revenues in exact proportion to the value—either the annual rental or the selling or capital value—of the national inheritance he was being permitted to utilize or to engross.

#### ITS EFFECT ON LAND-HOLDING.

Under the Taxation of Land Values all land of equal value would be called upon to contribute equally, irrespective of the particular use to which it was being put and of the value of any improvements in or on it. Thus land suitable and required for building purposes, whether for shops, houses, the extensions of dock accommodation or any other service, would be assessed either according to the rent or price demanded for it, or according to the value of similar land already in use for similar purposes. The same would be true of all horticultural, agricultural, mineral or lumber land; all such lands, whether in use or unused, would be assessed and called upon to pay according to its value. Of course, and this is important, so long as the present holders and engrossers of our mineral, lumber and other land continued their claim to control the use of same, all such holdings would continue to command a high "monopoly" value; consequently they would be assessed and taxed on that value. If many such claims were relinquished and more land became available for use, then the present inflated "monopoly values" would tend to fall to their natural or economic level, and our land-holders would then be taxed on this decreased value for all such land as they might continue to hold and to utilize. And it seems to us fairly self-evident that but a very moderate installment of the Taxation of Land Values, together with the threat or promise of a gradual increase in same until the whole rental value of the country was appropriated for the common benefit of the people of the country, to whom in reason and equity it belongs, then no one would long desire to claim to control a single acre of land unless he was desirous of putting it to use, and to the best use of which it is capable. To give but one rather exaggerated example: Under the Taxation of Land Values no one could afford to grow cabbages, or to erect advertising boardings, in Broadway, not even to use an acre of it as a place of recreation for their pet dogs, as was recently reported in one of the yellow-press newspapers. Under such conditions what has been well termed "the vacant lot industry" would soon come to an end, together with all engrossing, forestalling and regrating of the primary necessity of all life and human industry, and land values, together with the rent-rolls of our landocracy, resident and absentee, would fall to their normal, economic level, to the direct advantage of every land-user, whether tenant or freeholder, and of the community as a whole.

#### ITS EFFECT ON EARNINGS AND INDUSTRY.

Of the effect of such taxation on the earnings of industry, as well as on the much abused modern system of industry, we can say but little, as it would



take us far beyond the scope of the present article. Manifestly, if our lumber lands were free to labor, then no one would cut lumber for another for less than he could earn for himself from the lumber lands available to him. The same is true of our mineral and all other natural resources. Free the land and you free labor; by no other means is this possible. As the Right Hon. Charles Booth well expresses it, in his book "Labour and Life of the People"—"The modern system of industry will not work without some unemployed margin—some reserve of labour." It was to secure such a reserve of labor that Chinese coolies were imported to South Africa; the native blacks' recognized claim to the use of a sufficient portion of their native country made them unsuitable for the purpose of those who wanted to introduce "the modern system of industry" into that country. And we fain would ask our yet unconverted friends, more especially our Socialist friends, carefully to consider for themselves this one question—What would become of this necessary "unemployed margin," this needful "reserve of labor," and also of "the modern system of industry," if the natural resources of this country, on which and from which all must live, were once made available to those whose labors call forth all the wealth of the country? When they have answered this question, they will have begun to gain some little insight into what is really involved in the simple, practical and easily obtainable social and economic reform known as The Taxation of Land Values.

#### CONCLUSION.

We now claim to have shown that the Taxation of Land Values—

(a) would fall entirely on land-holders, and could not by them be added to the heavy burdens they already impose upon industry; but that, on the contrary, by reducing land-values generally, it would tend to reduce those burdens by far more than the amount of the tax;

(b) would tend to break down land monopoly, all forestalling, regrating and engrossing of the primary necessity of life and industry, to reduce rents, to make land more available to industry, to increase the demand for labor as well as the earnings of all the workers;

(c) would tend to secure to the masses of the people their inalienable claim to the use of the natural forces and opportunities inherent in the soil of the country upon equal and equitable terms, and to share in the bounties of Nature;

and (d) would thus prepare the way for the establishment of social conditions, and the erection of a Social State, based upon Justice, upon the recognition of the equal claim of all to life, and all that this involves.

Land Values are natural; they inevitably spring into existence wherever a community of men may settle, and will rise or fall with the numbers, ability, activity and enterprise of the community. The one question relating to them the community can decide is whether these values, due as they are to the presence and activities of all, shall be allowed to furnish unearned incomes for a section of the community, or whether they shall be appropriated for the joint and common benefit of all. The one at once creates a special privileged class, with interests diametrically opposed to those of the rest of their fellow-citizens; the other would continuously tend to maintain that equality of rights, of opportunities and of duties which form the necessary basis of Republican Institutions, the *conditio sine qua non* of equitable association, of peaceful and harmonious social life.

Hence it is that we know that it would be well for the People's Cause, for the cause of Justice, Humanity, Civilization and Social Progress, if all earn-

est Reformers would temporarily sink all minor differences and concentrate their efforts to secure the speedy adoption of the Taxation of Land Values, adopting for their rallying cry the motto—Land and Liberty!

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## PRACTICAL SINGLE TAX POLITICS.

(For the Review.)

By ALFRED H. HENDERSON. \*

“Preach the Single-Tax and it alone if you want the Single-Tax.”

Is this true?

“You must keep in the middle of the road if you want to get there.”

Must you?

“Things will have to get a great deal worse before they get better.”

Will they?

In Europe there is a type of public men they call “opportunists.” In America if this term should be used it would be in the nature of a reproach, and yet if properly understood there is packed up in it all of political wisdom. The successful man in private life is he who is alive to opportunities and the same holds true in public life. It may be remarked that there are some men so strong, so resourceful, that they seem to make opportunity, but it is only seeming. The truth is they only see quicker than other men and watching the tide of affairs take it at its flood. To be an opportunist does not mean to be a human weather vane. A vessel that tacks is not floating, it is sailing, using the little wind there is to the very best advantage. It appears to have no course but nevertheless is going to its destination in the best way possible. An opportunist may be a man with a very definite end in view and yet appear to have none to those not wise to his purpose. He is the man who seizes on every opportunity to advance his cause. It may not be the best way to “get there” by keeping in the middle of the road if you are on the wrong road; it may not be the best way if, coming down the middle of the road, is a coach-and-six or if in the middle of the road there is a chasm. Henry George has laid it down as the fundamental proposition of political economy that men seek to gratify their desires with the least exertion. So the best course is always that of the least resistance. Fight when fighting is necessary or unavoidable but do not scorn retreat when it is for recruiting your troops or gaining advantage ground for the next encounter. Henry George said: “With the current we may glide fast and far. Against it, it is hard pulling and slow progress.”

Preaching the Single-Tax and it alone is to constitute Single-Taxers a sect. By this method they segregate themselves from the rest of men. They get to be looked upon as “peculiar.” They seem to be wedded to some strange dogma. They are looked upon with distrust, are viewed with suspicion. It is eminently proper that there should be one or more whose particular business it is to work out a theory, to live in a monkish cell, but there must be those, and they are the great bulk, who must keep in touch with their

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