

of land. As Dr. Mixer observed in his comments on the practical bearing of the rent doctrine, "In many instances those who own land and apparently obtain a pure economic rent are in fact merely taking with one hand what they have made with the other; they are getting in connection with a piece of land the profits of their business management. In short, in the case of any specific income obtained in connection with land (the land itself makes nothing) it is desirable that we examine closely to see if any part of it corresponds, in view of the whole industrial situation, with the concept of rent."

Furthermore, whether ground rent, considered entirely apart from interest and profits, be an unearned income, depends, as Professor Callender well showed, entirely upon the nature of the natural resource or agent from which the rent is drawn. Each case has to be considered on its own merits. It is not difficult to show that certain kinds of natural agents in certain situations can be made to yield the largest returns to the community when private individuals are allowed to possess them and to appropriate their value; for example, mines, fisheries and agricultural lands. The private appropriation of ground rent is in some cases clearly justifiable, as on the whole socially beneficial.

But although not all income based on ground rent is to be regarded as unearned, it is tolerably clear that income accruing to the owners of city building sites is largely of this character. Urban growth unquestionably creates enormous land values which individual owners have no claim to appropriate in full. That is, rising land values represent in large part a social product which may rightly be levied upon by the community to meet the increasing expenses of municipal administration. A land tax, moreover, has the especial advantage that it exerts little, if any, repressive effect on industry. It seems, accordingly, equitable and expedient that an increasing share of the burden of taxation in cities should be placed upon land. So much would probably be conceded by nearly all economists. The same policy applied to franchise values would also be approved. But economists dissent from a proposal that all expenses of government should be met by a single tax on land, chiefly for the reason that any single tax is inevitably unjust. Single Taxers are right in pointing to land values, including franchises, as the main source to which municipalities should look for the additional revenues necessitated by urban growth; they are wrong in denying the necessity and the expediency of preserving other forms of taxation.

TAXES ON LAND VALUES.

(Boston Herald.)

The recent meeting of the Massachusetts Single Tax League, at which the question of the nature, operation and office of ground rent was discussed by several professors of political economy from different colleges and universities, furnished an illustration of the value of an organization such as the league as a means by which professional opinion can be concentrated, crystallized and, to some extent at least, popularized. Of course no one needs to be told that the laws bearing upon questions of trade, finance and taxation are rarely, if ever, the direct outcome of professional, scientific advice. The owner of a mining property if he possesses sound business sagacity, employs the ablest talent he can find in the work of developing his property. A railroad company intending to build a line of track through a country presenting many topographical difficulties will employ the ablest civil engineers to advise on the best means of overcoming the difficulties that have to be encountered. But a government, whether of city, state or nation, at least under a democratic

form of control, and not infrequently when autocratic or oligarchic, is indisposed to leave questions of trade, currency and taxation to the judgment of professional experts in economics.

It seems to be taken for granted that problems of this kind, which, as a matter of fact, are some of the most difficult and intricate that can be presented, are questions upon which every man is fully qualified in having a clear-cut opinion, and that the opinions on such a subject of a majority of citizens expressed by their votes, or by the votes of those whom they elect to represent them, constitute the last word that needs to be said on these subjects. It may be conceded that professional economic opinion has not been as clearly settled in the past as it might have been, and, what is more, is not at the present time entirely a unit in the conclusions reached. Thus at the recent meeting of the Massachusetts Single Tax League, at which the question of rent was discussed, while the majority of the economists were of the opinion that rent was a form of income which departed widely from interest received by the use of improvements which man places upon the land, there was a minority who held to what is probably the older idea, that land capital is produced or fashioned by human labor out of land surface, just as in the same manner other forms of capital are produced by human labor out of other materials which nature affords. On the whole, however, the tendency of the times is toward considering land as something apart from that which may be produced by its use, and hence in the question of taxation, which is the subject toward which the league turns its attention, land might be fairly expected to pay something that would be in the nature of a franchise tax as it is a **monopoly**, from the fact that while all must make use of it to a greater or less extent, it is limited in its quantity.

But while the Single Tax League may succeed in thus enlisting in a general way the support of professional opinion, it does not follow that it can thereby induce the Legislature of this or any other state to enact statutes in harmony with the economic opinions that it entertains and advances. Any number of objections of an exceedingly practical character could be raised by those who would be likely to find their taxes increased, or their possible source of income curtailed. If, on the other hand, it was urged that a reform in our system of taxation along the lines advocated by Mr. Henry George would be productive of great public advantage; that certain unearned increments that now go to swell the wealth of favored individuals would then be enjoyed by the community, the reply would be that such gains were altogether too problematical to be seriously taken into account. The fact that Smith, Jones and Robinson would lose more or less would be a circumstance which would loom so large in the imagination of the legislators as to entirely obscure the sight of any possible gain that the community as a whole might achieve.

We admit it is only by persistent agitation that great changes are brought about, and we foresee a long path, involving much hard work, which must be passed over before the tax changes which Henry George advocated can be given an application on a broad scale. It has always seemed to us, and we have found no recent reason for changing our opinion, that if by any possibility the state of Massachusetts could be persuaded to grant to its various municipalities local option in the matter of local taxation, the opportunity would then be afforded of experimenting on this subject in a practical manner, and we are decidedly of the opinion that under such circumstances it **would be found** that those municipalities which introduced a system of taxation limited to real estate would discover that they had adopted a plan which would greatly inure to both public and private advantage.