

of urban and rural land called "agricultural" from any national tax; it is for Georgists so to rouse public opinion on the need of cheap land for food production that this danger will pass away. Provision for a local tax (Rate) on land value for the part or all of all local revenues would stand to reduce us to the level of Canada, New Zealand, or South Africa, with a fairly good municipal tax code and bitter Protection in national affairs. In this Snowden could bid for unanimous support from Protectionists who have no reason to love landowners, especially in urban areas. His feet are set about with snares, and any departure from Georgism would give him much more immediate credit than the rigid and narrow step now proposed. The valuation once made and published will place in our hands figures applicable with deadly effect in every locality—it is for Georgists to use them and to make public opinion which even without a just P. R. system in electing the House of Commons will ensure the next step. In Denmark this was a small national tax in substitution of (not in addition to) the other taxes; and a small compulsory local tax with incomplete further optional powers for municipal authorities. Thus we can look forward to a long struggle marked with regular small advances if Denmark is a criterion. The British Empire rule to concentrate on municipal reform would probably be intolerable to the Free Trade Chancellor.

In concluding, a few words on personalities may be of service. The Premier has been a sympathiser with us, but considers he has gone on to greater wisdom. It is not expedient to quote his past words as his back is towards us. His chosen chief helper is Mr. J. H. Thomas, the king of "good mixers" and the chief exponent of *la politique de la pourboire*, that strange British quality by which skilled and honorable railwaymen seek a tip in addition to wages for service. The Chancellor has been our bitter foe but comes nearer to us continually; his record too should never be quoted, as his face is to us, and his pace rapid; if he is still far away. Mr. Lloyd George is quite definitely in favor of our objects, but does not accept our methods—boasting that he has never read anything by Henry George; and would never sacrifice a follower who stipulated against Georgism. This weakness and the power of enthusiasm over quite trivial side issues are a grave danger to him. We cannot count on any help from him, but he is capable of being of the greatest use if someone could only induce him to read "Progress and Poverty." A rudderless racer. A formidable figure is Winston Churchill, the half New Yorker. As Snowden said, the taxation of land value is the only principle to which Mr. Churchill has been ever faithful in his professions in a most varied career, though indeed his transport fuel tax in relief of charges on agricultural land is his worst blow to our policy. Even he may come off the fence on our side—and any Cabinet would be glad of his support for as long as it suited him to be loyal.

None of these great forces have commented one word

on the Valuation proposals, in strong contrast to the independent Labor Party which asks "drastically increased taxation of large incomes; increases in the scale of death duties to the full extent of 100% on estates over a certain amount; the appropriation to public funds of the full site value increment of urban and publicly developed land; and the preparation and provision of machinery to facilitate at an early date the public ownership of all land." This very naturally was associated with the usual enthusiasm for contraception including immunity for abortionists if skilled and qualified, on the suggestion of a qualified medical delegate. To this sort of thing Snowden might have surrendered with the assurance of a good Press and batteries of loud speakers. Never was I more content to get, so far, nothing.

—M. J. STEWART.

## Pyramiding Land Values

The following address was delivered by James R. Brown, Friday, June 27, before the League for Industrial Democracy, at Tamiment, Forest Park, near Stroudsburg, Pa. Mr. Brown appeared before the League at their Summer conference by invitation, and the title of the address was suggested by the committee who invited him. The League has headquarters in this city, at 112 East 19th Street, and among the members and officers of the League are John Dewey, Rev. John Haynes Holmes and Prof. Mickeljohn.

A BETTER title for this address of mine would be How Land Values Pyramid and Why They Pyramid, and what is the force that keeps shoving them up and up beyond the clouds, as it were.

I know of no better example, I know of no better illustration, than that of Manhattan Island. The assessed value of the land on Manhattan Island today is over \$5,000,000,000. This includes the ordinary building lots and land either in lots or plots owned by corporations, but does not include a great deal of our most valuable land, water fronts owned by the city, nor any franchise values, which are after all, in the last analysis, nothing but land values. Nor for that matter does the assessed value come anywhere near the selling price or the asking value of land, and the asking price of land is, after all, the embargo on production.

A little while ago a plot was sold on Seventh Avenue for \$7,000,000. This same plot was assessed at \$2,500,000 and it would not surprise me, if we could get at the exact facts, to discover that the selling price of Manhattan Island alone would amount to \$10,000,000,000.

I want to make two or three statements that to the ordinary assessor will be most astonishing, and the pseudo-economist could hardly understand. One statement is that the assessed value of land pays no taxes whatever and is the greatest liability carried by production.

The selling price of land is not wealth, nor does it represent wealth, and when the selling price goes up, it does not mean that there is any increase of wealth. It simply

means that the earth owners are able to charge the earth users more for the privilege of using the earth.

What the earth owners gain, the earth users lose. To the earth owners it is an asset, but to the earth users it is a liability.

It is a bond or a first lien on production without justification in business, justice or science, and due entirely to our system of taxation that fails to collect public value for public use.

The amount we fail to collect is capitalized into selling price and it becomes a very grievous burden to labor and capital.

To understand what this means in the economic world, let us go back to the first purchase of Manhattan Island by Peter Minuit about three hundred years ago from the Indians at a price of \$24.

Manhattan Island is twenty-one square miles in area; the latest and best information is that the Lord made it and gave it to the race, free of charge. We must admit though, that there is quite a large number of us very busy trying to correct that oversight and apparently with great success, for an acre on Manhattan Island will bring in the open market \$40,000,000, and this acre did not cost one cent to produce. There is no production cost in land. It is well for us to make a very careful note of that fact.

It is interesting to reflect how white men deal with the red man, the black man, the pink man or the yellow man. When the poor guileless native meets with the white man, that is his finish. I often think how fitting it is that the white man, moved by generous and noble impulses, will send missionaries to these poor natives to teach them the way to heaven. It is indeed proper that he should do so, for there is no other place left for the native to go to when the white man gets through with him, and I can understand the joy and the satisfaction that our missionary society organizers must have in the thought of the good they are doing Mr. Primitive Man, after they have robbed him of everything and dispossessed him from the Land of his Fathers.

We will suppose that the day after Peter Minuit bought the Island from the Indians, another white man came to him and wanted to buy the Island, but Peter says, "No, I will not sell." "Well, what are you going to do with it," asks this other white man. "Nothing. I have got a hunch that a lot of people will be coming this way soon and will settle on the Island and I will be able to get back more than my \$24." "Well," said the man, "I would like to rent it from you." "Oh, all right, you can rent it." "How much do you want?" "Well, I paid \$24 for it and money is worth 10 per cent., so I ought to get at least \$2.40 a year for the use of my Island." That would be the economic rent of Manhattan Island about three hundred years ago.

Well, Peter wouldn't get a very fat living out of that, would he? If that were all the income he had, he certainly would have to go to work, but really what he gave his tenant was nothing but his permission to use an Island

that God made and that had acquired at that date a selling price of \$24, or an annual rental value of \$2.40.

Let us suppose that Peter continued through these three hundred years to be the sole and exclusive owner of Manhattan Island. As a matter of fact, there are a wonderfully small number of people who do own any part of Manhattan Island, less than 2 per cent. of the population. On the Island there are about 2,500,000 people and the Register's Office doesn't record as owners in fee simple of Manhattan Island 50,000 people. So the Peter Minuits of today are less than 2 per cent. of the population, and the condition of the tenantry of the Island wouldn't be any better or any worse for that matter than if one man were the sole and exclusive owner of Manhattan Island.

Well the Island has not grown any larger, it is about the same size except for here and there a little filling in and may be here and there a little cutting off, but what could Peter Minuit or his heirs or assigns collect today as economic rent for the yearly use of Manhattan Island, for the mere permission to use an Island twenty-one square miles in area, that God made and the inhabitants thereof made valuable? For even though a very large percentage of the inhabitants thereof are boneheads, yet they produce the wealth, and their presence adds to the site value. According to the figures of the Department of Taxes and Assessments the uncollected rent is at least \$250,000,000 a year, for the assessed value of the land only is over \$5,000,000,000, and as I have already stated, this does not include all of the land values by a good deal, nor is it by a wide margin the actual asking price of the land, that is, what labor and capital are asked to pay if they desire to use the Island of Manhattan. To my mind it is not an exaggeration to say that if anyone, and it would make no difference if it were one or multiplied by many, if one man owned the Island, then instead of collecting \$2.40 a year as they did three hundred years ago, they would be able to collect \$500,000,000 a year from the users, the wealth producers of Manhattan Island.

So within the short period of three hundred years the selling price of Manhattan Island has pyramided from \$24 to a fabulous amount of about \$10,000,000,000 if you include all land values of Manhattan Island, and this amount is steadily going up. It is the greatest liability that industry has to carry, this \$500,000,000 and steadily going up and up and up.

Let us imagine for a moment that the people of Manhattan Island were to become twice as smart as they are. Considering how clever we are now, that would be quite a stretch on one's imagination. But suppose they would be able to double their capacity to produce wealth, would wages rise, would the lot of the business man become easier, would any body who carries on in life's great industrial scheme without a privilege, would his lot become easier, his burden lighter? One would naturally think it ought to, but it would not. That is the tragedy of life, that is the despair of our civilization, "Ye build and ye build, but ye enter

not in, like the tribes whom the deserts devoured in their sin."

Who, then, would benefit from the tremendous increase in productivity? The principal beneficiary would be the Peter Minuits who would be able to get not \$500,000,000 a year for permission to use their Island; they would get \$1,000,000,000 a year. Rent would go up and overtake the increase in productivity of both labor and capital, so that the grind of life would continue as of today, the increase in economic rent would forestall and prevent the toiling masses from entering into rest, it would make impossible the lifting of carking care from the hearts of business men.

Now comes the all important question, could this be prevented, and why is it that the selling price of land comes into existence at all, in view of the fact that there is no production cost in land? It is the all important difference between the values attached to the things that men make, and the value that attaches to the thing that God or nature provided, that constitutes the most important of economics.

What is it that gives the selling price to land? It is the failure of our taxing system to collect economic rent, put it in the exchequer of the community and out of that meet the needs of the community, and a generous and an ample amount we would find it would be. Any part of economic rent we fail to collect is capitalized into selling price, so it is the failure of a taxing system to do the obviously natural thing, that is, collect social values for social use, that gives a selling price to land and is the cause of pyramiding of land values, for the higher the social order, the more efficient the government, the greater the service given to human kind through communal powers, the greater the economic rent, and the less we collect of it, the more there will be to capitalize into selling price.

This is the reason the selling price of land on Manhattan Island today, even accepting the figures of the Assessment Department, outstrips by a billion dollars the value of all the improvements that in all these years we have put upon Manhattan Island.

This failure to use properly the taxing power and put publicly created values into the public exchequer and meet public expenses out of them, puts us exactly in the position of an engineer who is making a cut through a hill for the purpose of laying a railroad track, but instead of throwing the dirt to the right or to the left, he throws it in front. Now, when would he get through with that job? Never, because the more he digs the more he has to dig, the more he works the more he will have to work, his efforts through the misplacement of the spare dirt only adds to the difficulties of the task. And so we in our lack of understanding of what economic rent is, in our very foolish treatment of it, that is, in giving it to private individuals who have rendered no service and who have delivered no goods, we artificially create a selling price for land that becomes the greatest liability carried by industry. To put this economic

rent in the exchequer of the community would relieve industry from the enormous payments it now has to make for permission to use the earth to begin with, and in addition to which we come back a second time to industry and ask them to pay for the support of government. Both these burdens have of late years rapidly increased to such a degree that any form of industry, without a monopoly, has indeed a poor outlook, and the cost of living upon the whole, while it should be lower today than in any period of the world's history, because we produce wealth easier today than in any period heretofore, is higher than it ever has been.

We are guilty, through our ignorance, of three wicked things. We have given to some men vast amounts of wealth, for which they have rendered no service and delivered no goods. We have loaded upon the back of industry vast burdens that will result in destroying industry, and we are setting at naught the divine and omnipotent purpose that nature had in giving to man the creative instinct, that enables him to produce things with less and less trouble, that satisfy desire and make for the growth and development of the individual.

## Activities of the Robert Schalkenbach Foundation

EXTRACTS FROM REPORT OF  
PRESIDENT HENNESSY

IT is the duty of your president to summarize a statement of the work of our Foundation since the last annual meeting, and to make recommendations for your consideration as to the general direction that our activities might take during the coming year. I am pleased to believe that in the year that is closing, we have made substantial progress in advancing the principles and purpose for which our organization was formed. Our generous founder aimed at nothing less, to quote the terms of his will, than the "giving of equal opportunity to all," and "the betterment of the individual and of society by the abolition of involuntary poverty and its attendant evils." Therefore, he committed to us, to quote his will.

"the teaching, expounding and propagating of the ideas of Henry George as set forth in his said book (Progress and Poverty) and in his other books, especially what are popularly known as the Single Tax on land values, and international free trade."

In the year ending, as in recent previous years in this country and elsewhere in the world, there have been continued evidences of an extraordinary revival of interest in the teachings of Henry George. We are prepared to contend, and, I believe, to demonstrate that a great part of this revival of interest may be traced to the stimulation of ways and means of publicity and propaganda, originated by this Foundation.