

proposed unlimited loaning by banks upon speculative valuations. Just so fast as the loans were made and the emergency money was set loose, so the speculative valuations would go mounting upward.

DISTRIBUTION OF THE NEW WEALTH.

An article in the issue of April 19 of the United States Investor, published in Boston, New York, Philadelphia and San Francisco.

Ground Rent as a Means of Diverting Wealth from Labor and Capital.

This nation is enormously richer than it was even ten years ago, but the masses of the people are no richer, and the struggle for existence is harder. They create more wealth every year, but it is spirited away from them. What becomes of it? The answer is clear and positive. It goes chiefly to increased ground rent. In every progressive community, in every land where wealth is increasing, the bulk of the increase goes to rents. This economic fact is not generally considered, but it is becoming recognized more and more every year. Years ago Prof. Cairnes pointed out this important fact when speaking of the tremendous increase in the wealth of the English nation. He said: This enormous increase in the wealth of the nation has gone neither to capital nor to labor nor yet to the public at large, but to swell a fund ever growing, even while its proprietors sleep, the rent roll of the owners of the soil."

In this country, our yearly production of wealth is almost inconceivable, and one-third of it goes to increase

The Rental Value of Land.

This is a natural economic law which all the socialists and all the governments on earth are powerless to destroy. This law operates automatically, silently, and is therefore little observed and likely to be overlooked by those who do not look beneath the surface of things and inquire into causes. The amount of increase in land values every year would be incredible if it were not made evident beyond contradiction by plain figures in public documents. In this city of Boston the assessed value of land exclusive of buildings has increased 40 per cent. during the last ten years. In other cities it has probably increased at an even greater rate. In 1891, the land in Boston was taxed on a valuation of

\$381,299,825. During the next ten years, up to 1901, the assessed value has increased by \$165,946,775, making the taxable value in that year, \$547,246,600.

Be it observed that this is the assessed value of land alone, not including one dollar of improvements. The increased value of buildings and improvements has been made by the outlay and enterprise of the land owners, but the owners did not create a single dollar of the increased land values. This increase in value of \$165,946,775 in ten years has been made by the people who live in Boston and those who visit and trade and do business in Boston. Every man who walks the streets helps to create this land value. The landlord, as landlord, creates not a cent of it. It is

Purely a Commercial Product

but it is increasing every year. The increase in one year, 1901, compared with 1900, was \$14,313,100. During the same year the increase in the assessed value of buildings was \$8,235,700, something over half as much as the increased value in land. The eight million dollars' increase in value of buildings was made by the will and energy of the owners, and resulted from the combined agency of capital and labor. But the fourteen million dollars' increase in land values did not depend on the will of the owners at all. It did not cost them one thought, or one effort, or a single cent of outlay. The value went on increasing while they slept. It is purely an increased value presented by the community to private individuals.

This private appropriation of public wealth has been established by long custom and is sanctioned by statute law, and prevails in almost all civilized communities. We have adopted this custom in this nation in imitation of the old nations of Europe. If it did not prevail in this country, and if the commercial wealth in land values which the community as a whole, has alone produced, were not appropriated by private individuals the city of Boston would not need to raise a dollar of other taxation. Its ground rents alone greatly exceed its national, state and municipal taxes. The same conditions exist in every city throughout the union. Throughout the nation the aggregate ground rents greatly exceed and are probably more than double the entire revenues of every description.

And year by year a larger and larger amount of the wealth production of the nation goes to increase land values. When the question is asked, What becomes of the tremendous amount of wealth produced every year by

American Labor and Capital?

the answer must present as its principal item the diversion of one-third of it to increase ground rents, which have not been earned by their beneficiaries. No solution of the wealth problem can be even approximately correct which overlooks this important fact. Men who bother their heads to account for the distribution of such wealth, and talk as if it went to improve the condition of laborers and producers, are far at sea. The yearly increase in wealth production does not greatly benefit either capital or labor. Mr. Carnegie, to the contrary, notwithstanding. It goes chiefly to increase the appropriations of privilege, and chief of all, the legal privilege of the ownership of the soil. In the city of Boston is one property which a hundred years ago was worth less than \$100,000, and the improvements were worth more than the site. To-day the site value alone is estimated to be worth \$1,500,000. Not a dollar of this wealth has been produced by the owners. It is a free gift presented to them by the people of Boston, and every year thousands of dollars are added to the unearned increment.

Many thousands of similar properties in all the cities of the nation furnish the key by which the true answer can be given to the question, Where does the wealth go to? Ground rent and similar legal privileges, like a huge sponge, absorb more than one-third of it, and capital and labor scramble for the rest. A solution of the problem of wealth distribution would be approximately correct which estimated that of all the wealth produced by the nation one-third goes to labor, one-third to capital and one-third to privilege. There can be no marked and permanent improvement in the material condition of the masses of the people till due consideration is given to this great diversion of wealth to individuals who have not earned it.

THE LAND QUESTION IN GERMANY.

The following letter from one of the ablest and most active land reformers of Germany, Mr. Adolph Damaschke, was written for and read at the recent Jefferson

Day celebration of the Manhattan Single Tax club of New York city:

Berlin, April 1, 1902.

"We are in the thick of the fight here, but the movement goes surely onward."

The new civil code which passed into effect January 1, giving a unity of civil legislation for the entire German empire, brings us a new law which is of great help to us. This is the so-called "Erbbaurecht," a statute which empowers the communities to become land owners and to give their land in leasehold of from 80 to 100 years, or a ground rent. From this new law we hope to see in time something like a genuine "single tax" arise. For if the communities find the experiment advantageous and continue buying more and more land, with a sinking fund for the purpose, we hope that in time the ground rent will prove to be sufficient revenue for the purpose of the government of the communities. The cities of Halle, Leipzig and Frankfort on Main have already made a beginning with the enforcement of this law, and in Frankfort 700 houses are built or are in process of building on land owned in this way by the city.

Another line of work for us is a reform of the land and building tax, so that the land shall be taxed, not on the income it brings, but on its true market value. The late Herr von Miquel, Prussia's most capable Minister of Finance, who at heart was a good single taxer, made it possible for the city governments to adopt this method of taxation if they so desired, and to the energetic work of our party is due the fact that to-day 53 Prussian towns assess their land according to the new valuation. It is true that the tax as now taken is very small. Kiel, for instance, takes only $4\frac{1}{4}$ marks to the thousand of the market value, but it is a step in the right direction.

Much depends for us on the ultimate success of the single tax experiment now being made in Kiautschou, by the naval office, with the express consent of the emperor. The German colony in China is a true single tax community, which taxes lands six per cent. of the market value, and demands no other taxes whatever. Every three years a new valuation of the land is made, and the tax raised accordingly. In every land transaction $33\frac{1}{2}$ per cent. of the profit accruing from increased value, the "unearned increment," goes to the government.

Naturally all advocates of legalized monopoly are bitter against this ex-

periment and prophesy fearful things for the young colony. But the reports from Kiautschou state that all classes of the population—traders, merchants, artisans, workers of all descriptions—are exceedingly well satisfied with a condition of things which frees industry and thrift from every possible hampering burden of taxation, and which entirely does away with all possibility of speculation in land.

Our league here grows slowly but surely. Of late we have laid much value on winning organizations of workers as cooperative members, and in this way have won a membership roll of 102,000. The movement gains ground in other countries of Germanic race. In Denmark a "Henry George association" has been started by a young Danish lawyer, who first heard of the new truth through us.

Von Miquel once told us: "Become a power, and the government will put no obstacles in your way." It is a hard and unceasing struggle to become a power against the overweight of capitalistic interests, which control that mighty weapon, the press; but the truth forces its way through, towards the winning of physical and mental well being for our nation, in the only way possible, the gaining of honest reward for honest labor. We look with encouragement on the work of our comrades in faith in America, and every news of success that comes from the home of Henry George fills us with new vigor and enthusiasm.

Mr. Damaschke's letter is commented upon as follows by Henry George, Jr.:

It will be noticed from this letter that progress of land reform in Germany is along two lines. One of these is by the gradual substitution of municipalities for private owners through purchase and leasing on long terms to users. The weakness of this is twofold. First, the payment for land so taken is an injustice to the general community who must pay the purchase price, yet the members of which have equal natural right to such land with the so-called owners. Second, the leasing of land by the municipality is cumbrous and, when long terms are involved, only partly effective.

The better policy for the government to pursue respecting land is that indicated by the other line of movement spoken of by Mr. Damaschke, the taxation of ground values, that is, of land according to its true selling value, and irrespective of improvements. This tax now is very small, but if increased until the selling value of land were absorbed, the full princi-

ple of public ownership of land would be observed in effect, while present private titles would be undisturbed and the government would not be burdened with the trouble of management.

LAND REFORM IN NEW ZEALAND.

George Fowlds, a prominent business man of Auckland, N. Z., also president of the National Single Tax league of New Zealand and a member of the New Zealand parliament, contributes the following:

The first New Zealand land value tax was introduced by Sir George Grey in 1879. The act imposed a tax of one half-penny in the pound on the unimproved value, with periodical revaluation. The capitalist class quickly realized that this meant a serious check to the land traffic to which most of them owed their wealth. They at once proposed a property tax of one penny in the pound in place of it, and supported their proposal by plausible appeals to the ignorance and cupidity of the people, on the hardship of taxing the land and exempting the rich man's wealth in houses, goods, money, carriages, wines, pictures, etc., etc. The thoughtless people applauded this argument and Sir George Grey's government was promptly overthrown and the tax repealed. The property tax took its place with the result that a period of depression set in which lasted for ten years. Thousands of our best workers left the colony and financial disaster and distress were universal. Then it was recognized that a great mistake had been made and the capitalist party was driven from power. Hon. John Ballance became premier in January, 1891. The obnoxious property tax was then abolished, and our present land tax of one penny in the pound was firmly established. An addition of an eighth of a penny per pound to the tax is made on every additional £5,000 after the first £5,000, up to £40,000, and increasing up to two pence extra (i. e. three pence in the pound) when the value reaches £210,000 or upwards. An exemption of £500 is allowed to all owners whose total land value does not exceed £1,500. This exempts the bulk of the small landowners, and only about 13,000 out of 90,000 actually pay land tax.

The next great step was made in 1896, when our "rating on unimproved value act" became law. It is an optional measure which can be brought into operation by the vote of a majority of the rate payers of any local rating body. The act provides that on receipt of a demand signed by 15 per cent. of the local rate payers the