

fields, is an attempt, which has been quietly in the making for seven years, to develop a village community holding its land in common, in the spirit of medieval times, but under modern conditions, in accordance with the Single Tax philosophy of Henry George. The individual holders of the several plots of land pay the rental value of the land into a common fund, from which all the taxes levied by the State and county are paid, the remainder being spent upon the maintenance and improvement of the roads, woodlands and commons, with no profit to anyone as a private landlord.

It is believed that even an experiment upon these terms will give to all easier ways of earning a living, a simpler, more democratic and more peaceful manner of life than that characteristic of our time and country, and a freedom from mere wealth slavery from which craftsmanship and art will of themselves develop. It is believed that a way out can be found from the overcrowding and hurry of the city and the intellectual deadness of farm life by a village community, whose pioneers, themselves artists, refuse to accept the only terms on which the practice of art is possible in our civilization. The underlying thought is that the study of medieval village life in "Merrie England," as charming and lovely time as any which history records, will create for us a life as picturesque and fruitful under economic conditions equally free and just—and without the loss of anything that civilization has really gained.

Arden has been made possible by the tireless efforts of Frank Stephens, who with Will Price of Philadelphia purchased the land seven years ago. It is now held in trust. The duties of the trustees are to collect the rent of the land and to expend it in the taxation levied by State and country and the balance in local improvements. The trustees are Frank Stephens, Will Price and Frank Martin. WILLIAM RYAN.

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TAXATION AND ORTHODOX ECONOMICS.

ILLUSTRATION:—THE SELLING VALUE OF LAND AN UNTAXED VALUE.

SYNOPSIS OF ADDRESS OF PRESIDENT C. B. FILLEBROWN, AT THE DINNER OF THE MASSACHUSETTS SINGLE TAX LEAGUE, LORIMER HALL TREMONT TEMPLE, MONDAY EVENING, OCTOBER 14TH, 1907, AT 6.30.

A citizen of Boston is considering the rental of a lot of land, which in his view is worth \$300 annually for use. What is it, fundamentally considered, for which now he stands ready to pay, and must pay this \$300 a year? It cannot be the soil, since an equal amount of soil of the same character could be purchased "out in the country for little of nothing." It cannot be mere area as such, since area obviously could be purchased elsewhere for a song. It is not the "earth's surface;" not "inherent capabilities of the soil"; not "light and air"; not "natural resources." By analysis, it appears that what is really wanted and paid for is "the accompanying and incidental use of a great many expensive things outside of the piece of land," such as streets, lights, water fire protection, schools, libraries etc. The right of access to these various utilities, which the possession of the land affords, is what the law calls the "rights and appurtenances thereto appertaining." The \$300 paid for this right and ease of access is the ground rent, "what land is worth for use."

It follows that if this piece of land were entirely free from any incumbrance, public or private, and if at the time the market rate of interest on such investments were five per cent. per annum, then the lot would sell for \$6000, since interest upon that sum would amount to the same sum as the rental value. \$300. If on the contrary, the lot were subject to a mortgage of \$3000, bearing an annual interest charge of \$100, then the lot would sell for only \$4000, the value of what the lawyers call the equity remaining after deducting the mortgage. The purchaser of the title assumes the mortgage and the mortgage interest. But the interest payment of \$100 is made, not out of the \$300 which represents the net income from the \$4000 investment, but out of the estimated gross income of \$300, what the

lot is estimated to be worth for use. It is a part of, not an addition to, the ground rent, since the purchaser, by the reduced price, will have bought himself clear of the burden.

If now the lot is also subject to a regular annual tax of \$100, is the case different from that just explained? No. For then the lot will have been purchased, not for \$4000, but for \$2000, the tax reducing the selling price of the land in precisely the same way as has been explained in the case of the mortgage. The \$2000 is the full value of the equity surviving both mortgage interest and tax. To be sure, the purchaser assumes and pays the tax, just as above he pays the mortgage interest, but the \$100 tax represents a deduction, not from the five per cent. received from his investment of \$2000 in the lot, but from \$300, the whole annual value of the lot as estimated at the time of the purchase. Interest on the mortgage, \$100, plus the tax, \$100 plus the return of \$100 on the investment of \$2000, represents his estimate of the gross annual value of the lot.

It follows from the above analysis that under the present system the selling value of land is an entirely untaxed value. Land-owners who invest today are exempt from taxation, not indeed upon their land, but upon its annual net value, or, in other words, upon their investment. In the very nature of things no land tax can be made to survive a change of ownership; in the very nature of things, because the ground rent is itself a tax laid by nature, which users must pay either to private owners as rent, or to the State as tax, or both. "No statute or ordinance can increase or reduce, exempt from, or abolish the payment of this "economic rent," or ground rent to somebody. Its amount is neither fixed nor affected by the tax that is put upon it. Taking it cannot increase it; cannot decrease it; cannot abolish it. Its amount may always be calculated by the simple formula: ground rent equals interest on purchase price, plus interest on any mortgage, plus taxes.

Suppose, now, the lot having been bought, the purchaser plans to build upon it a house for himself and family, and that such a house as he has in mind will cost him \$6000 to build. The annual cost of his house, in

the absence of a tax, would then be represented by the annual interest charge on this \$6000, which is the same as the estimated ground rent of the lot, or \$300. But here it appears that the case of the house differs materially from that of the lot, since the cost of acquiring the lot depends upon its rental value, while, conversely, the rental of the house is fixed by the cost of acquiring it. Builders will not build unless they can get interest on the cost of construction, and competition among builders will not allow them normally to get more than such interest.

A mortgage upon the house would have the same effect as upon a lot, as has been explained above. A \$2000 mortgage would reduce the selling price to \$4000, and the annual price for use would include the \$100 interest on the mortgage and the \$200 interest on the purchase price. In other words, a mortgage upon a house, like that upon land, adds nothing to the annual cost for use.

But when we consider the case of taxation, we find that the parallel fails. Whereas a tax upon the lot could not, in the nature of things, increase the annual rental, or cost for use, a similar tax upon the house is added directly to the annual cost to the user. If the house is subject to a tax of \$100, this amount must be paid annually in addition to the interest charge of \$300, as calculated above. Increasing or decreasing taxation upon the lot has no influence upon its annual cost to the user; while increasing or decreasing the tax upon the house increases or decreases in exact proportion the annual cost to the user. The moral of this illustration is that you get for use annually \$300 worth of land for \$300, and a house costing \$300 for \$400. In other words, a tax upon land is a part of, is included in, and comes out of, ground rent, and is no burden to the user; while a tax upon a house is a clear addition to house rent, and comes principally out of the user of the house.

The illustration and argument here presented have a wider application than here appears. Land in the illustration stands for everything not produced by labor, while the house similarly stands as a type of all labor-produced wealth. If, therefore, the analysis and argument presented are correct,

—and it is probable that most careful students of the subject to-day would accept them as valid,—it would seem that the traditional American practice of general property taxation fails to secure that ideal and even-handed justice which it was intended and is thought to secure, but rather results in throwing the whole weight of the burden upon the enterprising and industrious, the users of produced forms of wealth.

THOUGHTS ON THE LECTURE WORK.

(*For the Review.*)

BY FREDERICK H. MONROE,
Pres. Henry George Lecture Ass'n.

It is now four years since several able lecturers, a number of energetic organizers, and a large number of willing financial contributors agreed, in a rather informal manner, to co-operate to promote the Single Tax throughout the United States and Canada in the various forms under which it was forcing itself upon the public mind.

By mutual understanding these associated workers assumed the trading name, so to speak, of the Henry George Lecture Association, F. H. Monroe assuming the title of president.

More than 1,500 men and about 40 women have co-operated under this plan. Lecture work has been conducted in more than 150 of the leading cities of the United States and Canada. About 1,500 lectures have been delivered before the most influential organizations of these cities to an aggregate of 150,000 men and women. About \$37,500 has been raised and expended in this effort, so that it has cost twenty-five cents to present the Single Tax in an oral manner to each person we have reached during this period.

While the speakers have been enabled to impress thousands with the truths presented, their addresses have been quite freely published in the daily and weekly papers of all save the largest cities. The publication in a paper of a half a column or more of an address is equal to the circulation of a tract to every reader of that paper. If we consider the wide circulation

of literature thus stimulated by these addresses we can claim as incident to this work the circulation of several million tracts.

It is difficult to estimate how far reaching this work has been. It has stimulated many old-time friends of the Single Tax movement to renewed activity. It has, in a number of instances, created local movements for civic reforms along fundamental lines. Without making any pretence at organization, it has brought together in many communities the leading men of reform tendencies, made them acquainted with one another, and suggested plans of practical work. These plans in some instances have been followed with desired results.

It would seem, in looking back over the four years now closing, considering the energy, money and activity expended in the work, that the results obtained have been well worth the outlay.

One will be influenced in considering work of this character by his business training, together with his conception of human nature.

It is absolutely impossible to measure in units the value of the moral force accompanying personal work of the character promoted by this association.

Those who have co-operated in this work have been impelled by the theory that the average man desired to do right by his fellows, that he had the intelligence to fully grasp the proposition we had to present, and that if he did not grasp it the fault was ours, not his. It remained for us to strengthen our presentation by the association of new arguments and new illustrations until the philosophy could be presented to his satisfaction as well as our own.

During the first two and one-half years the lecturers were entirely free. In February, 1906, an effort was made to promote four of our lecturers in a course introducing what lyceum methods were practical, and offering the group of speakers to various cities for a stipulated price. The first course organized consisted of the late Ernest Crosby, Herbert S. Bigelow, J. W. Bengough and John Z. White. About twenty courses were arranged on a very satisfactory basis.

As considerable effort had been required,