

THE SINGLE TAX

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Mr. Chairman and Gentlemen:

I came up at the request of Mr. Ingersoll, just to say a few words. I have known him for many years, and he has long worked in and taught these matters. Rent is caused by population. Where there is no population there is no rent; and where the population becomes congested rent becomes high.

The congestion of population produces more evils than high rent. It produces all sorts of physical and moral evils, as you see in this city here.

Why should these congestions of population exist? I may ask. There is plenty of room in the world. All the people on this globe if collected here could stand up in the city of New York and each one would have two feet square to stand on, if I remember right.

So you see the people of the world in proportion to land space are not so many after all. And they could all be put in the State of Texas and have about two or three acres apiece, I don't remember exactly.

And yet these congestions of population occur here and there all over the world, and create many social and physical disorders, as well as this high rent which you proclaim against. Your object is to reduce rents. How do you go about reducing rents? Why, there is only one way to reduce rents — or two ways, rather.

One is to disperse the population; the other way is to increase the number of houses all the time, and make supply match or exceed demand.

Rent depends on supply and demand of houses. Some people think that rents rise as taxes rise. Some people think that all a landlord has to do is to add his taxes to his rents. But these things are not so. Taxes may be going up while rents are going down.

I saw the time in Brooklyn when we were paying a rate of \$3 in the 100 for taxes, and yet rents did not go up while the taxes were going up. They went down, and were far lower than over here where the tax rate was much lower.

You cannot increase rents by high taxes, except in an indirect way. If taxes are so onerous on the buildings that people stop erecting buildings, why then you have a scarcity of houses and buildings; and in that indirect way there may be an increase in rents brought about under the rule of supply and demand.

Now, these are first principles that I am talking to you about. And yet here I am in the presence of the philosophers on this subject. I suppose you will listen to me with impatience expecting me to launch out into something new on the subject.

There is nothing new. You single taxers have developed the whole case, so far as I know. I have heard you here and there.

If you have not made as much progress as you think you should have made I think I can state one reason for it. In your speeches and writings in years past you have been a little too cock-sure. Some of you have been acrimonious. Some of you say you think other people are very dense and ignorant because they do not think as you do. In other words, you try to ram your theories down the throats of people before they are ready to receive them, the same as they feed Strasburg geese to make their livers swell. No one ever succeeded that way.

Franklin treats on that in his Autobiography. He says the way to convince a man is to express a little doubt about it yourself. Just shake your head, and wag it a few times to this side and then to that, and may be shrug one shoulder and then the other, and say, "Well, it seems so to me, but I am not clear and may be wrong about it." And then the other fellow will take it all in, and turn around and try to convince you. That is the way to convince people.

I am sure some of your orators do not adopt that method, because I have listened to them now and then.

This single tax question has been now widely discussed all over the world. The phrase "single tax" I never thought any too happy. The object is to concentrate all taxation on the land. Now, to uninitiated people who are listening to me that means on the land and buildings and improvements. But it doesn't mean any such thing.

Your theory is that the taxes should be put on the bare land alone, and that the buildings and houses and improvements should all go free of

taxation. That in a word is the so-called George theory.

I may express it otherwise by saying that your theory of taxation is to absorb all ground rents into the public treasury by way of taxation; that is to say, the rental value of the bare ground, without anything on it. Never mind the buildings, you say, but tax the land up to its rental value, and get the whole ground rent into the public treasury as a tax.

Here is a bare lot. Well, it has a rental value, or it has none. If it is worth anything it has a rental value of, say, 4 percent, or 5 percent, of such value. If the lot is worth say, \$1,000, then presumably it has a rental value of 4 percent of \$1,000, or 5 percent, and that should all be levied as a tax according to your theory.

And then here is another lot with a building on it, a lot worth \$5,000, say, and the building worth \$10,000. Well if the place is taxed \$500 under the present system of taxation, that means that two-thirds of it is on the building and the other third on the land. Your theory would distinguish between the building and the land and find out the value of the land, the lot, and tax that according to its ground rent, and no more, so as to draw the whole ground rent into the treasury, and let the building go free. Now, that is the theory.

But every man out of one hundred that you speak to on this subject thinks you mean to tax the buildings and the land, which is not the theory at all.

All buildings, all improvements, being done by the hand of man, let that all go free and tax only the land which God made, according to its rental value. The rental value is not created by the owner, but by the growth of population, by society at large, and therefore belongs not to any individual, but to society at large. That is your theory.

And you say that that would produce revenue enough to pay all the expenses of government. I do not know whether that is true or not. I have never run it out carefully enough to know. I did once run it out in the city of Brooklyn when the taxes were high there, and as near as I could make out the taxes being paid there were equivalent to the ground rent of the whole city. I thought so, yet I may have been mistaken. I mean that if the total tax were taken it was equivalent to all the ground rent in the city at that time.

Now, the taking of the ground rent by taxation may be a perfect system

of taxation, as philosophers and economists admit the world over. But there is a difficulty about it. You know things in this world are not always ideal. And it is pretty hard to get them ideal. I know they are not ideal with me. I have a pretty tough time of it. You have to deal with all sorts of minds and conditions, and they do not produce the ideal. They produce a sort of average, and that average is very often a pretty poor one.

But we have this great satisfaction, that it is getting better in the world all the time. The average of things grows steadily better year by year all over the world, I think, and particularly here.

The difficulty that I perceive about putting your system of taxation into operation is this, namely, that you cannot do it now without injustice. If society had started in that way, it would have been easy. But now it is difficult to change without doing injustice.

We have to admit that the value of the naked land is created not by the fellow who has his foot on it and owns it, but by the increase of population and industry all around it. Why, within the last few years in this city the lands over in Queens and over in Brooklyn in the outskirts which sold from \$100 to \$500 an acre are selling for more than that per lot, 20 feet front. You have to pay more for a lot than those who bought up these lands paid by the acre when they bought them. They have not done anything to it; it is the same bare land.

But you and I and the rest of us who want to buy a lot always have to pay that increased price, although we created it ourselves. We do not get it by the acre. Others buy it by the acre and sit down on it until population increases around it, and gives it an increased value, and then you and I pay these high prices for the land and we build a house on it.

So that if the theory of absorbing all the ground rent is put into force at once, why, John the butcher and William the baker, and those who bought these lands and built on them are the ones that would suffer. Whoever has the land has to suffer. Because to absorb by taxation the whole ground rent of the land would destroy the value of the land.

Now, it is very easy to say that the present method is unjust — that inasmuch as society, not the owner, creates values of the bare land, society should own these values and have the benefit of them by taking

them into the treasury by taxation as I have described.

Now, as a moral proposition you would have to cudgel your head a good deal to get away from that.

But the trouble is to put it in force without doing injury to everybody who has bought land on the present basis. It would, in fact, be a confiscation of the land. There is no doubt about that. We may as well speak plain about it. I am speaking of the bare land, mind.

So it all comes down to this, namely, in place of adopting at the beginning this system of absorbing the ground rents by taxation, society by universal consent, or by the consent of the majority, adopted a different system, and has lived by it up to the present time; and the rule is that when society does a thing, creates a condition, although that condition is not ideal, or not even right, economically, nevertheless society should not suddenly change from that condition if it thereby wrongs a great many people, or most people, or even a respectable minority of people.

What society creates and suffers and builds up, society must bear. If one of you went over to Queens county and bought a lot for \$1,000, whereas the man you bought of bought the whole tract for only \$100 an acre, for us to put your system of taxation into vogue now would destroy your lot; and your \$1,000 is wiped out with one stroke; because land, you know, has no value except what value the ground rent gives it, its usable value, its rentable value. And when that is all absorbed into the treasury your land is there, to be sure, but your \$1,000 is not there. It is wiped out. You have got your foot on the lot yet, but in place of being worth \$1,000 it is not worth \$1.

So that the difficulty is to put in force this system of yours. I refrain from arguing it either pro or con. All I need say is that I have tried to keep up with it as I have with all else in the world that has been happening under my nose.

I believe I have not been afraid to look into anything. I never condemn a man because he has something new in his head, or thinks he has; and sometimes they only think they have, you know. I say to him, "You are the man I have been looking for, what is it you have in your head? Let us talk. Maybe I can let a little light into your head, or you can let a great flood of light into mine."

I had the first edition of Henry George's book, and I have it yet. And while I was forced to admit that the system of taxation it advocates was ideal, I could not concur in his chapter which advocated the putting of it in force at once, and thereby confiscating all the individual or private property in land which society by the present system had built up.

And society has done the best it could, as all sorts of interests and all sorts of minds have settled on this method of private ownership of land, and of the buildings being considered a part of the land, and of the taxation being on the land and buildings together.

Mr. Ingersoll wrote me and tells me that your object here is to further your propaganda, but only gradually, namely, to lessen year by year the valuation of the buildings on land, one twenty-fifth this year, one twenty-fifth next year, and so on. In that gradual way you see that in 25 years you would have eliminated the buildings entirely, and all the tax would fall on the land.

So in place of killing at one stroke my friend over in Queens who paid \$1,000 for his lot you would kill him gradually, one twenty-fifth each year, and in 25 years they have got him all done up. They say you would not feel it, it would be done so gradually.

Now I have no objection to having this matter discussed here or elsewhere, and to join in. I have concealed nothing of my own opinions since I have been Mayor. A man told me last Thursday, he said, "Don't you go up to that place and talk on this subject. It will hurt you." I told him I was ready to be hurt, but that I did not think it would hurt me at all, that nobody ever hurt himself by having an open mind and being ready to consider and discuss things that concern human kind.

I do not know whether you can bring it about. I do know that the chapter in Mr. George's book that proposed to do it right off the reel on the ground that all injustice should be remedied forthwith did not commend itself to me.

While I might be willing to bear it myself I cannot help saying that many people would have a gross injustice done to them by putting into immediate operation any such system.

But this method of gradually doing it is not open to the full force of that objection. If you can do it so gradually and so slyly that we neither feel it nor know it, why it may be we had better let you go ahead and do it.

I don't think we will object very loud if we do not feel it or if it does not pinch us or do us any harm.

Now, how could it do good, you ask me, to remove the tax on buildings and concentrate it all on the land on which the buildings stand and the bare land not yet occupied?

Why, they say it would do it this way; and it brings me back to what I said at the start. If buildings were no longer taxed that would stimulate people to build buildings; but when you clap a tax on buildings then people are not in a hurry to build them. They have to calculate it all out and see where they are coming out, where they can get the rents to pay interest and taxes.

But if buildings were freed from taxes there would be more buildings put up; and the more buildings put up the lower rents would be.

So I am back now at the quitting point, that is to say, I am back to my starting point — that rents of buildings depend on supply and demand; therefore, any system of taxation which stimulates the building of buildings, which multiplies the number of buildings, automatically and necessarily lowers rents; and it seems that is what you are driving at, to get lower rents. So go ahead. If you can do it I am satisfied; but whether I have helped you any by coming up here I do not know.