

ideas took form in active work. My family was a conservative one and I did not wish to appear a radical. But in 1910 Joseph F. Darling, of New York, sent out a call for a convention and I attended. We formed then, in a small way, the Single Tax party.

"In 1912 we took our first part in an election. We were not on the regular ballot, but a few hundreds in New York wrote my name on the vote for President. In 1916, which was just after Darling's death, we took no active part in the campaign. Things died down for a while. The next year it was revived and we were entered officially on the ballots in sixteen States in the 1920 campaign. This year we will be entered in about thirty-five States.

"Single Tax, of course, is not an entirely new idea. The old Physiocrat party, that followed the revolution in France in 1790 or thereabouts, was essentially Single Tax. Patrick Edward Dove, a Scotch professor and student, wrote "The Theory of Human Progression" in 1850 to advocate Single Tax. But it was George who crystallized the theory and put it before the public."

Then he closed the conversation with a courteous good-night to his interviewer and left with his wife for church.

Why the Single Tax Cannot be Shifted

A VERY common objection to the proposition to concentrate all taxes on land values is that the land owner would add the increased tax on the value of his land to the rent that must be paid by his tenants. It is this notion that increased taxation of land values would fall upon the users, not upon the owners of land, that more perhaps than anything else prevents men from seeing the far-reaching and beneficent effects of doing away with the taxes that now fall upon labor or the products of labor, and taking for public use those values that attach to land by reason of the growth and progress of society.

That taxes levied upon land values, or, to use the politico-economic term, taxes levied upon rent, do not fall upon the user of land, and cannot be transferred by the landlord to the tenant, is conceded by all economists of reputation.

However much they may dispute as to other things, there is no dispute upon this point. Whatever flimsy reasons any of them may have deemed it expedient to give why the tax on rent should not be more resorted to, they all admit that the taxation of rent merely diminishes the profits of the land owner, cannot be shifted on the user of land, cannot add to prices, or check production. Not to multiply authorities, it will be sufficient to quote John Stuart Mill. He says (section 2, chapter 3, book 5, "Principles of Political Economy"):

"A tax on rent falls wholly on the landlord. There are no means by which he can shift the burden upon any one else. It does not affect the value or price of agricultural produce, for this is determined by the cost of pro-

duction in the most unfavorable circumstances, and in those circumstances, as we have so often demonstrated, no rent is paid. A tax on rent, therefore, has no effect other than its obvious one. It merely takes so much from the landlord and transfers it to the state."

The reason of this will be clear to every one who has grasped the accepted theory of rent—that theory to which the name of Ricardo has been given, and which, as John Stuart Mill says, has but to be understood to be proved. And it will be clear to every one who will consider a moment, even if he has never before thought of the cause and nature of rent. The rent of land represents a return to ownership over and above the return which is sufficient to induce use—it is a premium paid for permission to use. To take, in taxation, a part or the whole of this premium in no way affects the incentive to use or the return to use; in no way diminishes the amount of land there is to use, or makes it more difficult to obtain it for use. Thus there is no way in which a tax upon rent or land values can be transferred to the user. Whatever the state may demand of this premium simply diminishes the net amount which ownership can get for the use of land or the price which it can demand as purchase money, which is, of course, rent, or the expectation of rent, capitalized.

Here, for instance, is a piece of land that has a value—let it be where it may. Its rent, or value, is the highest price that anyone will give for it—it is a bonus which the man who wants to use the land must pay to the man who owns the land for permission to use it. Now, if a tax be levied on that rent or value, this in no wise adds to the willingness of anyone to pay more for the land than before; nor does it in any way add to the ability of the owner to demand more. To suppose, in fact, that such a tax could be thrown by land owners upon tenants, is to suppose that the owners of land do not now get for their land all it will bring; is to suppose that, simply whenever they want to, they can put up prices as they please.

This is, of course, absurd. There would be no limit whatever to prices, did the fixing of them rest entirely with the seller. To the price which will be given and received for anything, two wants or wills must concur—the want or will of the buyer, and the want or will of the seller. The one wants to give as little as he can, the other to get as much as he can, and the point at which the exchange will take place is the point where these two desires come to a balance or effect a compromise. In other words, price is determined by the equation of supply and demand. And, evidently, taxation cannot affect price unless it affects the relative power of one or the other of the elements of this equation. The mere wish of the seller to get more, the mere desire of the buyer to pay less, can neither raise nor lower prices. Nothing will raise prices unless it either decreases supply or increases demand. Nothing will lower prices unless it either increases supply or decreases demand. Now, the taxation of land values, which is simply the taking by

the state of a part of the premium which the land owner can get for the permission to use land, neither increases the demand for land nor decreases the supply of land, and therefore can not increase the price that the land owner can get from the user. Thus it is impossible for land owners to throw such taxation on land users by raising rents. Other things being unaltered, rents would be no higher than before, while the selling price of land, which is determined by net rent, would be much diminished. Whoever purchased land outright would have to pay less to the seller, because he would thereafter be called on to pay more to the state.

But, while the taxation of land values can not raise rents, it would, especially in a country like this, where there is so much valuable land unused, tend strongly to lower them. In all our cities and through all the country, there is much land which is not used, or put to its best use, because it is held at high prices by men who do not want to or who can not use it themselves, but who are holding it in expectation of profiting by the increased value which the growth of population will give to it in the future. Now, the effect of the taxation of land values would be to compel these men to seek tenants or purchasers. Land upon which there is no taxation even a poor man can easily hold for higher prices, for land eats nothing. But put heavy taxation upon it, and even a rich man will be driven to seek purchasers or tenants, and to get them he will have to put down the price he asks, instead of putting it up; for it is by asking less, not asking more, that those who have anything they are forced to dispose of must seek customers. Rather than continue to pay heavy taxes upon land yielding him nothing, and from the future increase in value of which he could have no expectation of profit, since increase in value would mean increased taxes, he would be glad to give it away or let it revert to the state. Thus the dogs-in-the-manger who all over the country are withholding land that they cannot use themselves from men who would be glad to use it, would be forced to let go their grasp. To tax land values up to anything like their full amount would be utterly to destroy speculative values, and to diminish all rents into which this speculative element enters. And, how groundless it is to think that landlords who have tenants could shift a tax on land values upon their tenants, can be readily seen from the effect upon landlords who have no tenants. It is when tenants seek for land, not when landlords seek for tenants, that rent goes up.

To put the matter in a form in which it can be easily understood let us take two cases. The one, a country where the available land is all in use and the competition of tenants has carried rents to a point at which the tenant pays the landlord all he can possibly earn save just enough to barely live. The other, a country where all the available land is not in use and the rent that the landlord can get from the tenant is limited by the terms on which the tenant can get access to unused land. How, in either case if a tax were imposed upon land values (or rent) could the landlord compel the tenant to pay it? —HENRY GEORGE.

Government and Taxation

(From an address by Robert E. Urell before the Pomona State Grange, reported in the *Mansfield, Pa. Advertiser*.)

GOVERNMENT—Taxation—these are synonymous terms and we will say governments are good or bad in the degree in which taxes are just or unjust. At the present time the papers and magazines, in every issue, present articles on the subject of taxation. In most cases how to improve the present system is treated either as a puzzle or an unsolvable problem. An article in a late issue of the *Saturday Evening Post* on "The Tangle of Taxation" has under the caption of "The Tariff Wall"—"Hence no program for tomorrow can be formulated without an analysis of the whole business of taxation and some presentation of remedies for the costly and aggravating situation that has developed." In all the voluminous writing there is a seeming avoidance, or lack of consideration, of the tax remedy for social ills offered by an increasing tax upon community made land values, with a corresponding decrease in taxes upon industry, improvements and goods in common use. It is like the play of "Hamlet" with Hamlet left out. The leading issue in the present session of congress as outlined by Secretary Mellon is a reduction of taxes. The proposition is to make a reduction of from 25 to 40 per cent. in income taxes—with the greater reduction on unearned incomes. There will be spirited opposition and amendments will be adopted, but it is probable the bill will pass very nearly as drawn. Anything more in the way of tax reduction, except on a few small articles, is not to be expected. The tariff question will remain dormant—tariff tax schedule unchanged and international trade barriers will be undisturbed. The Keller bill, re-introduced this session, will attract notice, but, because little understood by the voters will not come up for action before the House. The Keller bill provides for a federal tax of one per cent. on the privilege of holding lands and natural resources worth over \$10,000, after deducting the value of all buildings, personal property and improvements. This will exempt 95 per cent. of all farmers. The bill aims to relieve business, industry and agriculture by taxing monopoly holders of vacant natural resources, valuable "sites" in cities and the holding land in general out of use. The revenue program would relieve producing business of \$1,250,000,000 annually and the people from two or three times this amount in inflated living costs. This bill, and the manner of raising revenues generally, as debated in the 68th congress should and doubtlessly will, receive the most serious attention from the National, State and Subordinate Granges.

I have been for many years a member of Subordinate Grange No. 918, of Mansfield, and Tioga County Pomona Grange. Have personally worked on land every year and have lived and dealt with farmers in this farming community from youth to the present time. After forty years of observation my confirmed opinion is that the proposed Single Tax on land values is the only just and natural system