

Gasoline Taxes

I THINK the new gasoline taxes most dangerous, bringing a great revenue and with the factitious justice of taxing only the users of automobiles. It ought to be shown up; a plea pro and con would attract attention, with well known names signed to them.

The gasoline tax has already raised the "gas bootlegger" as well as the horde of spies and tax collectors.

It penalizes travel and also the users of gas for farm tractors, for heating, light and power.

It is a subsidy to the coal owners, and to the railroads, alleviating their most serious competition.

It falls most heavily on the poor who cannot afford to buy in quantity or to carry the gas through States. It presses most heavily where the roads are worst.

It is passed on to the consumer, with a profit.

Cheap gas vastly raises rural land values—this is a plan to avoid their paying for the benefit.

The amount of the tax has no limit except, as far as can be seen, "what the traffic will bear."

Which of the canons of taxation does it not violate?

Desperate Florida has a 5c a gallon tax, say 25% ad retail valorem. Think of the comic sociology that approves of goods legally made "worth" a third more on one side of an imaginary line or of a creek than on the other!

—BOLTON HALL.

Subway Problem Is Now Clear

THE air is very much cleared as the result of P. R. T's action in declining to renew the Broad Street subway lease upon the present terms.

It is now established that as a business venture the subway is a money loser, not a money maker.

Somebody has to pay those losses. There are only two parties who can be called upon to do so. One of them is the car rider. The other is the taxpayer.

If the car rider pays, it means a higher rate of fare on the subway, or a general fare increase upon the entire city transit system.

To this Mitten Management has announced its opposition. It is bad business. It is unfair to the car rider.

The taxpayers voted to build the subway. Its construction has immensely increased the value of property along its route, and the increase has only just begun. Real estate interests and business men are the chief beneficiaries.

There is no reason why these beneficiaries should get away with fortunes at the expense either of the general taxpayer or of the car rider. They are required by every equitable consideration to share their benefits, and this they can do by paying taxes to the city commensurate with the advantages the city has conferred upon them by the construction of the subway.

—Philadelphia Daily News.

Address of C. LeBaron Goeller

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I HAVE selected a text from the gospel by Henry George found in his book "Progress and Poverty," Chap. I, and the tenth paragraph:

"Some get an infinitely better and casier living now than before the introduction of labor saving machinery, but others find it hard to get a living at all."

The margin of production has always been of interest to me because it is so closely associated with the law of wages, and the law of wages is the central point of interest in the Single Tax system.

As we all know, "Wages depend upon the margin of production, or upon the produce that labor can obtain at the highest point of natural productiveness open to it without the payment of rent." Also that all wages depend finally upon the lowest wages, in exactly the same way that every floor of a building depends ultimately upon the lowest course of the footing of the foundation—and someone has maliciously called the very poorest people "the mud sills of society."

Now, since the raising of wages is the ultimate object of the Single Tax philosophy, as Henry George intimated in "Progress and Poverty," in Book III, Chapter III, —the changing of "Progress and Poverty" into "Progress and Prosperity" the whereabouts of this margin, and the raising of it so that there will be no involuntary poverty becomes of exceptional importance.

The margin of production has international relations and the high point several centuries ago was in newly discovered America which became the Mecca of the less fortunate people of European countries. In Colonial days the margin of production was simply "a little further west." If a man didn't like his present job, or opportunity closed against him he pulled up stakes and went west where he could get free land. The American realm was so vast that for three centuries wages were at a maximum reckoned as they should be as a proportion of the produce. The man at the margin paid no rent to any one—all that he produced was his wages. Thus when my grandfather Goeller came to America about the year 1825 and established a bakery on Broome Street in New York City, he said that this country was "a land flowing with milk and honey." But just before he died in 1869 he said that it was no longer a land of "milk and honey"—some were finding it hard to get a living even then. Thus, roughly speaking, we might say that the margin of production was at its height in '49, when gold was washed from placer claims in California. After those claims were worked out and mines had to be operated, the margin fell, and with it fell wages.

Prior to the middle of the nineteenth century wages were high in proportion to actual produce, and in '49 in California wages were nearly 100 per cent. of the produce,

allowing something for interest—but there was no rent. Simultaneously with the fall in the margin of production there was a great advance in the making of labor saving machinery. The total of produce vastly increased—the worker got about the same quantity—the same living—but continuously received less and less as a proportion. At one time he received nearly 100 per cent. of what he produced. Then this proportion gradually grew less and less as machinery made his product more and more, till now in many cases he gets no more than one per cent. of what he produces. In fact government statistics say that each farm worker now produces about one hundred times as much as he did before the introduction of labor saving machinery. This large portion which the worker fails to get the socialist calls a surplus product; however, we define it as monopoly and speculative rent.

This surplus product, or monopoly and speculative rent we propose to give back to the worker through the destruction of land monopoly. We propose a single tax on ground rent—a tax that cannot be shifted by the land owner onto the land user, and will therefore raise wages to the full earnings of labor.

At present the margin of production is about as low as it can get, which is shown by the army of the unemployed that exists in "prosperous" times, so-called. Late President Harding estimated that in "good times" there were normally two million men out of work. At present when times are not so good there are probably at least five million men out of work, men who don't know which way to turn—five million men competing for jobs. And when there are more men than jobs wages tend downward.

At present the margin of production is strung around such places as the Great American Desert, and along the sides of inaccessible mountain ranges. It is marked by the fact that land now "free" is perfectly worthless, and to get to this worthless land one has to pass millions of acres of uncultivated but monopolized land that would support many, many times our present population in comfort.

Therefore we must raise the margin of production to bring better and better land into use and prevent any dogs-in-the-manger from refusing others permission to live on the earth—except at a price. Thus only can wages be raised.

We are all anxious to put Single Tax across and suggestions of method are always in order. Far be it from me to discourage anyone in any way in his efforts to bring the Single Tax principle into operation. What I want to say is to propose a mental experiment that Henry George was so fond of. So a hypothetical treatment of the subject is in no way a criticism of work now being done.

Therefore, imagine with me for a moment, that we are to stop all propaganda work in a city like New York, for instance. We are aiming to abolish poverty in New York City. We would abolish the slums, relieve the congested

tion, raise wages, and lower rents and the cost of living. Instead of working in the city itself we start to work in the surrounding territory. We start in Westchester County. This county adjoins the City on the North, and is largely a wilderness. A number of years ago, while I still lived in New York, I went to Hastings on the Hudson and then to the end of the trolley line to Uniontown, a couple of miles back in the country, eastward. I walked for several hours toward the east and came out at Tuckahoe. And a more complete wilderness it would be hard to find, not of tangled underbrush as in the Adirondacks perhaps, but of desolation. It was the desolation of the deer parks of England and Scotland. I saw a few Italians shoveling at a manure heap, one rabbit, and a herd of about five cows. And this, remember, only a few miles from a city of millions of souls.

Suppose with me for another moment, that we concentrated all of our energies to get the Single Tax principle into operation in Westchester County and the other Counties adjoining New York. We are successful, and the tax on ground rent is 100 cents on the dollar. The bottom drops out of the land market in those counties. The selling price of land in those counties would be nil. Having no selling price the land in that particular sense would be free. No one would pay rent to any lords of the soil. They would pay a relatively small tax, namely the economic rent, to the community. Rents would fall very low, the cost of living would fall, and wages would go up.

Now, what would happen in the City of New York, even admitting as we do in our mental experiment, that there has been no Single Tax work done in that city. Would not people tend to go to those places that were more favorable? And would not that very tendency reduce rents and the cost of living in the city? Not so very many people would have to leave the city to force an improvement in the city, but the fact that they *could* go would be sufficient to raise wages and lower the cost of living in the city. It will take very little consideration to see that this is so. And I will quote Henry George on this very point,—"Progress and Poverty," Bk. 5, Chap. 2:

"Put to anyone capable of consecutive thought this question: Suppose there should arise from the English Channel or the German Ocean a No-man's land on which common labor to an unlimited amount should be able to make ten shillings a day and which should remain unappropriated and free of access, like the commons which once comprised so large a part of English soil. What would be the effect upon wages in England?"

"He would at once tell you that common wages throughout England must soon increase to ten shillings a day.

"And in response to another question: 'What would be the effect on rents?' He would at a moment's reflection say that rents must necessarily fall; and if he thought out the next step he would tell you that all this would happen without any very large part of English labor being

diverted to the new natural opportunities, or the forms and direction of industry being much changed; only that kind of production being abandoned which now yields to labor and to landlord together less than labor could secure on the new opportunities. The great rise in wages would be at the expense of rent."

In other words it would appear that we must do vastly more work in the rural districts of the country than we are now doing. If we work Single Tax from the rural districts toward the cities, instead of from the cities outward we can figure on quicker returns in prosperity from the farmer upward than we can from working in the opposite direction. The farmer, of all the workers in the country needs our help most, and he needs it now, as evidenced by the two great political parties so vainly trying to solve this very question—to get the farmers' vote.

Let us work for the farmer by saying, "Abolish all of the farmers' taxes except a small fee determined primarily by the United States Geologic and Geodetic Survey—an entirely non-partisan and non-political commission." In other words, the farmer would pay instead of his present taxes on everything he owns and uses, a small sum determined by his location on the map. We would tax him on nothing but his latitude and longitude. For even the words "land values" are misunderstood by professional "economists." And our friend Peter Schwander of Texas, our "Horatio," remarks upon this so appropriately that I cannot refrain from quoting him. He writes:

"What are land values? So-called land value is not the value of the land, any more than "moon light" is the light of the moon. The moon has no light. It merely reflects it from the sun, just as the land reflects its value from the pressure of population and the expenditure of public funds. "The Single Tax," so-called, is not a tax on land. It is not a tax on anything. It is not a tax at all. It is a charge levied against location owners for benefits conferred. It is a return to the public treasure of public values collected by private tribute takers."

We aim to relieve the congestion of the cities, to stop the migration from country to city, and give city advantages to the rural dwellers. But some may contend that people do not like the country, and that they like the city, slums or no slums. I do not believe it. Many, many people detest the cities and love the country but are driven off the farms because of our iniquitous system of taxation. Given the opportunity they will delight in running a farm. I offer just one illustration.

A friend of mine, a farmer, owned a farm a little to the west of Union. His wife had a breakdown and had to go to a sanitarium. This left the man all alone to run a good sized farm. He didn't like being completely alone, and couldn't run the farm alone so he inserted a small want-ad in the *Binghamton Press* and—to me this is one of the most remarkable things I ever heard of—he received sixty answers, in a manufacturing community where practically everybody was busy at a factory speed-up pace and low

wages. One opportunity was jumped at by sixty applicants. Factory people are being driven to madness by the relentless drive, drive, drive, and the perpetual speed-up of factory life, and their ideal is to get back on a farm. Here was an opportunity they could handle, and the sixty answers indicate a marked tendency.

"Sixty-to-one!" People do want to get back on the farm. There are many abandoned farms. The Single Tax system is the "how" to get the "sixty" back on the farm. The abandoned farms were abandoned because it did not pay to work them. We can make those farms pay by removing all restrictions upon their operation, charging only the small fee determined by latitude and longitude. And it seems to me that it might be worth while to be a little more explicit in our talking Single Tax to people who are totally unfamiliar with the language we employ. We would create no new governmental machinery, but there should be a land office in every state where abandoned farms and other vacant land could be applied for by any one wishing to use land. The "sixty" would find that land itself would have no selling price—they would not have to buy any land. The rental value would be paid annually to the state, and there would have to be an orderly way to place those "sixty" back onto the farms without doing injustice to anyone.

Thus, by showing city people that the slums in the city can be wiped out by making abandoned farms, and all farms in fact, very profitable, we have a better talking point than by merely telling them that Single Tax would bring prosperity. Most people who are not accustomed to thinking in Political Economy must have concrete examples, stories, parables, etc., to show them even the most simple economic truths.

Words! They are not merely the means of expressing our thoughts. They are the very tools of thought itself. "People do not argue with the teachings of Henry George. They do not know them" simply because words have varying meanings and we must watch our every word in order to get our thought to our hearers. Words are of such vast importance that I quote from Herbert Spencer in his *Book on First Principles*, Book 2, Chap. III, on "Space, Time, Matter, Motion and Force:"

"That skeptical state of mind which the criticisms of Philosophy usually produce, is, in great measure, caused by the misinterpretation of words. A sense of universal illusion ordinarily follows the reading of metaphysics; and is strong in proportion as the argument has appeared conclusive. This sense of universal illusion would probably never have arisen had the terms used been always rightly construed. Unfortunately, these terms have by association acquired meanings that are quite different from those given to them in philosophical discussions; and the ordinary meanings being unavoidably suggested, there results more or less of that dream-like idealism which is so incongruous with our instinctive convictions."