

The Case Against the Single Tax

“What will follow is easy to forecast: increasing misery in the cities, advancing agricultural prices, and, in the end, a new equilibrium.”

ALVIN SAUNDERS JOHNSON

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Of the many schemes of social reform launched in the last half century there is none which has won so remarkable a following as the Single Tax. Socialism, it is true, has gained more rapidly in number of adherents. But socialistic gains have been made chiefly among the industrial workers—a class which, down to the present, has exercised no very important influence upon our political system. The Single-Taxers, on the other hand, are as a rule members of our dominant middle class. Moreover, their strength is especially great in that wing of the middle class which is active in moulding public opinion, the ‘intellectuals,’ to borrow an excellent descriptive term from Russian politics. Among the Single-Taxers are to be found writers and educators, members of the legal and medical professions, social workers and ministers of the gospel. It is this fact of an exceptionally influential personnel that chiefly lends political importance to the movement.

There is one small fraction of the intellectuals that sends no accredited representatives to the Single-Tax group. And this fraction consists of the men who are devoting their lives to a study of the problems which Henry George attempted to solve—the professional economists. The exception is notable, and many attempts have been made to explain it. Henry George himself ascribed it to the spirit of mandarinism. And there can be little doubt that such a spirit prevailed among American and English economists during the early eighties, when Henry George first encountered their opposition. The economists of that period deemed it almost a sacred obligation to keep pure the traditions of the great masters of political economy. Henry George’s premises were orthodox, but his conclusions were repugnant to the established canon. Accordingly he was treated as a pernicious schismatic, and was denied the serious attention that his vigor of thought and moral earnestness merited.

The fact that the economists still hold themselves aloof from Single-Tax doctrine requires, however, a new explanation. The last three decades have produced a marvelous increase in their numbers; we have now a hundred well-trained economists to one of 1880. It was inevitable that the narrow orthodoxy of the earlier period should be broken down by such expansion in numbers. Hundreds of investigators, each striving for at least some small variation by which to distinguish himself from the mass of his fellows, turned with a critical fury upon the traditional body of the science. The principles once held final were put to the most rigorous tests of fact and logic, and many of them were proved untenable. Theoretical orthodoxy became anathema; strange doctrines were espoused with enthusiasm. The economist who defended protectionism appeared in the land; next the economists who advocated fiat money, and those who gave their approval to private monopoly. Then came the economists with socialistic leanings and the economists who coquetted with philosophic anarchism. It would not be

difficult, to-day, to find an economist who would joyfully serve as apologist for the Industrial Workers of the World. In short, all the social heresies of matter and method find their exponents among economists standing high in their profession. Except the Single Tax. This fact is not to be dismissed with a reference to the narrow-mindedness of the schools, since there are few economists who have not eagerly searched the pages of Henry George for ideas of scientific value. It can be explained only on the ground that the Single Tax does not appear, in the light of economic science, to further the best interests of society.

II.

The Single-Tax programme—it is almost superfluous to state—contemplates the substitution of a land-tax for all the miscellaneous taxes and imposts now existing. As interpreted by most Single-Taxers, the project implies the abolition of protective as well as revenue duties, and of excises such as those levied upon tobacco and alcoholic beverages.

It would be unfair to the Single-Taxers, however, to hold them strictly to his narrow interpretation. There is no reason why one might not be a Single-Taxer in principle, and still support the policies of protection and of sumptuary taxation. All that is essential to the system is that no tax other than that upon land shall be levied mainly for revenue purposes.

A tax upon land-rent or land-value, according to the accepted theory, rests upon the owner of the land. He cannot shift it to the consumer by raising the price of his products. He is forced to accept it as a net deduction from the rent of his land. And since the value of land is ultimately dependent upon its rent, the adoption of the Single Tax would necessarily result in a great depreciation of land-values. If the tax is made so heavy as to absorb the entire net income from land—and this is the express object of the Single-Taxers—the value of the land will utterly disappear. The individual may retain the husk of ownership, but the value kernel of landed property will have been seized by the state.

The Single-Tax movement would, therefore, be aptly designated as a propaganda for the universal confiscation of land. And this designation the Single-Taxers themselves would accept without reservation. If they prefer to call themselves Single-Taxers instead of Land-Confiscationists, it is solely on the ground of euphony. Confiscation is an ugly word; but the Single-Taxers are ‘intellectuals,’ and it is not characteristic of their type to stick at mere words.

The confiscation of land, as everyone recognizes, would result in the ruin of many individuals, and, presumably, in the enrichment of others. The same thing, however, is true of any other sweeping economic reform. It was true, for example, of the abolition of slavery. Whether an economic reform can be justified or not depends, not so much upon whether it despoils certain individuals, as upon whether the individuals so sacrificed form a class that may advantageously be despoiled. The slave-owners formed such a class, since their essential function was the oppression of their fellow men. The land-

owners, according to the Single-Taxers, form a similar class: they are regarded as typical monopolists and men of great wealth, an unacknowledged landed aristocracy. Furthermore, whether the landowner is rich or poor, he is, in Single-Tax theory, a social parasite. All social economic functions, it is urged, would be exercised as well if he were eliminated.

It is upon these two contentions of the Single-Taxers that the whole issue turns. If they are valid, we are forced to accept the Single-Tax programme, unless we possess private interests that we prefer to the public interest. If they are not valid, we must either reject the Single-Tax programme, or accept it as a step in the direction of the confiscation of all private property. Accordingly, as impartial students of the Single Tax, we are required, in the first place, to form an estimate as to the actual distribution of land-values in the United States; and, in the second place, to determine the relation of such values to our productive mechanism. There are many other points of subsidiary importance, but these alone are vital.

III.

Land-values in the United States are conservatively estimated at fifty billion dollars—not much less than one half of the total private wealth of the country. The value of agricultural lands represents about three fifths of this vast sum. The remaining two fifths covers the value of mines and forests, railway rights of way, water-powers, and urban business and dwelling sites. The earning power attached to these land-values must amount to between two and two and a half billion dollars annually. This is practically one tenth of our aggregate private incomes, and, if appropriated by the state, would cover adequately all our public needs; provided, of course, that the public can manage the lands as efficiently as they are now managed by their private owners. The farm lands of the United States are worth thirty billion dollars, exclusive of all improvements. Two thirds of these lands are owned by their cultivators, who number four million, and whose holdings average five thousand dollars in value. Men of this class are neither very rich nor very poor: few of them have wealth, including land and chattels, valued at less than five thousand or more than a hundred thousand dollars. The remaining third of the farm lands is cultivated by tenants. The owners are of many different classes: active farmers who have acquired lands at a distance; retired farmers; the business and professional men of the towns and villages who have purchased farms as a secure investment or as a retreat in old age. In the newer sections, where agricultural land may be expected to advance rapidly in price, there are a few very large estates; but this condition is everywhere recognized to be transitional. Farm lands cannot normally be a favorite investment with men of great wealth.

Practically the entire body of our agricultural lands, then, is in the possession of the middle class. City and town lands are not so widely distributed. As an instance of concentration of ownership, we have the Astor estate, which looms mountain-high in Single-Tax discussion. We have other large fortunes in city realty. Nevertheless, not more than fifteen per cent of our millionaires have the bulk of their fortunes invested in land. Despite the evidences of concentration in New York and a few of our other largest cities, we are justified in regarding urban land as prevailingly a middle-class investment.

Mines, forests, water-powers, and railway rights of way are held, as a rule, by large corporations; and while there are many instances of the wide distribution of their shares, we may safely assume that the majority interest is held by the very rich.

IV.

As the foregoing review indicates, the greater part of the land-values which it is proposed to confiscate is the property of the middle class. Middle-class holdings cannot possibly be less than three fifths of the total, and many conservatively be put as high as four fifths of it.

Not only is it true that land is prevailingly a middle-class investment, but it is also true that it is probably the chief element in the property of this class. Men of moderate means own between thirty and forty billion dollars' worth of land; it is highly improbable that they own an equal amount of wealth in other forms. And current economic forces are increasing the dependence of the middle class upon the land. Industrial concentration is rapidly transforming the small business man into a shareholder and an employee. As a shareholder he sees his holdings shrink or expand under market influences which he cannot so easily forecast as can the man of large wealth. Stocks which he has purchased at high prices in a period of inflation of values he is likely to sell at low prices in a panic, thus forfeiting a part of his possessions to the men who are in a better position to meet fluctuations than he. Land, on the other hand, is more easily managed in small parcels than in large. There are no terrifying fluctuations in its value. It is, moreover, not a sufficiently productive investment to tempt men of large means. Accordingly it is the one investment that the middle class can hold against the encroachment of the rich. Indeed, the rich cannot hold it against the middle class, except through the powerful traditions of an ancient landed aristocracy, fortified, at times, by legal institutions, such as entail.

It has been urged by Single-Taxers that the relief from other forms of taxation which would follow upon the introduction of the Single Tax would amply compensate the man of modest means for the loss of his land. This contention obviously involves an astonishing overestimate of the burdens of ordinary taxation. All taxes, other than those on land, aggregate less than one half of the land-rent enjoyed by the middle class. And of these taxes, not more than a third falls upon the middle-class landowners. This class cannot therefore recover, in the way of relief from ordinary taxation, more than one sixth of the loss imposed upon it by the tax.

It is true that the middle-class land-owner bears, in addition to ordinary taxation, the burden of high prices resulting from the protective system. This burden, however, is the price which the American people chooses to pay for an acceleration of the rate of industrial development. Protection is no essential element in the existing financial order; any financier could devise for the United States a revenue system containing no element of protection, which would be both adequate and economical. And any protectionist could devise restraints upon foreign trade even under the Single Tax. There is accordingly no escape from the conclusion that all that the Single-Taxers can

honestly promise the middle-class landowner is a relief of one dollar in taxation for every six dollars of income confiscated.

The Single Tax is, then, essentially a device for the spoliation of the middle class. In justice to the adherents of the doctrine, however, it must be said that they are not, as a rule, aware of this fact. Few of them have ever made any effort to ascertain the existing distribution of the property which they seek to confiscate. Those who do recognize the facts of the distribution of landed property hold nevertheless that the gains to society at large will be sufficient to cover all costs. The poor, they urge, will gain what the middle class loses.

If the poor are to benefit from the Single Tax, it must be either through a reduction in the cost of living or through a rise in wages. The removal of the custom and excise duties would doubtless reduce the price of many articles of consumption. We should still, however, have carriers charging what the traffic will bear, and producers and retailers working under gentlemen's agreements. These, we may assume, would absorb no small part of the slack created by the remission of duties. Whatever benefit came from the abolition of the duty on hides under the Payne-Aldrich act, was wholly absorbed before it reached the buyer of shoes. The remission of the special taxes on tobacco, after the Spanish Wars, had no perceptible effect on retail prices. Not increased wages, but increased money profits, would be the most prominent effect of the Single Tax. That this would be the probable result will appear to any one who will put the problem in its simplest terms. An annual income of two billion dollars is to be torn from the grasp of the middle class. There is no automatic device for distributing this splendid spoil: the very poor and the very rich will have to strive for it. Who will get it?

The foregoing analysis will appear to the convinced Single-Taxer as both unfair and inadequate, in that it is confined to conditions as they are, and takes no account of the wrongs of the past and the possibilities of the future. Whatever class holds the land now holds unjustly, according to the Single-Taxers. And whatever class may have to be despoiled, its present pains are of no weight when set against the infinite future advantages of a society freed from the burden of parasitism.

We may ignore the contention that land cannot properly be private property because its value is not traceable to labor. Attempts to reduce values to a labor basis can lead to only one conclusion: communism. The Single-Taxers count themselves formidable antagonists of Socialism, and cannot afford to coquet with the labor-property premise. Furthermore, we need not trouble ourselves with the fact that many land-titles have originated in force or in usurpation. Too many other titles have originated in similar processes, and the common sense of mankind admonishes us that all social justifications lie in the future, not in the past. The kernel of the Single-Taxers' attack upon land-values lies in the idea that such values are unearned. And this means either that they have been acquired with less than normal effort and sacrifice, or that such efforts and sacrifices as have been directed toward their acquisition have been barren of results useful to society.

It is a widely prevalent belief that investments in land have been exceptionally profitable in the past. On our own frontier, lands were secured from the government at a very low price, or perhaps for only a nominal fee. Such lands have risen steadily, and it is natural to suppose that these advances in value have placed their fortunate possessors in the position of a privileged class. The landowners, according to a common formula, have enjoyed two incomes: the rent of their land, and the advance in its value.

If this view were just, it would be hard to account for the fact that in a new agricultural community it is not the landowners, with their two incomes, who attract attention by their rapid accumulation of wealth, but the bankers, the grain and stock-buyers, the grocers and lumber-dealers, men who have to content themselves with the single income of profit. What the landowners have received is a dual income, not a double one. If we have found business men willing to invest their capital in trade and industry, the only satisfactory explanation of the fact is that they believed that the annual profits of enterprise are superior to all the gains from land. And this, no doubt, is the rule. As a consequence of the universal belief that land-values will rise, land is commonly overcapitalized. Men establish themselves in unsettled regions long before general economic conditions afford them a return commensurate with their toil and privations; after many years of waiting they sell their holdings at prices which are seldom an adequate reward for their own labors. Nevertheless, these prices are almost always in excess of the capital value of the annual returns from the land. The buyers look to the 'unearned increment' to recoup them for the loss of income involved in tying up their capital unproductively. From a personal point of view, the 'unearned increment' consists of the wages of pioneering together with interest on capital sunk in the price of the soil. Both the wages and the interest are, as a rule, below the normal rate. Pioneers and buyers of land are not of our shrewd business men, but are persons of modest means, who, like the land reformers, vastly overestimate the profits of landed investments.

It is of course true that many instances may be cited of astonishing advances in land-values. Every one knows of city lands that have doubled in value in a single year. Sometimes such advances are confined to particular districts, affected by new public improvements; sometimes they are fairly uniform throughout a city, as in a 'boom town' of the West. It may be a wise policy to make such chance gains contribute to the public treasury, just as it may be a wise policy to place a tax upon other abnormally successful speculative transactions. There is, however, no need of invoking the Single Tax in support of such a policy. It finds abundant support in the accepted theories of finance.

Recognition of the fact that excessive speculative gains do occasionally appear in the real-estate field should not, however, lead us to the conclusion that all advances in real estate are of such character. On much the greater part of our lands, urban as well as agricultural, the 'unearned increment,' together with the rent, is hardly sufficient to make up a normal return on the capital invested in the land. If, then, there is a reason for taxing away the future 'unearned increment,' that reason does not consist in the fact that the landowners form a privileged class.

It can hardly be denied that the land-owners as a class have acquired the values in their possession at a cost in labor and sacrifice fairly comparable with those who have been rewarded by property of equal value in other forms. If, however, no one had been willing to incur the sacrifice necessary to acquire a grist-mill, we should have had no grist-mills. If no one had ever incurred sacrifice to acquire title to land, should we not still have the land? It is such a comparison as this that led to the frequent assertion that the private ownership of land exercises no useful social function.

The issue looks simple, at first sight. Private enterprise made the mill; private enterprise did not make the land. But the contrast is fallacious. A wilderness, however fertile, is of no social significance. The land that serves as the foundation of our economic life is the land under the plough or in meadow or pasture, and rendered accessible to markets by highways, canals, and railroads. If we had administered our lands from the beginning according to Single-Tax principles, when would our western forests have been cleared, our prairies transformed into fields of wheat and corn? Not in decades, but in centuries.

There was a time when the typical American pioneer sought land that was free, in the true sense of the term—land which he might use as long as he pleased and abandon at a whim. This man did not seek values, nor did he produce them; he cleared the land of game and Indians, and made easier the path of the economic pioneer, the man who put the land under cultivation and made it yield its fruits, not for his benefit alone, but also for the more thickly settled East and for the countries of Europe. The economic pioneer was in search of a fortune. He would not have been content with the prospect of bare wages, in the form of the raw products of the soil. For the frontier never yielded wages commensurate with its hardships.

It was not free land, but land that was certain to rise in value, that attracted the millions of men from our own East and from Europe to the edge of civilization. The transformation of the Western wilderness into an empire of farms was the work of the 'unearned increment.' One who wishes to see the unearned increment performing a similar work to-day has only to visit the Canadian Northwest. What has introduced the hundreds of thousands from our own comfortable and prosperous Middle West to cross the border and quarter their families in pine shanties on the blizzard-swept plains? The lure of the unearned increment. Lands purchasable at ten dollars an acre which may be expected to rise to fifty dollars.

If the Single-Tax principle had been in operation from the beginning of our history, what would have been the course of our Western development? With the state as universal landlord, all that the West could have promised the settler would have been the wages of his labor. To compensate for all the sacrifices involved in pioneer life, the wages would have had to be made very high. And this means that the opening of new lands would necessarily have waited upon the time when the pressure of population in the older centres and the increasing miseries of the poor should expel some of their number to the frontier. Under such a condition of development, Kentucky would doubtless still be a dark and bloody ground, and the Ohio forests a haunt of outlaws. Buffaloes would still range the Louisiana Purchase, and the Canadian Northwest would remain for several centuries to come an asset of the Hudson Bay Company. Slavery

would still be the most prominent feature of our social system, and our greatness as a nation would be a matter for future ages to achieve.

It was the unearned increment which opened the West and laid the basis for our present colossal industrialism. It was the unearned increment which created a vast surplus of food-products and raised the curse of periodic famine from Western civilization. The exuberant fertility of the Mississippi Valley lifted millions of men from poverty and quickened the life of the whole Occident. There are, of course, those who will say that this was not worth while; that human life was more satisfying under the ancient condition of well-defined classes, some secure in their superiority, others inured to their lot. Such considerations lie entirely beyond the scope of the present paper. All that is necessary for our purpose is to indicate that the unearned increment—that supposedly functionless element in our distributive system—has played an extraordinarily active part in building up our modern industrialism.

VII.

If the unearned increment has already completed its work, it is, perhaps, the natural prey of a state which recognizes neither vested interests nor the claims of past services to present rewards. Ethical and political reasons for opposing the confiscation of land-values may still persist; but the principal economic ground for opposing such a policy falls away if the unearned increment is now socially inert. If our lands will be as well cultivated, our cities as rapidly improved, under the Single Tax as they are under existing conditions, we cannot say that the proposed confiscation is economically indefensible.

American agriculture is not yet ready to dispense with the unearned increment. Our four million independent farmers represent the more intelligent, the more efficient, and the more provident of our rural population. Able men among the tenants and the hired laborers are only transiently in those classes: their qualities destine them to become independent farmers. Now, what are the annual earnings of the independent farmer? On an average, \$600. This sum, which is less than the city laborer of equally good economic quality earns with his bare hands, includes not only the reward of the farmer's labor, but interest on a capital, in land and improvements, averaging \$7500. What wonder that there is a steady movement of the rural population to the cities? The fact to be explained is that the movement is not universal.

And the explanation is to be found in the unearned increment. To his meagre \$600 of money income the independent farmer adds the increase in the value of his land. This item he usually overestimates, and thus makes out of it a powerful motive for remaining on the land, producing wheat and meat for the consumption of the cities. However high the present prices of food may seem to the city-dweller, they are not so high as they would be if agricultural products were not, in large measure, a by-product of the unearned increment.

Increase in the value of land cannot continue indefinitely to supplement the farmer's income. In parts of the East lands have already ceased to rise. Those are the regions of

the abandoned farms. In part of the Middle West lands, while still rising slowly, are approaching a stationary level. Those are the regions from which the most enterprising men are emigrating to Canada, where the promise of unearned increment is still rich. Sooner or later practically all our lands will cease to rise. When we shall have attained to this condition the money returns to labor, and capital in agriculture will have to be made equal to wages and interest in cities. Or rather, agricultural returns must be made superior to those attainable in the cities, to compensate for the isolation and monotony of rural life. This readjustment will be effected through advancing prices of agricultural products and through restricted opportunity in the cities.

If we desire to enter at once upon this process of readjustment, we have only to enact the Single Tax. The more enterprising of the agricultural population, despoiled of their property and of an essential part of their income, will cease to produce food for the city laborers, and will enter into competition with them for jobs. What will follow is easy to forecast: increasing misery in the cities, advancing agricultural prices, and, in the end, a new equilibrium. Yet the Single Tax has been seriously advanced as a sure means of alleviating poverty.

VIII.

In recent years the Single-Taxers have concentrated their attacks upon urban land-values. These, they assert, are purely parasitic and act as a dead weight upon building operations. The grasping landlord, according to this doctrine, is ultimately responsible for the congestion of the slums, and hence for much of the vice and crime of the city. The population of the metropolitan district of New York is increasing at the rate of two hundred thousand a year. Every person in this vast army contributes something to land-values. In what way have the owners of land earned this additional value? Certainly, there appears to be ground for the charge of parasitism.

If the new values distributed themselves uniformly. Competing landowners are forced to struggle for them; and the struggle is not barren of social gains. There are clearly defined currents of life and business in the metropolitan district, and no man can forecast with certainty the direction they will take. But if provision is to be made for the housing of the new population and for the accommodation of the new business, many builders must stake their money upon their guesses as to the future direction of the currents. Otherwise the city would suffer chronically from an intolerable congestion.

Those whose guesses prove correct find their buildings occupied at high rents, or salable at prices in excess of costs. This means that an 'unearned increment' attaches to the site, since building capital itself can hold no abnormal value. Those who have guessed wrong must content themselves with 'writing off' a part of their capital. Now, it is proposed by the Single-Taxers to appropriate to the state the fruits of building speculations that prove successful, while leaving to private enterprise the fruits of unsuccessful speculations. And on such a basis they expect a 'boom' in building.

There is no difficulty in predicting the results of such a policy. Men would build only after it became practically certain that their buildings would be in demand. Construction

would follow increase in population, instead of anticipating it, as at present. The evils of over-building, of which real-estate journals so frequently complain, would be effectually controlled. But these are not the evils which chiefly oppress the tenant class and harass the city reformer.

It is well known to everyone conversant with the facts of realty-promotion that it is in the 'boom towns' and the active sections of a large city, where land-values are rising rapidly, that over-building most frequently occurs. Whence, then, do the Single-Taxers derive their doctrine that advancing land-values not only do not hasten the progress of improvement, but actually retard it? Not from observation, but from theory. And they may justly demand that their contentions be met on a rigorously theoretical ground.

The Single-Tax theory premises vacant land advancing in value at a rate corresponding to normal interest on an equivalent capital investment. Why should the owner of such land improve it? Most of the vacant land in cities is actually increasing in value at such a rate—a fact that is logically deducible from the accepted principles of real-estate valuations. Now, have we not here an explanation of the fact that thousands of parcels of land in our cities are held unimproved, while in certain other quarters of the same cities human beings are packed ten in a room? The Single-Taxers assert that we have.

If, however, we examine the matter closely, we shall see that while there is nothing to compel the owner of such land to improve it, he can afford to do so the moment that prospective rentals will cover interest on his building capital alone. And there is no conceivable state in which he can afford to improve if the rentals will pay less than this. He cannot do this even if the land is free, without selling-price or rent. The Single Tax therefore cannot produce a state more favorable for building than that which exists where the land is rising at the rate we have assumed.

If a builder must buy land which is not rising, he cannot afford to build unless prospective rentals will pay interest on his land investment as well as on his building investment. If he builds on ground leased from a private person or 'single-taxed' by the state, he must extort from his tenants rentals covering both the ground-rent and interest of his investment.

The Single-Taxers, it is true, promise immunity from taxation of the building; and where the value of land is low, this immunity would be a sufficient offset to the 'unearned increment' of which they would deprive the builder. Where the land-value represents a large part of the total investment, as in most of our cities, the offset would be insufficient. An honestly administered Single Tax could not produce conditions so favorable to building as now exist wherever land-values are rising rapidly.

It is almost a waste of time to inspect the Single-Tax project for destroying the slum. It is the value of land that forces the city builder to occupy every possible foot of ground space, to pile story above story, to subdivide each story into the smallest apartments and rooms that can be tenanted by living man. It is a matter of indifference whether the value of land takes the form of a capital sum, as is now commonly the case, or of an annual rental, an occasional form now, which would be universal under the Single Tax.

The reasons for economizing ground space are the same in either case; except that the Single Tax promises immunity from taxation on the building and so would offer an inducement to covering still more of the ground space, and pushing the stories still higher toward the sky. The Single-Taxers propose, then, to relieve urban congestion by means which would increase the number of persons to be sheltered by each unit of roof.

IX.

Private property in land, as we have seen, serves an important purpose in production, so long as land-values continue to advance. Such advances cannot continue forever. The time will come when agricultural land will bear a constant value, based upon its annual productive capacity. The cities, too, will in the end reach the limit of their growth, and an unearned increment will no longer attach to site-values. When such a time comes, there will be no good reason why the state should not become the universal landlord, provided that it has evolved to the point where it can manage so colossal a landed estate more efficiently than can private landowners. Just as there will be no good reason why the state should not take over the railways, mines, and industries of the nation as soon as it is able to administer those enterprises more effectively than private business men. It may be noted in passing that the administration of the land, under a tenant system, would represent a heavier task for the state than the administration of railways, mines, and industries combined.

Let us assume, however, that the state is ready to take over its landed domain. Should this be effected through confiscation, as the Single-Taxers propose, or through purchase? The purchase of the land may be rejected as impracticable. For the present price represents not only the capital value of its rent, but also the anticipated value of all the unearned increments of the future. The net revenue that the state would secure from its lands would probably never equal the interest on the public debt created in the process of acquiring the land.

If the lands are to be confiscated, the act must be justified by its social consequences. What these would be is already sufficiently clear. The proposed land reform would deprive the middle class of its chief possession: the possession on which its economic independence mainly rests. And this would mean, practically, the elimination of the middle class as a political factor.

It was Aristotle who first pointed out the dependence of political stability and personal freedom upon a powerful middle class. To the present day no authority on political science has arisen to deny the existence of such a relation. It was the middle class of England that established constitutional liberty. It was the middle class that destroyed the *ancien régime* in France and laid the foundations of a liberal state. Our own Constitution is essentially a middle-class document, and it is the middle class that defends it against attack.

We may contrast our confidence in the stability of our own liberal institutions with our skepticism of attempts to introduce similar institutions in countries in a different stage of social development. It is hard to believe that constitutionalism can be more than a

name in Russia and Turkey, or that democracy in Mexico can signify anything but a cloak for force. It is not that we doubt the political capacity of Slavs and Moslems and Mexicans. But those nations lack the chief prerequisite of political freedom and order: a vigorous middle class.

Not all will agree, it is true, that the liberal régime is the best conceivable political order. The Socialists are especially violent in their attacks upon it. And every Socialist recognizes that constitutionalism and free enterprise are bound up with the fortunes of the middle class. Eliminate the middle class, and there will remain no serious obstacle to the progress of Socialism. Accordingly, it is difficult to understand the impatience which the Socialist usually manifests toward the Single-Taxer. The latter, indeed, is not a Socialist, but he is laboring valiantly to produce the conditions under which alone Socialism has any chance whatsoever of success. Transform our four million independent farmers into tenants of the state; despoil an equal number of our middle-class townsmen of their one solid possession, and the expropriation of the remaining private owners of property will be easily accomplished. Despite the sentimental antipathies of their respective adherents, then, the Single Tax and Socialism are closely related. Their relation is that of means and end.

