

Gathering for the Great Contest

THE activities of the British Georgists toward bringing the question of land value taxation into the arena of active politics is progressing with rapid strides. Early in December there was held a notable Manchester Municipal Conference, in which official representatives of a large number of municipalities gathered to discuss and act upon resolutions asking Parliament to permit local governing bodies to raise at least a part of their revenue by a tax upon land values, exclusive of improvements.

The *Manchester Guardian* gave ample reports of the proceedings. By a vote of 65 to 23, nearly three to one, a strong resolution was adopted approving the resort to land-value taxation. The Lord Mayor of Manchester presided at the closing session, and suggested that the Chancellor of the Exchequer (Mr. Snowden) and the Minister of Health be asked to receive a deputation to suggest the details of the proposed legislation. A committee of seven was appointed.

The success of the Manchester Municipal Conference was due in large measure to the activities of Councillor Arthur Weller, a member of the Manchester City Council, who is an uncompromising Single Taxer. He may be remembered as presiding over one of the interesting sessions of the Edinburgh Conference of last summer. Besides being secretary of the Manchester League for Land-Value Taxation, he is also a member of the United Committee.

This Municipal success is of special value in support of Chancellor Snowden's announced purpose to provide for the rating of land values in the Budget for National Revenue Raising which will be proposed to Parliament in the spring.

Under the leadership of the United Committee, and the Manchester Land Values League, there has been recently projected the holding of a national conference of Henry George people, in the city of Manchester in February. The local Labor M. P. will preside, and representatives from all parts of the country will participate.

Of course there is a possibility that the Labor Government may be temporarily retired from Government responsibility before Mr. Snowden has an opportunity to present his Budget. It is feared in some directions that the radical and Socialist elements in the Labor Party will become dissatisfied with the slow progress being made toward reducing unemployment, and will kick over the traces and join with the enemies of MacDonald's government for its overthrow. Already there are signs that the extremists in the Labor ranks are at loggerheads with the government. It is now evident that even if the Labor Party had a majority of the House, and were not dependent upon the good will of the Liberals, their existence would still be menaced by their own supporters who want the coach to go faster down the hill. Meantime, it is clear enough to those who can see any distance through the

political murk that the only way out is for the Labor Party to push its proposed Budget Tax on Land Value as the chief issue, and if defeated, to go to the country on this issue, and show that it means a fundamental fight for the destruction of land monopoly and the establishment of economic freedom.

John Paul wrote this to a friend the other day:

"The main question is, What can we do to impress upon public opinion the urgency of turning to land-value taxation as the one true path to the revival of industry and the abolition of poverty? We have the chance of our lives to make Henry George's practical proposal understood in the national campaign. The statesmanship that can see the connection between free land (freed from the elements of monopoly) and general prosperity, is what this good-natured, patient old globe most greatly needs, and it is this need, of course, that calls for service of all those who have eyes to see and ears to hear!"

Dr. Ely's Disciple and Six "Experiments"

JAMES G. MONETT, JR., real estate editor of the *Cleveland Plain Dealer*, January 5, tells a significant story about Aaron H. Weinstein, a Cleveland attorney. Weinstein is described as "a close friend of Dr. Richard T. Ely, noted economist, who is head of the Institute for Research in Land Economics and Public Utilities at Northwestern University and contributed to the establishment of the American Society of Land Economists."

Monnett's article and interview with Weinstein prove that the term, "Land Economics," as used by Ely, is camouflage for the clearer and more descriptive term, "Land Speculation."

Weinstein, according to Editor Monnett, "has been a student of land economics since 1916 and has made a small fortune out of his six 'experiments,' as he calls them."

This term, "Experiment," is new camouflage for the ugly and unpopular term, Gambling or Speculating in land-values.

It is easily seen that study of land economics is really humbug. No study or much perspicacity is required to know that if you gain legal ownership of a piece of land which is sure to be needed by the government, or by a manufacturer, or by a builder, you can sit back and demand and receive what amounts to a bribe or tribute to induce you to relinquish your legalized privilege and let workers do useful things. You are in the position of the hold-up man or bandit, except that you are protected by the courts and are considered respectable.

It is not the purpose of Editor Monnett's article to make it plain that this legalized robbery differs little from illegal plundering. The object of publishing the real estate pages now seen in every large daily is to please

the big land speculators or gamblers, to induce them to advertise, and to excite the cupidity of small capitalists to buy vacant lots, not to build and live on, but to hold for a "rise in value" and to sell at a profit.

The game is fundamentally and socially immoral. The land speculator employs no labor and, as such, produces no wealth. He does nothing useful. He is harmful to society, for in his greed he makes it difficult for Capital and Labor to employ themselves.

This is made plain by the article about Weinstein's six "experiments." Weinstein, under the inspiration of his alleged "study" of Dr. Ely's land economics, got his eye on a lot at 2163 E. 65th Street, Cleveland, which he "believed would be needed by the Steel Products Co."

Weinstein's shrewd application of Ely's economics proved to be sound—for Weinstein. It was sharp practice and extremely ungenerous toward the Steel Products Co., whose business necessities made ownership and use of the lot imperative. So Weinstein paid \$700 for the lot and the Steel Products Co. handed over \$12,000 for it to Weinstein, Dr. Ely's promising disciple.

A ten-year-old boy can see that if the Steel Products Co. had secured the land for \$700, it would have had \$11,300 more of capital to use in building or equipment. In other words, the Ely pupil in Cleveland made it \$11,300 harder for the company to carry on its business.

Another of Weinstein's six "experiments" in Dr. Ely's land economics illustrates how the greedy Ely philosophy robs municipalities. Governments are even slower in their activities than are private corporations, and are considered legitimate prey for land speculators. In Cleveland the public necessity of extending and widening Carnegie Avenue to make it a useful thoroughfare was seen. The city had to wait for money, but the speculators did not wait, for Editor Monnett writes that Weinstein secured ownership of a "parcel"—meaning some acres of land—"in the path of extension of Carnegie Avenue."

That's the Ely land economics idea. When a municipality needs land for public use, do not be a good citizen and aid the City Hall officials to as easy a solution as possible, but grab the land yourself and squeeze all you can out of the public treasury. Its a nasty game.

The article relates almost gleefully how Weinstein—the Ely pupil in land economics—got the better of John D. Rockefeller in a land deal. The great Rockefeller Forest Hill estate, where the elder Rockefeller resided for many years, is now in the hands of the younger Rockefeller, who is making costly improvements and preparing it for residence purposes of hundreds of families. Rockefeller, however, lives in New York City, and did not pay close attention to the details of the useful enterprise. Had he studied a good map of his large area of land he would probably have noticed that a lot 55

by 250 feet on the west side of Lee Road "stuck into Forest Hill Estate quite prominently" and would be absolutely necessary to his improvement plans. Weinstein did study the map—perhaps inspired by Dr. Ely's land philosophy. He did see the importance of the lot to what the younger Rockefeller was planning to do. He bought the lot for \$3,000, paying only \$1,800, but made young Rockefeller pay \$25,000. Weinstein won a net gain of \$22,000 merely because he was sharper than Rockefeller—not for doing anything useful. And it arbitrarily increased Rockefeller's costs of improving Forest Hill Estate \$22,000, and discouraged Labor and Capital to that extent.

Four of Weinstein's six "experiments" were carried on at a total cost to him of \$3,483, but he sold at a net profit of \$59,150.

The details of two of the six "experiments" are not given by Editor Monnett. Indeed, the plundering of the city's treasury in the Carnegie Avenue deal has not been consummated, for the city has not acquired the money to hand over to Dr. Ely's Cleveland pupil.

But Editor Monnett says that the land economics disciple of Dr. Ely is planning seven fresh "experiments."

When will the masses of the people get wise to this unholy game and to the easy way of preventing it?

"I believe," Weinstein is quoted as saying, "land economics is worthy of study by every investor; if there were wider knowledge of the latent values and proper use of land, there would be hardly a loss ever heard of."

Weinstein—the Ely pupil—is, of course, wrong in that assertion. Some one always loses in land investments, or speculations, or "experiments." If the experimenter wins, the user of the land pays an extortionate price and may be crippled. The bad system discourages industry and is a prolific cause of unemployment.

Nothing new is found in Dr. Ely's widely advertised "land economics." The underlying idea is an appeal to non-producers to grab wealth produced by others. It has been practiced from the earliest times. Ely merely employs new words to hide or cover up its ugliness. Weinstein himself speaks of what he calls his "sixth experiment in selection of strategically-located land." This proves Ely's claim to having discovered "scientific economic principles" in land economics to be a fraud. The words, "strategic locations," were used by real estate writers before Ely started his Institute at Wisconsin University and was obliged to remove to a privately-endowed university. It was explained by writers that a strategic location was a piece of land "in the path of development." Some called it the "path of progress." Others bluntly advised buying land "in the path of street extensions." Bolder ones even advised investors to secure ownership of land which factory owners would be obliged to buy. Ely advises the same thing but is not so crude. He pretends to throw the cloak of science

over gambling in land to conceal its hideous appearance. Land-value to him is not value for use but for robbery; but he tries to deceive people by a flood of words and by the assumption of scientific investigation.

The Taxation Problem and its Solution

THE tax question is hourly becoming more pressing, the burden heavier daily, the interference with trade and commerce more plainly to be seen, and to many men the question is coming up with great force and persistence, what is taxation anyhow? Is it a raid upon wealth, are producers to be looked upon as wicked people, or people guilty of a misdemeanor that they are to be heavily fined, and that fine always in proportion to their industry, to their usefulness to the community? Is our tax system fundamentally a system of pillage and brigandage that we take from people merely because they have, as the pirates do, or should our tax system have a basis in justice and in equity; should there be a real valid excuse for sending a man a tax bill outside of the fact that he has something which he himself produced that may or may not, in most cases has not, any relationship whatever to privileges or services received from government.

Our tax problem will never be cleared up until we clearly understand that taxation is not a collection, based on possession, but a payment based on services rendered and privileges enjoyed. In other words, to put it in simple form, taxation is payment by a citizen to the city, to the state, or to the federal government for services or advantages rendered to him by the city, the state, or the federal government. It is a payment, and as all honest payments are handled, it should be based upon the value of goods received or services rendered.

But we have never known until of late how to make out a tax bill. We never knew that there was something that truly measured the value of what society does for its citizens, and measures it accurately and immediately. Not knowing this, we jumped at the foolish conclusion that "ability to pay" was the correct theory of taxation and that men ought to pay according to what they have instead of according to what they get.

This has led us into methods of taxation that are gross violations of business principles, because a man is called upon to pay for what he gets measured by the value of something he does not get from society. It is a gross violation of ethics, for our present method of raising public revenue is the grandest violator of the rights of private property that ever stalked the earth, it is utterly unrelated to science, as science shows to us very clearly that nature not only provides for the life of the individual through the creative instinct, but provides for the life of the social organism through economic rent.

Now, this is an orderly universe, there is an answer to

every question, there is a solution to every problem, there is a right way, and the right way is always an easy way, to do any necessary thing, and public revenue can be raised without violating the rights of private property, without strangling trade and commerce, without adding to the cost of living, without imposing unjust and heavy burdens upon production, or, on the other hand, offering rewards to idleness. With the coming of society appears a value which we call land value, because we did not know what it was. While it is true it attaches to land, yet it is not the value of land at all, but the value of government. There is no production cost in land. The lack of an understanding of the difference between the value that attaches to things that men make and the value that attaches to land, has led to all of our confusion and errors in taxing methods.

The value that attaches to things that men make has a different genesis from the value that attaches to land. For instance here is a desk; the value of that desk is the value of something produced by labor and capital out of natural material and the selling price of it is determined by the cost of production plus any taxes that we may foolishly levy upon it.

Now, the value of land does not arise from the cost of production, plus taxes. The reverse of this is true, there is no production cost in land and the selling price of land is that part of the annual value or economic rent that we fail to collect by taxation, capitalized into selling price. That is why the less you tax economic rent, the higher the selling price of land; the more you tax or take of economic rent for social uses, the lower the selling price of land. For, after all, what we call land value is not the value of land at all, but the value of social presence and activities. Every dollar expended by society in social service is reflected in an increased amount of economic rent, or in other words, the annual value of the land so served will immediately increase.

Take the street in front of your place, pave it perfectly, make it as smooth as a baby's cheek and as enduring as the hills, in the hot weather sprinkle it with water, sweep it every day, at even-tide sprinkle it with rose-water, if you will, and make it a perfectly delightful street to live on, where will that improvement in the art of government be reflected? Would the value of the buildings or of the personal property on that street increase? Not at all. Nothing made by man increases in value through the expenditure of public monies. The land on that street, and the land only, will increase in value.

What could be more reasonable, what could be more just, than to collect that value to pay the cost of such improvement.

JAMES R. BROWN in *McKeesport, Pa. News*.

MR. SNOWDEN will have the support of all intelligent men and women in the country if he begins to lay the great gains of our ground landlords under contribution to the State.—*London Pictorial*.