

## Single Tax Upheld

### Dr. Franklin's Contentions Are Disputed

To the Editor of The New York Times:

Jessie T. Matteson.

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In his letter of Aug.: 22 Fabian Franklin expresses doubts which arise in the minds of many with regard to the practical application of Henry George's single tax—a tax on land value, not on land.

In Dr. Franklin's words, the single tax is "expressly intended to make vacant land absolutely valueless to its owner." The object of taxing land up to its full value, whether in use or not, is to make it impossible for landowners to hold valuable land out of use for speculative purposes—a condition which now exists and which forces the producer to use less valuable land and pay a correspondingly higher rent, the demand for land increasing as more and more is held out of use for speculation.

Were the landowner compelled to pay just as much tax on his land whether in use or not, he would be literally forced to put his land to its most productive use in order to pay the tax and realize a profit. Production, freed of the vicious hidden taxes which now strangle it at every stage, would greatly increase. Since all land would be thrown open to use, the demand would tend to be met and rents would go down.

## Question of Values

Dr. Franklin continues with a statement whose truth he considers obvious: "When a house has once been built on a lot, the whole thing—house and lot— becomes a unit; and the whole thing, lot and improvements, may increase or decrease in value."

The fallacy of this conception was long ago recognized by the State of New York. The tendency of land is to increase in value with the growth of the community, while time and the elements combine to constantly decrease the value of a building. Thus, although the total value of house and lot may rise, an increasingly greater proportion of that value adheres to the land—not because of the improvements on it but

because of the growth of the community around it.

To continue with Dr. Franklin's example, a man builds a \$10,000 house on a \$5,000 lot. The land becomes worth \$50,000 due to community development. As the street is now in demand for business purposes, Dr. Franklin counts the house a dead loss of \$10,000 under the single tax.

That situation arises every day and always will under any system of taxation. Under George's plan, however, the owner of the land would be more than compensated for his loss. The demand for the property would now enable the owner to produce not just a \$10,000 house but an apartment house or office building worth many times that amount. His profit would be derived not from his function as landowner but as a capitalist—a true producer. As land is limited and production is not, man could reap greater profits in the latter capacity.

#### Tax-Free Production

In speaking of the tenements in Harlem which Mr. Rockefeller is demolishing because they represent an annual loss. Dr. Franklin supposes a single tax would intensify the evil of this situation. In reality, the example is eloquent in its denunciation of our present taxation system.

If the present punitive taxes on Harlem tenements are too high to allow them to exist profitably, Mr. Rockefeller will probably hold the land idle rather than be further penalized by the government for improving his property. The taxes on the value of his land now may be high—but not high enough to force that land into the use which the community demands for it. Under the single tax, Mr. Rockefeller would derive no benefit from holding the land idle for future profit but would be forced to improve the property to its fullest economic extent. The absence of taxes on production, however, would allow him to receive the full return on the capital invested.

It is encouraging that the fundamental injustice of our present system of land tenure is at last gaining wide recognition. In George's own words: "A great truth to an age which has rejected and trampled on it, is not a word of peace, but a sword."

