

WHY RENTS AND RATES ARE HIGH

By A. W. MADSEN, B.Sc.

Price—40 cents. Order from Robert Schalkenbach Foundation, 11 Park Place, New York City.

In this book are given 600 examples of the appalling tribute paid to land monopoly whenever the people engage in a slum clearance or other civic project, or even in a national defence programme. While the illustrations pertain primarily to Great Britain, the penetrating comment by Mr. Madsen in each case furnishes excellent material for land value taxationists all over the world. The work is an arsenal of information, and it is to be hoped the object lessons contained therein will secure a wide circulation. If business men, particularly in England where landholding abuses are among the worst in the world, are not moved by this powerful indictment, then it would seem that they deserve to be exploited. And American business men may well profit from this revelation of British slavery—for in our country the handwriting is even now on the wall.

The following examples, condensed from the book, will serve to illustrate the seriousness of the land problem as well as the merciless logic of Mr. Madsen's conclusions.

1. Certain families, who were moved from slums in which half of them were living in one-room tenements, into good houses where overcrowding was not permitted, suffered an increased death rate of 46 per cent. The medical officer of health found that the increased rents for the better houses were paid by the former slum dwellers at the expense of their food requirements. Result—ill health and death. Municipal housing schemes will not alone solve the slum problem; it is poverty that drives people into slums.

2. For purposes of a "demonstration farm" (probably akin to a resettlement project in our United States) the officials of Aylesbury proposed to buy certain land, at the customary handsome price in such cases. Someone pointed out that the land was not ideal for farming. But to the chairman of the committee, that was "a very strong recommendation" for acquiring it, because he "wanted to teach people how to grow on difficult land and he thought they would have their work cut out." So the owners get \$40,000 for the admittedly inferior land, the price of proving to would-be cultivators that "back to the land" offers no alternative to wage slavery.

3. Certain land, registered as "agricultural," was needed for a children's playground. As "agricultural" land, it paid no taxes, pursuant to the English law, the theory being that it has "no value," for rating purposes. But this fiction disappears when it comes time to sell. The owners received \$4,500 from the authorities. Having thus deepened the poverty of the children who will use the playground, no doubt the condition will be meliorated (how much?) by rations of free milk to the underfed children.

4. So that a certain beauty spot might be saved from building development, a preservation scheme provided for the usual land purchase. The owner of the required site was St. Thomas's Hospital, a wealthy institution of the Sailor's Snug Harbor or Trinity Church order, never having paid a penny's tax on its "agricultural" lands. It was pointed out that "the needs of St. Thomas's Hospital make it unthinkable that it can sell its lands at a price generous to the public but cruel to the sick." The widow and orphan argument, of which this is a variation, is an old, old, dodge.

5. One hundred and thirty acres of land, owned by and contiguous to the Dunlop Rubber Company factory, were desired by Birmingham for housing. The Dunlop Company sold the land to the Council for a subsidized housing project at \$1,500 an acre, the price they had paid for it, explaining that "the provisions of houses near the factory would benefit the company, since many Dunlop operatives have to travel considerable distances to work"—an admission that, as things are, the workers being saved that expense will, in the competition for jobs, accept less in wages. However, the houses were not built. The Council decided to abandon the scheme and sell the land to an aircraft factory. But due to the strings attached to the

whole transaction, the Dunlop Company now received, in addition, from the aircraft concern about \$400,000, being the difference between the value of the land for industrial purposes and housing purposes. Even a Conservative newspaper said the business "leaves a nasty taste in the mouth," meaning that someone has exploited England's expenditure on aircraft armament.

The sale of half the city of Cardiff in Wales is also strikingly, if not tragically covered. It must be read in the original to be thoroughly appreciated. The book concludes with a useful pro and con argument on land value taxation, covering sixteen major issues, with excellent comment. No "go-getting" Georgeist should be without "Why Rents and Rates are High."—C. J. SMITH.

Correspondence

REVIEW OF THE CALIFORNIA CAMPAIGN

EDITOR LAND AND FREEDOM:

Removed in time about two months from the California election, and in space, many thousands of miles from the State, permit me to review the recent campaigns for industrial and economic freedom.

In 1933 the State Legislature passed a sales tax law affecting the transfer of all personal property. The law was universally unpopular. It seemed to me the moment to strike a blow for removal of restrictions upon industry and, for this purpose, a number of us prepared a constitutional amendment to be submitted under the State initiative. It was designed that this should be passed upon popularly in the Fall of 1934, but we failed for the lack, shown at the last moment, of some two thousand names. This deficiency was corrected so that the measure was ready for submission in 1936. Meanwhile, in 1935 the legislature repealed part of the sales tax most objectionable to the housewife and others—that upon foods sold in groceries.

Before the election of 1936 the Supreme Court of the State struck the measure from the ballot for frivolous reasons well known to your readers, and the thoroughly political character of its action has universally been recognized.

For the 1938 election the measure was carefully rewritten, and after a long, determined, and I may add, unscrupulous campaign against its submission, was put on the ballot. All efforts to remove it failed, but the people rejected the proposition by a vote approximately four to one. Why this decidedly adverse result?

Against the measure there were enlisted the Real Estate Boards with 15,000 to 20,000 members; the Chambers of Commerce with branches even in the smallest towns; farmers' organizations in the rural districts; the powerful Parent-Teachers' and School Teachers' bodies (with individual exceptions); State employees acting under virtual command and numbering 20,000, twelve hundred of whom were directly under the sales tax administration; the Republican party through its platform, the Democratic platform being silent; the press almost unanimously, save for the Labor section; the great interests represented by banks, public utilities and oil companies, big building and loan associations and the like. These groups could and did bring force to bear upon almost all classes of voters. Another force operating against the adoption of our measure was a widespread fear of changing old but known methods for those new and unfamiliar.

Upon the other side our handful of original supporters felt that we were everlastingly right, and that knowledge extended to many others. We also enjoyed the support of the great mass of labor leaders, among whom the defection may be placed at not more than ten per cent, and the support of the Labor papers. The mass of the Union membership, however, was not controlled by the expression of views of their chiefs, five times expressed, but was influenced largely by the opinions and expressions of those with whom its members came in daily contact. At almost the last possible moment an anti-picketing proposal was placed on the ballot. All unions regarded this as a direct attack, the defeat of which demanded their money, and their best fighting

efforts. Labor's support of No. 20 (our proposition) was materially weakened when No. 1 (anti-picketing) went on the ballot.

Had the campaign taken place in 1936 as originally expected, the result might well have been decidedly different, for then the sales tax was at the height of its unpopularity and the opposition had not organized its mendacious campaign.

The people were fooled most completely and induced to believe impossible and contradictory things. Among these were the statement that the amendment was supported by a Fels Fund of \$12,000,000 devoted to the work of putting over speedily the Single Tax in California; that to take taxes off industry as proposed meant its destruction; that the measure would deprive the people of their property; that taxes on "real estate" would become so high that rents would have to be pushed to impossible figures and that this could be done; that no one would be able to afford to put up houses; and, conversely, that so many houses would be quickly erected that there would no longer be work for those employed in the building trades; that travelers entering the State for a brief stay would pay no tax if the sales tax were abolished; that the schools would be closed, since, as alleged, only the sales tax kept them open; that all the operations of the State government would be brought to an end because of insufficient revenue; that the system had never been tried and that probable effects were unknown, or that the system had been a failure wherever tried; and finally, that since the State would be the only landlord, communism and socialism would result.

The opposition spent hundreds of thousands of dollars in a bombardment by radio, billboards, newspapers, handbills and the mails. Our expenditures were less than one per cent as much. It is quite understandable that the voters became confused. The result could hardly have been otherwise, but even so there were hundreds of thousands of votes cast for the proposition. This is vastly more than ever before have been recorded for a proposition to transfer taxation from industry to land values.

Doubtless errors were made in carrying out the campaign. Humanly speaking it could not have been otherwise. A few of California's professed believers failed when the contest was on. However, these things counted for little in the final result.

Was the contest worth while? To discuss this would call for more space than you can afford. My belief is that it was worth all it cost. It is apparent that the removal of taxes to land values is not to be obtained at a single stroke. Each temporary set-back should spur us to careful study for the next step rather than to discouragement. We must, like the fabled Anteus, derive strength from each fall to the Mother Earth. Let us not forget that the defeats of Bunker Hill and Long Island helped to bring about Yorktown.

It is my deliberate judgment, taking present considerations all in mind, that the best field for the nearest approach to the freedom of opportunity we were taught to seek by Henry George is offered still by the State of California where "Progress and Poverty" first saw the light. It is yet too early to discuss further particular methods to this end, but the idea of fight has thoroughly entered the souls of our real workers. Probably the next form of attack will be along quite different lines. Meanwhile the holders of special privilege, despite recent results, feel nervous over the future.

Those of us who were actively in the fight desire to give thanks to our friends and well-wishers throughout this and other countries for their money and sympathy. The spirit back of their actions cheered us greatly.—JACKSON H. RALSTON.

THE MOVEMENT IN NEW JERSEY

EDITOR LAND AND FREEDOM:

As you have the attention and the confidence of those desiring adoption of the principles presented by Henry George; and, as I believe they could and would help materially in the efforts of our league to establish those principles in New Jersey, if they knew our plan and what it would do, I believe this letter will interest you.

You probably remember the wide-spread attention and acclaim that followed enactment of the famous Pittsburgh Graded Tax Plan; the many inquiries that were received from many cities and foreign countries; and Frederick C. Howe's statement to the effect that "It was the greatest single step toward Single Tax that had ever been made by any American city."

And you also know it was a very small step and was made when the World War started; that the subsequent inflation, speculation and confusion completely obscured its benefits. But you probably know that it has attracted much attention; that it serves as an example for other cities; and that it has accomplished considerable good by transferring about \$2,800,000 per year in taxes from buildings to land value.

The following comparison in taxes on homes in Pittsburgh and Newark, N. J., definitely shows one most important advantage in the plan, and I may add that it is a practical point that interests home-owners, tenants and business men.

In Newark, N. J., a small home assessed:

Building.....	\$5,000	(tax rate per \$100	Is Taxed
Site.....	1,000	valuation, \$4.61)	
	<u>\$6,000</u>		<u>\$276.60</u>

In Pittsburgh, Penna., a similar home assessed:

Building.....	\$5,000	(\$3 per \$100).....	\$150.00
Site.....	1,000	(\$4 per \$100).....	40.00
	<u>\$6,000</u>		<u>\$190.00</u>

Showing a net saving of \$86.60—enough to buy three suits of clothes and three pairs of shoes.

And it should be considered that Pittsburgh is about 50 per cent larger than Newark and does not tax personal property; also that this result has been achieved despite the fact that the Graded Tax Plan does not apply to school and county taxes—which are about half of the total taxes on real estate.

The two tax rates shown for Pittsburgh are the combined city, school and county taxes; and the difference in the rates is due to the reduction in the city tax rate on buildings, and increase in tax rate on land, as provided in the Graded Tax Act.

As you probably know the plan proposed in our bill for New Jersey is very different and far more effective and beneficial than the Pittsburgh law. Our bill provides that any municipality in New Jersey may adopt, by local referendum, the following plan:

(1) To gradually reduce the present taxes on buildings and personal property by five annual stages of one-fifth of such taxes each year until entirely exempt from local taxation.

(2) To provide the required public revenue by simultaneously increasing the tax rate on all taxable land value in such communities as adopt the plan.

As an illustration of the effects of this law, if it is enacted as the bill is drawn, and the City of Newark adopts the plan, the taxes on buildings and personal property would be materially reduced, and the tax on land materially increased even the first year. And many would build and many land-holders would become more reasonable from anticipation of what will happen.

Moreover, after the fifth year all buildings and personalty in the city would be entirely exempt from local taxation, and the tax rate on present valuation of land would be about *nine dollars per hundred*—which I believe would be enough to replace most of the obsolete buildings, greatly encourage construction of homes and other improvements, and *absolutely stop land speculation* for future profits.

Now, if it would do all that, can't you agree that this would be a *very real and very long* step in the desired direction? Also isn't it likely that such results, in even one city, would prove a practical demonstration that would promptly induce many other communities to adopt the same plan?

In fact, if this could be done in New Jersey isn't it probable that