

workingman will say that he is now free from taxes, but he is laboring under a delusion. Every pair of shoes he buys, every article of clothing, groceries, merchandise of practically every nature, is increased in price because of the tax that all businesses are now paying.

Indirect taxation is one of the greatest evils. It is hidden away so thoroughly that the ordinary citizen is unaware of its existence. But he pays taxes on everything he buys.

But if capital and labor are to be relieved of all taxation, from what source will the government secure its financial needs?

From land values, the Single Taxers tell us.

But why rob the landowners? the average citizen may ask. And in order to answer clearly that question you will have to go back to our accepted principal of landownership.

Our great cities were formerly farms; cornfields were turned into city blocks. The value of this land was increased in some cases ten-thousandfold.

Who created these increased values? Certainly not the landowner. The citizens who built up the community created these values.

We believe thoroughly in the principle that when anyone creates value of any nature it is his personal property. If John Jones, Jim Smith, and a number of other people combine and create values, these values should belong to them. Therefore, if we adhere to this absolutely just principle, the land values created by any community or city should belong to the citizens who created them.

That is the firm foundation upon which Henry George built his theory of Single Tax: that the values created by a community should belong to the community, and that ground rent, instead of being paid to landowners, should be paid in place of taxes to the government.

When Henry George presented this doctrine we were so prosperous as a nation that revolutionary theories, regardless of their nature, attracted little attention. But now we are in the midst of serious problems. Many of our great leaders fear a possible revolution.

It is said that more than 50 per cent of the wealth of this country is owned by 1 per cent of the population. No one would advocate a redistribution of wealth, and doubtless we are hardly ready to rob the landowners of their ground rent. But we have to recognize the injustice of the principle that gives to a landowner the increased value of land that is created entirely by the community in which his land is located.

Now you can call that principle Single Tax or give it any name you choose, but it is the simple form of justice. What you create should belong to you; what the community creates should belong to it.

Some of our old-time politicians may choke with indignation at such a revolutionary suggestion, but there are times when a patient's illness is so severe that an operation is required, and the problems we are now facing demand drastic measures.

The Single Tax principle would be bitter medicine for those who have been enjoying the unearned fruits of increased land values, but it would certainly be preferable to the mighty upheaval that often comes with revolutionary governmental changes.

BERNARR MACFADDEN.

Can Single Tax Solve Today's Problems?

GILBERT SELDES, COLUMNIST IN *New York Evening Journal*, SEPT. 23

"AS to Mr. Ford," writes Mrs. B. W. Burger, "he has a great many admirable viewpoints, and he, like many others, is advocating 'back to the land' movement as a panacea in our present depressing times. I am wondering if this is an answer to the problem, 'In times of stress, why not in times of prosperity?' Is it not an accepted fact that the savage, who had access to the land, was able to feed, clothe and house himself? Civilized man, in a world of plenty, suffers want." If you are familiar with economic argument you will recognize the key word in Mrs. Burger's remarks; it is "land." Mrs. Burger is inviting me to think about the Single Tax, that phenomenon in the economic

world, a theory totally radical, and approved by conservatives; one which has never been tried on a grand scale, but which evokes the enthusiasm of practical men as often as that of fanatics. In admiration of Henry George you find Nicholas Murray Butler and Bernard Shaw and Leo Tolstoi and Mayor Gaynor and Justice Brandeis and Poultney Bigelow, all joined. And the first Single Taxer I ever knew was also the first great manufacturer I ever knew.

TOO RIGHT TO BE TRIED

I have no text-book or authority on the Single Tax at the moment, but I know what has stood in its way: it is too simple, too logical, and even too just. The taxes people clamor for are complicated and vicious. Witness our adherence to the customs duties, which cause infinite difficulties in collection, are iniquitous to some and far too favorable to others, and are so complex that few of us take the faintest trouble to understand them. Or our inheritance and income taxes. They brought into being a whole new classification of lawyers and thousands of ways of escape. These are the taxes we ask for and get, with the help of Congresses we painfully elect for that very purpose. What is more, these taxes are uncertain; they are always failing to bring in the required or expected revenue; and while a new tariff is being discussed business folds up in despair, not knowing what the verdict of the jury will be. We have seen our Congress discussing a tax bill for nearly a year—and that year happened to be one in which our industrial and commercial activities had all gone to pot—as the result of another tax bill, among other things.

WE WANT MORE

So it is no wonder we reject the Single Tax. The very idea that one tax will be enough to keep the government running offends our taste, which has grown used to multiplication of everything. Furthermore, the Single Tax is levied, roughly, on land, and we no longer think of ourselves as a country primarily agricultural. Mrs. Burger quotes: "Rent of land belongs to the people, and it is the first duty of government to collect it," which I take to be a fundamental tenet of Single Taxation and which suggests that the Single Taxers do not propose to run our government on the proceeds of a tax on abandoned farms in Vermont.

The basic idea, as it has been explained to me, is that when the State of New York built, at public expense, a highway through the Bronx or Hutchinson River valley the enormous increase in the value of all the land nearby was not due to anything the owners of the land had done. It was due to something you and I had done, acting through the State. Therefore you and I—as the State—were entitled to the profit, or a good share of it. And, on the other side, if I proposed to keep as a private garden four square blocks along the Lake front in Chicago I ought to be made to pay as much rent as the owners of hotels in the same district. In effect, none of us would own land individually, all of us would own all the land and take the profits of land in rent; but we would own the improvements made on land, and there would be no amusement tax and no income tax and no bad Ides of March and no lobbies in Congress.

THE MORALS OF TAXES

One trouble with the Single Tax is that it has a sound moral basis which no one is quite willing to admit. In the Wendel estate were slatternly tenements and even lumber yards left in the midst of great business houses and skyscrapers. In good times the value of the lots on which the tenements and yards stood would be a thousand times the price paid by the original Wendel owner; and no Wendel and no Wendel heir had ever contributed anything to make those lots more valuable. The growth of the city had done that. Yet the Wendel heirs could take the profit. The moral argument is that this isn't right.

LISTEN FOR TROUBLE

We all think so until we possess just that kind of parcel of land. Then we talk of our own sagacity in holding on or the sacred rights of property—or anything to change the subject. For we know we aren't

really in danger of the Single Tax. Because, as someone has said, there isn't a valid argument against it and there isn't a chance in the world it will be adopted. Brand Whitlock added that the Single Tax will have to wait because it is so fundamental, "and mankind never attacks fundamental problems until it has exhausted all the superficial ones." Quite a few of the latter are coming up right now. Turn on the radio.

The Tax Burden

JUST another evidence that taxes burden industry is evidenced in the following statement issued by President Thomas N. McCarter of the Public Service Corporation of New Jersey, following the action of the Corporation's Board of Directors on June 21, in voting a six per cent reduction applicable both to the payroll and the common stock dividend.

This statement discloses the inner working machinery of business and shows how it adapts itself to the situation brought about by added taxes. Naturally this adaptation takes the form of reduced wages, reduced salaries and reduced dividends. That it also takes the form of reduced interest in production generally and that it leads eventually to unemployment and industrial stagnation only those acquainted with the fundamental facts and factors of trade and taxation can know. Would that there were more of these, and would that they included our tax inventors!

"To meet conditions due to reduced earnings and to additional costs imposed by the new Federal budget-balancing tax law, the directors of Public Service Corporation of New Jersey today voted to make a six per cent reduction applicable both to its pay roll and to dividends payable to holders of its common stock. The changes in salaries and wages of officers and employees will become effective as of July 1.

"The added amount of taxes that Public Service will be called upon to pay under the new law, over a twelve month period, approximates \$1,400,000. The yearly aggregate of the three per cent tax assessed against users of electrical energy is about \$1,300,000. Public Service must thus assume more than fifty per cent of the added burden imposed by the tax bill.

"Estimates were submitted at the meeting to indicate that with allowances for the new taxes the operations of the Corporation would show approximately \$2,500,000 less net for the year 1932 than for the corresponding period a year ago.

"The six per cent reduction in salaries and wages will amount to about \$1,050,000 for the remaining portion of this year, and the six per cent cut in common stock dividends will aggregate \$550,000 for the like period and put the dividend rate on an annual basis of \$3.20 instead of \$3.40 a share, which should be earned with a reasonable margin of safety."

HENRY GEORGE was one of the great reformers of the world. His sympathies were broad, his purpose indomitable, his courage unflinching, his devotion to principle absolute.—WILLIAM LLOYD GARRISON.

PEOPLE do not argue with the teaching of George. They simply do not know it. The teaching of George is irresistibly convincing in its simplicity and clearness.

—TOLSTOY.

A Questionnaire

QUESTIONS BY HAROLD S. BUTTENHEIM, EDITOR *The American City*. ANSWERS BY OSCAR H. GEIGER, DIRECTOR HENRY GEORGE SCHOOL OF SOCIAL SCIENCE

1. One of the strongest arguments for land-value taxation is the fact that it would discourage the holding of land out of use.

What is the best answer to the counter-argument of the city planners that too intensive use of land is a major evil in parts of almost all cities, and that any system of taxation that would stimulate this evil is against the public interest?

Land-value taxation would discourage holding *valuable* land out of use, not all land.

Land-value taxation, bringing new areas into use, will *spread* popularization, not center it.

2. If land were the only source of taxation, would not much land be abandoned by present owners, thus depriving local governments of much revenue now derived from vacant land held for speculative purposes? And would not the necessary result be higher taxes on land productively used?

If land were the only source of taxation, land would tend into use whether present owners abandoned it or themselves became users. Furthermore, land would pay rent whether used or held out of use and the entire rent going to the government would mean greater revenue than if part were retained by owners for speculative purposes. Land that is being held for speculative purposes has a selling value only because its actual or potential rent is not collected by government. The selling, or speculative, value of land is virtually nothing but capitalized uncollected rent. Land rent does not depend on productive *use*, but on productive *usability* and therefore cannot be burdened beyond its true value.

3. If, as Henry George says, "There can be no just title to an exclusive possession of the soil," to how large a political area does this apply? In other words, ought the ground rent of the city of New York to accrue to those who happen to live in the city at any given time, or ought the ground rent of an entire State be divided among the people of that State? If the answer to the last question is "yes," ought not this principle be extended to dividing the ground rent of the entire United States (or of the world) among the people of the United States (or of the world?)

The answer to this question *is* yes, and the ground rent will be divided among the people of the United States according to the needs of government. The Federal Government will apportion its budget among the States in the proportion that the amount of rent collected in each State bears to the Federal budget. The States will each add their share of the Federal expenditures to their own budgets and apportion their total budgets among their local taxing centers according to the rent each collects; the local bodies will collect the rent which thus will bear everywhere its just share of the total expenditures of government. If there ever should be a United States of The World, or its equivalent, whatever its expenditure would