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# Taxation Quarterly

*Organ of the*

**Manhattan Single Tax Club**

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*NEWS*

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*VIEWS*

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## Manhattan Single Tax Club

FOUNDED BY HENRY GEORGE

Phone Lackawanna 3519

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The Manhattan Single Tax Club was founded by Henry George and is the oldest Single Tax organization in the world. Our work is purely educational, non-political and non-partisan. We believe, when we have created sufficient Single Tax sentiment, our tax laws will be amended to conform to an advanced public conception of what taxation really is and how it should be applied.

As correct thought must precede correct action, our concern is not how people vote, but how people think. Educational work is irresistible because it is unresisted. We aim to present taxation in a simple and practical manner to be easily understood by any thoughtful man, without the necessity of a thorough course in the Science of Political Economy; also to present it untrammelled by complex or abstruse reasoning, void of offense and unweighed by rabid or foolish utterances.

The gist of our gospel is that Taxation is Payment for Social Service and Advantage, and that Land value is the only true and just measure of the value of the Services and Advantages, that Society gives to the individual citizen.

Presented after this manner taxation becomes an understandable subject full of vital interest to everybody.

As to the manner the Single Tax should be adopted, we are not revolutionists but evolutionists and any fundamental change in our social order that will endure must be dictated by cool reason and calm judgment, and not by anger nor yet by sympathy.

The geographical scope of the Manhattan Single Tax Club work is the continent of North America. Whenever an opportunity to teach presents itself, or a request comes for literature or lectures, it is our pleasure and duty to respond.

We respond freely to all requests for literature or lectures; we make no demands for money; if the local people can defray expenses, well and good; but if not we go just as cheerfully. This attitude enables us to light lamps in many dark places.

We maintain a well equipped office that is always open. We keep a good stock of books and tracts. We distribute a vast amount of literature yearly, and are always on the alert for opportunities to explain what taxation really is and how it should be applied.

Our membership is composed of many of the oldest and most substantial Singletaxers in the country, and our roster of members contains the names of many men and women of whom we are justly proud and whose names would be a credit to any organization in the land. Our desire is for quality of membership, not merely quantity.

Our dues are \$5 per annum and upward, the maximum is determined by the member, the minimum is fixed by the Club.

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Mr. James R. Brown, President,  
Manhattan Single Tax Club,  
226 West 47th St.,  
New York, N. Y.

Portsmouth, Va.  
September 24, 1927.

Dear Mr. Brown:

Following our several interviews with you and your several visits to Portsmouth, at which times you so ably outlined the Single Tax problem to our various clubs, as well as the Chamber of Commerce, our Board of Directors authorized the appointment of a Single Tax Committee to go into this matter still more thoroughly with the idea of "putting it over."

There is a very strong sentiment now in this city in behalf of the Single Tax for we have come to the conclusion that it will abolish fines on industry and premiums upon idleness, and we now believe that the time is ripe to work out the various steps necessary to establish the Single Tax program here.

In appointing this Committee, The Directors authorized a reasonable expenditure of money to meet such necessary expenses as may arise in connection with working this problem out, and it was further felt that it would be most advisable for you to come to Portsmouth to go over this matter with the Committee, as well as city officials and help them in determining the exact steps to be followed.

I sincerely hope and believe that this problem can now be satisfactorily worked out and that you will be able to make an early visit to Portsmouth.

With all good wishes, I am

Cordially yours,

(Signed) GEORGE H. CLESS, JR.

The above letter from Portsmouth, Va., is significant and encouraging. It shows conclusively that good seed properly planted will surely produce results.

I first spoke in Portsmouth, February 25, 1926, before the Rotary Club, and made six more addresses to various organizations, the last one on May 18, 1927. I have placed myself at the service of the Chamber of Commerce to advise and aid them in the work of introducing a tax system that imposes no fine on industry, nor does it offer a premium to idleness.

Some impatient soul will ask, "Well, when are they going to adopt the Single Tax?" My answer of course is, "I do not know, they may never adopt it—all that rests with the future, but one thing is certain, the idea has been projected into the mental atmosphere of that city and we say, so far, so good." Optimism and work will greatly help to secure the much desired consummation.

There are a number of cities in Virginia and other states that we have paid considerable attention to in the last few years and they are not far behind Portsmouth, Va. in strength of Single Tax sentiment. All we need to help them across is faith, patience and work—good hard work.

In proof of this I am advised that in Portsmouth, N. H., where I spoke last March, the Chamber of Commerce broadcast the Portsmouth, Va. letter printed above, and asked the significant question, "Portsmouth, Virginia did this. What will Portsmouth, New Hampshire do?"

Letter printed in the *Herald*—Portsmouth, N. H.

**PEOPLE'S OPINION**

*Suggests Taxation Plan*

Editor of The Herald:

The burden of local taxes is more keenly felt than ever before and the problem of raising additional revenue to meet the new governmental obligations is becoming more vexing as time goes on.

The demand for better roads, schools and other necessary improvements desired by progressing society has caused an increase in taxes in every state in the Union with the result that all states and smaller localities within the states are experiencing difficulties in raising sufficient revenue to meet the heavy obligations incurred for the building of new schools, improving the highways and providing new sanitary systems for the growing communities.

The great danger in our present tax system is that while it raises revenue, it continually threatens to increase the tax burden upon productive industry to the breaking point. The constant struggle against further taxation leads to but one conclusion—that what is needed is not additional taxes upon industry and the business men but taxes more equitably placed.

An additional tax upon the selling value of land would do much to solve the problem and if such a tax was adopted it would be the basis of a sound, scientific and equitable tax system for the reason that the value of land (everywhere) is the fundamental economic measure and gauge of the service—measured in value—rendered by the state and local governments.

Land undeveloped has little exchange value. The economic and social growth of a community and the extent of the governmental service rendered determines its land value, which value publicly created, should form the principal tax basis for revenue purposes. More specifically when these roads, schools and other improvements demanded by the people of the state are built these improvements immediately reflect themselves in increased land value of all adjacent and surrounding lands. This value should be taxed in proportion to the financial benefits derived.

This plan of taxation should have the support of every progressive business man for the simple economic reason that as taxes upon land value are increased the individual commodity purchasing power of his customers is greater and the volume of his sales will grow in proportion to increased individual purchasing power.

This plan of taxation ought to carry an appeal to legislators who are seeking to solve the present vexatious tax question.

Respectfully

J. M. HOLMES

Portsmouth, October 8th.

If a man paints, repairs or improves a house, we fine him. If he plants a tree, builds a barn, erects a fence, clears up his farm and makes it by labor more productive, we punish him. We have made it more profitable to hold land idle than to use it. For that reason in all our cities there is as much idle land as there is used land. On most of our principal streets a small percentage of our buildings are modern.

Where should we raise public revenue? Is it not clear that we should raise it from the area benefited by social utilities and not from private production? If we follow this principle it would relieve the farmers of a great burden they now carry, and make the men pay who are in reality best able to pay, because they get the most from society.

—EDITOR.

Joseph C. Wedgewood's "ESSAYS AND ADVENTURES OF A LABOUR  
"M. P." p. 179.

"If one class benefit, it is only right that that same class alone should pay. Harold Cox used to call it 'taxing red-headed men,' to point out its absurdity. If the red-headed men take and divide the plunder I can see no wrong in asking them to find the cash. But the question puzzles others than those willfully blind. We have got so bred into us the idea that taxation should be according to ability to pay, that we cannot realize the justice of any other system—we cannot realize that taxation might in reality be payment for services rendered. The Taxation of Land Values cannot be squared with taxation according to ability to pay. We have discovered the futility of that cliché. We know now that the persons who actually pay according to their ability have in reality the best facilities for passing their tax on to the consumer—that their payment is camouflaged. On such a basis you hit the poor, not the rich, who can afford to pay. The basis of "ability to pay" is ineffective; it is also, even in its origin and still more in its result, unjust. Far better, and far juster, is our basis—that taxes should be according to benefits received. Land values rise, therefore let land values pay. I cook with gas, therefore let the gas appear on my gas bill."

### REPORT ON THE PRESENT HUNGARY

By FERDINAND MÉRÖ, Budapest

Hungary was the crown above the Balkan States before the War. Its population amounted to more than 18 millions of inhabitants; its area extended to 109,216 square miles. The Hungarians were the leading people among those southern from them. They had a large literature in Hungarian language, cultivated arts and sciences on a high degree.

Hungary was independent *by law*; it had its own Parliament, Government and apostolic King. But as the Hungarian King was also the Emperor of Austria and the Hapsburgs were Austrian Princes, the kings hardly knew Hungarian, our country was practically only a part of a big unit since centuries.

Such was the situation when the Great War broke out. It was decided in Vienna but the Hungarians had to suffer the greatest sacrifices. By the Peace Treaty of Trianon only 35,179 square miles with 8,141,465 inhabitants remained to Hungary that lost 68 per cent of its territory and 55 per cent of its population. All the surrounding countries participated in the detached territories of our unfortunate country: Austria, Czechoslovakia, Roumania and Jugo-Slavia. The first two stand on a high level of culture, it is true; but that of the latter ones are inferior to that of Hungary. The ceded territory contained the greatest part of the Hungarian forests, very rich mines and vast fertile areas. And above all, more than 3 millions Magyar people, partly in compact masses, were subjugated by the neighboring nations. The reduced part is not capable to live an autocrat life; and what's worse, new tariff walls rose on the old place in every direction.

An analysis of the population of the present Hungary shows the following figures: 80 per cent of the inhabitants speak Hungarian; 63 per cent are Roman Catholics; 28 per cent Protestants and 6 per cent Jews; 56 per cent live on agriculture, 1.5 per cent on mining, 19 per cent on industry and 10 per cent on commerce.

In the second part of 1926, the taxes assessed on the Hungarian people amounted to 62 million dollars, viz. 8 dollars per capita. As to the distribution of the taxes, due information is given by this statement: tax on annual value of land 11 per cent, house duty 6 per cent,

income and property taxes 22 per cent, turnover tax 21 per cent, custom duty and excises 29 per cent, inhabited house duty 11 per cent of the whole receipt. It is to be seen that the rating system is almost exclusively based on labor and on products of labor: 89 per cent of the whole revenue are composed—properly speaking—of excises.

More than 10 per cent of the inhabitants of this small kingdom, 928,996 men live in *Budapest*, the capital. Its social importance is therefore decisive and it is but elucidative as to the life of the whole nation, to look a little more attentively upon the economic condition of this city.

Let us quote that 44 per cent of the city population, exactly 405,578 inhabitants live in lodgings consisting of one or no room at all, 25 per cent, i.e. 236,179 men have lodgings of two rooms at most, thus 69 per cent of the population of this wonderful town on both sides of the Danube, reside in unsuitable shelters. Out of 20,020 buildings, 10,367 that is to say 52 per cent have only ground floor and a small minority, altogether 1367 houses have 4 or 5 stories, equal to 7 per cent. In one word: 7 per cent of the real estates in the capital are well used against 93 per cent which are more or less underused.

By the system of tax on yield of land, in the inner part of the left bank 88 per cent of the land values are of underused area bearing 57 per cent of local rates, and only 12 per cent of the land values are well used, having 43 per cent of local rates to bear. Taking into consideration the whole left bank we find that 14 per cent of the land values are vacant areas and, having no revenue, exempt from taxation. It is easily intelligible why more than 40 per cent of the buildings in the inner part dispose of ground floors only.

The *Order of Land Value Taxation* for local purposes, since January 1, 1919 in force, seemed to put an end to these conditions. According to the dispositions of this Order  $\frac{1}{2}$  per cent of the capital value of land, whether used or unused, apart from improvements, will be paid, reducing at the same time the receipt of excises. Finally we have still to remark that the succeeding of revolution and counter revolution brought about such a strange situation that although this law be in power still, the tax itself will not be levied.

### SHOULD WE BE RAPID OR RATIONAL?

The Single Tax is that system of taxation which imposes no fine on industry and offers no premium to idleness. This is accomplished by taking economic rent or annual land value in lieu of private property for the support of public utilities.

Justification for doing this is the fact that annual land value is the result of social presence and the expenditure of money in the maintenance of public utilities and it is the true and only measure of the value of public services and advantages to the individual citizen.

We do not urge that this be done at one step, but by gradual steps. Our reason for this temperate and moderate method of change is, it is the only way it can be done. Such a program would be consistent with natural processes of change and not revolutionary in its nature nor chaotic in results and would tend to permanency.

### PROGRESS ALONG SANE LINES

California, when she adopted the Initiative and Referendum, became the Mecca of all the cranks, freaks, and zealots in the country. State legislatures might resist their efforts to make people conform to what reformers thought proper, but in California the appeal could be made to the people themselves—and the people would soon be enjoying those laws that would save civilization.

In the succeeding sixteen years the people of California have voted down more freak laws than were ever conceived outside of a madhouse. Some slipped through, it is true, and a few good laws failed; but on the whole, by acting on the policy of voting "no" when in doubt the people have done astonishingly well.

Perhaps the most striking of this astonishing series of events was a movement to readjust the social order by shifting taxes from labor products to land values. It was a simple proposal, soon understood when directly and easily applied.

But it is the mark of the zealot that he cannot confine his attention to a simple proposal, directly stated. He must use strange phrases, and invent startling slogans. Thus, in this instance the objective was to induce the people to adopt a law that would remove taxes from labor products, and concentrate them on land values.

Instead, these strange beings went up and down the State making speeches and distributing pamphlets and tracts proclaiming "Private property in land is robbery," "Landlords are robbers and murderers," "God made the land for all the people," and other picturesque phrases, which if true were certain to be misunderstood, and convey the wrong meaning.

No one of course, can tell just how citizens will vote on a given proposition; but to any one acquainted with human nature it was a foregone conclusion that a man who had crossed the continent to establish a home or farm would not take kindly to a proposal based on the slogan "Private property in land is robbery."

Nor did he. The vote in favor of the measure was small. Next time it was smaller. And the vote was less the last time the measure was submitted to the people than at any previous election.

But a strange thing happened. While these tax reformers were trying to get their law adopted by the people, and the people were voting it down by increasing majorities, the people were taxing land values and exempting improvements to an increasing degree.

During this period, irrigation projects, which originally taxed land and improvements, changed to a tax on land value. A street railway tunnel was driven through Twin Peaks Mountain in San Francisco by a tax on land values. And a new improvement act has been passed by which all manner of public improvements can be constructed by a tax on land values.

But not one of these practical land-values tax laws was advocated or aided by the reformers who were shouting "Private property in land is robbery." It would seem as though California was determined to exempt labor products from taxation, and tax land values in spite of foolish reformers who insist upon doing things the wrong way.



It is fortunate for mankind that there is a driving force in truth that wins its way in spite of the foolish capers of its friends. The cause of land value taxation still suffers from those mad campaigns, but their memory is gradually dying out, and the people are adopting the method a bit at a time, as they find it works to their advantage.

STOUGHTON COOLEY.

To the Editor:—

In August I spent a week in New York. Daily I visited the Headquarters of the Manhattan Single Tax Club, cordially welcomed by James R. Brown, its president. Mr. Brown was formerly an accountant and shows the value of his training by the methods installed. Everything is filed and catalogued, and at hand at a moment's notice. The value of system in the work cannot be over-estimated, for Mr. Brown is called upon at home and when lecturing to give accurate information quickly.

When the request for a lecture is received he gets all available information as to how the taxes are raised in the town or city where he is to speak and with the authentic facts surprises the natives with the presentation of the unequal and unfair taxation strangling capital and labor to the advantage of privilege. Mr. Brown is usually invited to give a return lecture as the audience composed as a rule of the people who labor see this working out of the undeviating law of the absorption of the blessings of invention and discovery by landlords. Mr. Brown sees how useless it is to try to teach the average man political economy in a lecture. Therefore he devotes his addresses to the thing that is obvious; the injustice of our mode of raising revenue. Mr. Brown is fully equipped to discuss any phase of social economics, but he feels for immediate results the fiscal side is the most important.

Only yesterday, Sunday, October 2nd, I saw a striking confirmation of Mr. Brown's position. Mr. Henry H. Hardinge, one of the foremost exponents of the Single Tax spoke on the "Fundamentals of Economics" before the Anthropological Society. After giving a masterly address through the hearers have heard the question discussed many times in the thirty-five years of the society's existence, the discussion became merely an individualism versus socialism, the speaker losing sight of the main issue as Mr. Hardinge presented the question of the wonderful progress of science in production and ignorant and criminal stupidity in distribution.

I have had my eyes open to the importance of the work of Mr. Brown and will do all I can to further it here in Chicago.

MORRIS LYCHENHEIM, D. O.

Chicago, October 3rd, 1927.

### COURAGE! REFORMER

ARTHUR T. BARNARD, HAMILTON, ONT.

Where God hath kindled the flame of truth,

Can the voice be still? Can the soul have rest?

Can the word that should rescue a perishing race,

Lie silent and dead in the prophet's breast?

No so—though the struggle be bitter and long,

Though friends become strangers, and warm hearts grow cold,

Still onward, still upward undaunted he strives,

Till his labor is ended, his message is told.

O they have toil'd through the weary night,

Know not the labor their hands have done,

Till the clouds roll back, and the morning dawns

To show them a glorious victory won.

Then courage. No seed that the Lord hath sown

Can be chok'd by the nettles of falsehood and wrong;

Your eyes may not witness the ripening fruit,

But the harvest is sure, though it tarrith long.

### TAXATION

Baltimore, Md., 10-7-1927.

It is impossible to talk taxes without talking government. One is justified in saying: No taxes, no government; no government, no taxes which is to say, if we had no taxes governments could not exist and if we had no governments no taxes would be necessary. All of us agree that society cannot exist without government, therefore taxes are a necessity. For just what food is to the human body, taxes are to government, and just as the human body can sustain life for a long time on poor food taken irregularly at wrong times and in wrong portions, so government can be sustained for an indefinite period upon bad taxes that are oppressive, unjust, badly collected and in many respects injurious; but as bad food finally breaks down the health of the body so do bad taxes ultimately destroy the health and sometimes even the life of the body politic.

It is asserted that Rome owed its decline to bad systems of taxation as much as it did to slavery itself, for just at the time the 100 per centers were hollering the loudest the tax gatherers were so cruel and unjust in their efforts to squeeze the last cent out of the people that their morale was destroyed, their patriotism killed, and it became a matter of indifference to them under which taxing machine they lived. The same spirit was shown in our own country after this last war, when it was often said, "What's the use of trying to make money in your business when the government comes along and takes it away again?" Let this spirit become general and what happened to Rome will happen here. It only emphasizes the truth of the saying, **THE POWER TO TAX IS THE POWER TO DESTROY.** This power when used wrongly permits tyranny and robbery, all the more dangerous because they are carried on under the guise of law and because they are hidden.

Now the sickness of the body politic is shown and known as inequality, due largely to systems of taxation that fail to take into account natural rights. Wherein lies the difference between our form of government and every other form of government? And what is the object of government, anyhow? The difference lies in the assertion we make that governments derive their just powers from the consent of the governed, and that they are organized solely for the maintenance of natural rights, or, as some say, equal human rights. This doctrine of natural rights was enunciated and emphasized in the early history of this country by its early founders and no clearer expression of it can be shown than that contained in the declaration of the bill of rights, which states that all men are born equal and are endowed with certain inalienable rights. All other ideas of government are based upon the aristocratic and paternalistic concept which assumes that some people are born to govern the rest or, as Jefferson put it, as though they were born booted and spurred, to ride the rest of humanity.

These two ideas of government are constantly striving for supremacy in society at all times. The fact is, there never were but two kinds of government in the world since there was a world, and there can only be two kinds, no matter how long the world lasts: the paternalistic on the one hand and the democratic on the other. Between these two extremes are various gradations called by various names at

various times, but the thought is ever the same. Such cries as, "That form of government is best which governs least," or "Government is a necessary evil," are but expressions of a belief in a democratic form. Those cries were much in use in the early history of our country, and the conflict between the two is still going on.

There are people today so imbued with the paternalistic idea that they would, and do, seek to regulate us in our private, personal habits, forgetting that whatever virtues we possess are not produced by government, that really government is but the expression of both our virtues and our vices and not the cause. Now the simplest definition of democracy can be expressed by saying "The democratic idea as applied to government demands that equality of fundamental rights be recognized as a natural endowment, to be protected as a public duty" fundamental meaning the right to life, the right to liberty, *the right to own property* and the right to make a contract. The right to the ownership of property rests on the proposition that to the laborer belong the fruits of his toil, and whether those fruits are the result of one's own efforts or are the result of a contract or are a gift, they belong to the individual as against all the world, and no other individual, no mob, no TAXING POWER has any right to take of those fruits without the owner's consent, unless the TAXING power can show that the one taxed is its *debtor*. And right here let me say, no one escapes taxes. I may own fifty houses, live in one and rent the other forty-nine; all the expenses on the forty-nine including TAXES are paid by the tenants.

Now the thing that shows the debtor relationship of the individual to the taxing power is the value of the location one occupies in a community. Location value is an absolutely sure reflection of the worth of government. To ignore the debtor relationship in apportioning taxes and to apportion them on any other basis is to ignore a person's natural right to his property, which is taken away because the taxing authorities are given the power to take it. By the exercise of this power they deny the right of ownership to property as between the taxpayer and the taxing powers. But before going into this phase of the subject let us consider that there are some who deny there are such things as natural rights. For instance, some contend that questions of right are questions of expediency. They hold only that to be right which from experience appears to them to be wise. They say, further, that the distribution of wealth is a matter of human institution only, and that society collectively can do as it likes with things privately owned; it can place them at the disposal of whomsoever it pleases and on whatever terms it chooses; that even what a person has produced alone by his individual toil unaided by any one he cannot keep unless it is the will of society that he should do so. Today 90% of taxes are collected in accordance with this paternalistic or socialistic idea.

There should be a clear distinction drawn as to what are the legitimate functions of government. No government has any right to coerce an individual with regard to his individual concerns. What a person makes in his private business, either in a partnership or in a corporation, individually or professionally, is a matter of private concern. Yet we see our system of taxation (notably the income tax) ignore this and make public what should be kept private. In addition it arms with inquisitorial powers the tax office, which is permitted to nose into private affairs where by rights it has no business.

An effort is made through super-taxes to equalize wealth. The cry being that taxes should be levied according to a person's ability to pay, one may well ask, Does the taxing power give me my ability? Usually if I have ability to accumulate I will also have ability to shift the tax to somebody else having less ability. The result is that the people are in reality taxed not according to ability to pay but to their inability to avoid paying. This is shown clearly by Otto H. Kahn of Kuhn, Loeb & Co., in a little booklet entitled "The High Cost of Living," in which he says that the investor, in order to recoup a portion of his income tax, demands securities yielding much higher rates of interest than formerly, thus enhancing the cost of capital; and when the cost of capital is enhanced the cost of the commodities that this capital enters into is enhanced also, and is finally paid by the ultimate consumer.

Mr. Babson, the eminent statistical authority, in one of his bulletins says: "Taxation and its effects on commodity prices and living costs are matters of too little general intelligence. For the majority of voters this field is left free to some who confuse it with propaganda for or against some issue at election time." He says that by a natural law of readjustment in the long run taxes tend to distribute themselves over the whole community, no matter where the effort was made to collect them in the first place. It is a false theory that taxation can be used as an economic highwayman to bludgeon the rich so as to accomplish a permanent redistribution of wealth, and it is surprising to find authorities agreeing that the tariff is a consumption tax and yet protesting against a sales tax on the ground that it puts a special burden on the consumer. What should be fixed in the public mind is this truth, that what governments pay out the consumers pay in. The only levy that can be depended on to lie where the government put it is the inheritance tax; a dead man cannot pass it along. I say this is the meanest kind of a tax, for it amounts to taking the penny off a dead man's eye just at the time the family needs the money the most. The taxing authorities come along and reduce their income to one-third on an average. They practically put a pocket in the shroud so they can rob the dead, it being the case that taxes are paid by the ultimate consumer.

The problem of taxation, then, revolves around this question: What is the proper measure to use in apportioning taxes to each consumer? In everyday talk we say we tax sugar, tea, coffee, houses, lots, stocks, bonds, etc. Now as a matter of fact we do nothing of the sort; what we really do is to tax persons. Persons pay all taxes, and the items mentioned are merely measures used to apportion taxes to persons. In 1920 the Federal Government collected from the citizens of the State of Maryland \$1,085,000.00 from the consumption of candy, near-beer, ice cream, and soft drinks. In all seriousness it can be asked, Does the consumption of candy, near-beer, or ice cream show the consumer's debtor relation to the taxing power, and should not that relation be shown? If the taxing power puts its hand into one man's pocket and takes out \$500, and into another man's pocket and takes out \$100, don't you think the man who pays \$500 has a right to ask why he should pay \$400 more than the other? And what will the answer be today? "You got more, therefore you should pay more," or, "You use more candy or tobacco or ice cream," etc., when the

proper answer would be, "Because you owe more." Suppose I should put a pistol to your head and demand your money, under threat of bodily harm, what would my relation be to you? Wouldn't it be that of a robber to a victim? But suppose I met you and presented you with a bill showing you owe me \$500. The relation then would be that of a debtor to a creditor. Now, when any government, federal, state, or municipal demands your money or property without using a measure which establishes your debtor relationship to them, then that government is in the first category and its act becomes robbery under the form of law.

Now the only thing that shows your debtor relation is the value of the location you occupy. If one lives in the woods or in a desert no value appears. An acre of land in Atlantic City on the Jersey Coast is worth more than a 1000 acres in Arizona. A sixteenth of an acre of bare rock in New York is worth more than a 1000 acres in Manitoba. Where people live together in close association as they do in New York, there is a profit in that association and that profit is called rental value or location value, which is rent capitalized. This value is a reflection of governmental worth which furnishes streets, schools, police and all utilities found necessary to be publicly carried on. All its activities are reflected in location values. By eliminating from the assessable basis all items of value except location value you have each one paying as he receives. A just formula for taxation purposes would be for everyone to contribute to the support of government according to the value of the privilege he enjoys under that government.

There is only one value that shows what the privilege of living in a community is worth, and that is location value. Where close association exists, rent is high and is the tribute which natural laws levy upon every occupant of land as the market price of all the social, as well as natural advantages attaching to a location, including one's just share of the cost of government. It is therefore just that in apportioning taxes only that value that reflects social services shall be considered in fixing the assessment. By this means each one would pay the worth of the privilege of occupying a certain position in the community. He gains a certain profit by occupying that position, made possible by governmental action which furnishes security of tenure in the first place, and he should pay accordingly.

The view of taxation contended for here may seem extreme to some; none the less it is worthy of consideration. The economic effect flowing from the new plan advocated would create a tendency to put land to its full use. Improvements would be free from taxes; sites held for speculation undeveloped would pay more taxes and would press for use, creating a fuller and steadier demand for both labor and capital with ensuing greater production and a consequent higher standard of comfort. The repeal of all the various forms of taxation now in use with their consequent interference in private affairs is much to be desired, to the end that equality of fundamental rights may become a fact instead of a theory.

JOHN SALMON,  
Baltimore, Md.

—From the *Textile World*.

**THE TEXTILE TAX BURDEN**  
**Practically Wiped Out Net Income in 1924**

Taxes paid by Massachusetts cotton mills have tripled since 1915, and when compared to the cost of living are found to be twice as high as the general level of prices, according to an analysis prepared by the National Association of Cotton Manufacturers. Figures obtained from the South, the report declares, lead "to the conclusion that the mills located in the Piedmont or Carolina section of the South pay about four-sevenths of the amount paid in Massachusetts and the mills in Alabama, Georgia and the far South pay about one-third as much."

**State and Local Levies Largest**

"Taxation practically wiped out the net income of the entire textile industry in the 13 most important textile States in 1924. The combined tax bill for the North and South that year, amounted to \$71,755,298 or 99% of the combined net income of \$72,418,980, according to the National Industrial Conference Board. State and local taxes amounted to \$49,578,350, or 69.2%, showing that money saved by reduction of federal taxes has been absorbed by the steadily increasing State and local levies."

Massachusetts textile mills, in 1924, paid taxes amounting to 775% more, or nearly eight times the loss sustained by the mills. Taxation brought the total loss suffered in that year to \$29,147,843, the National Industrial Conference Board reports. State and local levies amounted to \$21,484,591, and the federal Government received \$4,896,215. All kinds of textile mills, wool, silk, knitting and cotton are included in these figures but the cotton mills lost more than the others.

**Fictitious Valuations**

Valuations placed on the mills by assessors are above the actual book value, and do not represent the true market value of the mills. The Tremont & Suffolk mills and the Hamilton Mfg. Co. of Lowell are striking examples of point. The plants had a total assessment of more than \$9,450,000 and book values of \$8,181,726. When sold both brought only \$1,200,000. Valuations of today are based on market values of plants earning a sizable dividend and do not reflect fair value when mills such as Tremont & Suffolk and the Hamilton Mfg. Co. can be bought for a fraction of the assessment totals.

**Four Mills Out of Business**

"A decline has taken place in the total amount of assessments on mills in proportion to the total assessments of the cities, because mills have been forced out of business, due partly to heavy taxation in competition with other mills in localities where the taxes are about two-thirds less than the amount Massachusetts' mills pay.

"During the last several years cities such as Fall River and New Bedford have suffered heavy losses. At Fall River in 1920 cotton mills represented 58% of the total city assessment and last year the mills represented but 40%. In New Bedford in 1920, 47.3 of the total city assessment was on cotton mills and last year it was 39.3%. This situation has been brought about mainly because mills have been forced out of business by heavy taxation coupled with bad conditions."

Last year Massachusetts cotton mills paid nearly four times as much taxes on each spindle as was paid in 1896. The average rate per spindle in 1926 was \$723 with a high figure of \$1.08. In 1896 the rate was \$198 and in 1915 it was \$253.

During the period of 46 years from 1874 to 1920 tax rates and the cost of living were on about the same levels. As the cost of living rose and fell, the tax paid per spindle by the cotton mills of Massachusetts fluctuated maintaining about the same position as the general price level. The period from 1920 until the present time does not show a similar condition. The cost of living has decreased, but the State and local taxes have been mounting and are now about twice as high as the general price level.

**How Taxes Absorb Income**

A report of the National Industrial Conference Board on the income of and the taxes paid by textile concerns in six northern and seven southern States for 1924 shows clearly to what degree the taxes paid out absorb the in-

come of the mills in this country. This report covers mills of all descriptions—woolen, cotton, silk and knitting, and takes into account also the income taxes which have been excluded from the study made by the Association. The total number of establishments in the North are 6,233, in the South 1,013. Of the northern mills 3,549 or 57%, reported a profit, in the South 457, or 45%, showed a profit. The larger percentage of profitable concerns in the North is accounted for by the greater number of knitting and silk mills located in New York State which ran profitably in the poor year for cotton and woolen mills of 1924. In the United States as a whole 6,836 mills, or 56%, reported a profit in 1924.

The number of mills reported in the North is 6.15 times the number reported in the South, but the combined income of the northern mills is only 3.89 times the amount of the combined income of the South.

#### Massachusetts Hardest Hit

In Massachusetts 934 textile establishments lost \$2,767,591, before any payment was made for taxes. The total amount paid out in taxes after this loss was \$26,380,252, of which the State and local authorities claimed \$21,484,037, the remainder \$4,896,215, went to the federal Government. The total amount of money lost by the textile mills of Massachusetts in that year was therefore, \$29,147,843. The combined tax bill of the northern and southern States was \$71,755,298 and was paid out of a combined net income of \$72,418,980. The tax paid by these mills therefore, absorbed 99% of the combined net income. To compare one State with another or one section of the country with another on a per establishment basis would be unfair because the term "textile establishment" covers all small concerns in which there may be only a loom or two, of which there are many in the North and very few in the South.

#### Fitchburg Mayor Endorses Tax Survey Findings

Fitchburg, Mass., July 18.—"This tax analysis is further evidence of the need of drastic economies in the costs of government," declared Mayor Joseph A. Lowe here today in commenting on the survey of taxes paid by Massachusetts cotton mills made by the National Association of Cotton Manufacturers.

"It also brings out the fact," he continued, "that our industries have been carrying more than their share of the tax burden. When they have been prosperous they have accepted the increased assessments as gracefully as possible, but when 99 per cent of the combined net income of the northern and southern textile mills in 13 textile States represented the amount of taxes paid by them in 1924, it shows the tremendous burden which has been placed upon these mills through taxation.

"The sale of the local Nockage plant for \$62,000 when it was assessed for \$507,961 represents about the same shrinkage as shown in the sale of the Tremont and Suffolk Mills and the Hamilton Manufacturing Company of Lowell, which together were assessed for \$9,450,000 and sold for \$1,200,000.

I hope the time will come when we can bring down the assessed values of our manufacturing plants to a basis which more nearly represents their market values."

The above is a strong indictment of our present system—what is the remedy—the Single Tax. —EDITOR.

#### DOGS IN THE MANGER

Dogs in the manger, lying on the hay,  
Are perfect prototypes of men who play  
The selfish role with land they cannot use,  
And will not sell on any terms. They choose  
To strangle progress in the awful fear  
The land might bring a better price next year!  
Thus progress halts, and enterprise destroyed,  
Reveals the army of the unemployed  
When idle land is taxed like land improved,  
The root of poverty will be removed!

—*Horatio*.

The single tax would relieve labor and capital from an enormous and unjust burden. It will lower the cost of living, it will increase the earnings of labor and real capital. It will encourage into use land now held out of use for speculation, and thereby increase the opportunities for labor and capital. It will lower rents in our great cities and thereby improve the market for farmers' products. It will produce a normal and natural parity between the value of the opportunity to produce, and the value of the things produced.

It will but take for social use, social value. It will not take anything that any man produces and to which he has a moral title. It will not offer any reward to idleness as our present system does; but it will secure to labor and capital their full production. What is the fruit of this evil tree that we in our ignorance have planted and nourished all these years? Idle men and idle capital, the lives of business men filled with carking care. It has made our social life a horrid thing—want, suffering and crime on every hand.

Luxurious idleness produces enforced idleness. The stream of human misery flows on like the river in the midst of the sea; a resistless never-ceasing tide, destroying everything lovable in millions of lives—more dangerous than "the arrow that flieth by day, or the pestilence that walketh by night." There are no social ills that cannot be traced to our wicked and unjust tax system.

Social value for social use; private property for private use—are the only sound principles upon which to base a system of public revenue.

—Editor.

### PAINTING OF HOUSE IS A TAX BURDEN IN CONSTANTINOPLE

Turkey is a paintless land. Most of the houses are wooden and unpainted. This is not a condition growing out of the war. The short-sighted policy of the government in imposing taxes on buildings in proportion to the shabbiness of their exteriors has encouraged shabbiness.

Even in Constantinople a large percentage of the residences and many of the business houses are of wood. Many of the large apartment houses and office buildings have brick or stone fronts, but wooden sides and backs. Hence the disastrous fires which have laid more than one-third of the city in ashes since the beginning of the war, and the general terror of the population when a fire alarm sounds. Constantinople and most other Turkish cities would doubtless have been destroyed by fire long ago were it not that the shabby wooden and semi-wooden buildings have tile roofs. These roofs of bright red tile are in striking contrast to the dingy gray walls, rotted and stained by the weather.

In the past Turkish tax assessors frequently imposed twice as high a rate upon a well-painted house as that levied upon an unpainted house of exactly the same construction in a similar locality.

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