

## A Practical Application

WE are constantly being asked the question, "How can taxation be made to square with justice?" When people's minds have been distorted and put all out of shape by an exceedingly stupid and foolish method of raising public revenue, it is at times difficult for them to understand even the simplest kind of a proposition. There is comfort in this, however, that the correct way is always the easiest way. The only difficulty is in the comprehension of sound principles. Taxation is payment for social services and advantages. To put it plainly, it is the call of the community to the citizen to pay for what the community has done for him. It is ridiculous to ask a citizen to pay for what he has done for himself, and call it taxation.

There are two ways of securing just taxation. One is to take the assessed value of the land, which is that part of economic rent uncollected by taxation capitalized, and to this add the amount now collected. If the assessed value of land is not the true value, naturally there will be difficulty in raising the needed amount. To apply this principle in a simple way and thereby avoid errors in assessments the following plan may be used.

Take for instance the city of Holyoke, Mass. It has a population of some 60,000—12,000 families of five. The area is 14,690 acres. With lots 25x100, and making due allowance for streets there would be 176,280. The city's budget in 1918 amounted to \$1,750,000. An average tax of \$10 a lot would yield \$1,762,800. This average tax can be graded between the dearest lot in town, worth some \$50,000, and the cheapest lot in town, worth \$50. If a 5 per cent tax were levied upon land values the dear lot would pay \$2,500 and the cheap lot \$2.50. It is quite evident that the owner of the dearest lot in town gets the maximum of service and advantage from the community, and the poor working man who has a lot worth \$50 will get probably little but inconvenience, and he ought not to be charged much for that.

The kind of building each puts up on his lot, is determined by the individual, and not by the community, and it is no concern of the community. The concern of the community is to collect from the individual the full value of the service and advantage the community renders to the individual.

Our present system of taxation amounts to a fine and a penalty for those who will use their opportunity, and a premium, or payment in the form of increase in value, for those who do not; and we give encouragement to the vacant lot industry. Holyoke, for instance, can give to every family a very liberal estate of five lots, and then only need for the use of the entire community 60,000 lots, leaving idle and vacant 116,280. The cost of government in Holyoke is \$150 per family, when it should be \$10 per lot on the average. There is a premium on idleness which is the average yearly increase of land values amounting to about \$1,500,000 and a fine on industry of over \$800,000.