

his guilt, but said he committed the "crime" when he was out of work, had no money and no credit, and his wife and children were starving. What did that officer do? Did he "uphold the majesty of the law"? Yes—of a law not on our un-Christian statutes. Placing his hand on that "thief's" shoulder he said, "Don't you worry. Go back to your work, and remember that I'm looking for you, but I can't find you." Verily, there is more righteousness in that policeman's heart than in the majesty of our laws.

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### Taxes and House Rents.

The question of who are the taxpayers of a community is arousing wholesome discussion in many parts of the country. In Cleveland, the Leader (a Republican organ), forgetting its protectionist theories, warns the working people of that city that "every one who rents a house, a flat, a single room, pays taxes indirectly through the landlord," and that "the greater the taxes on real estate the higher the rent." Dangerous doctrine that, for a protection organ to preach; it might open the eyes of its readers to the fact that every one who buys tariffed goods pays taxes indirectly through the storekeeper. But it is good doctrine just the same, excepting the error involved in the words "real estate." Had the Leader said "improvements of real estate," it would have been exactly right; for it is true as a general principle that the greater the tax on improvements on real estate, the higher the rent. A more accurate statement of the same idea is that of the Fond du Lac (Wisconsin) Reporter, which is careful to say that "the man who rents a house pays the taxes on that house." This limited statement recognizes the truth of the general principle that in so far as real estate taxes fall on land instead of improvements they do not increase the tax.

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A concise and able discussion of that point may be found in the New York Record and Guide (the leading real estate organ of New York City) in its issues of October 23d and 30th of last year. Political advertisements on the billboards had declared that "high taxes make high rents, and low taxes make low rents," and this afforded the text for the discussion. An uptown real estate dealer, Edward Polak, attacked the declaration as an economic absurdity and contrary to common experience. He was followed by A. C. Pleydell, Secretary of the New York Tax Reform Association, who referred to the complications arising from the custom of taxing land and buildings

together, and explained that this tax, in so far as it falls on buildings, tends to check their production and thereby to increase house rent, but that in so far as it falls upon land it tends to force more land into the market and thereby to lower land rent. The same idea in part is presented by Edgar J. Levy, president of the Title Insurance and Trust Co., the third of these disputants. But Mr. Levy, while avoiding consideration of the effect of taxes on land, takes the same view as Mr. Pleydell with reference to such as fall upon buildings—namely, that they are shifted from the owner to the tenant. By overlooking the effect of an increase of taxes in reducing the value of land, Mr. Levy opens the way for a reply from Mr. Polak, who argues that the lower price of land caused by heavier real estate taxes more than offsets the higher cost of building which those taxes cause, and that therefore the net result of higher real estate taxes is lower rents.

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This is a question which can be handled best, not by beginning with the peculiar circumstances of a locality and trying to unravel them, but by taking to begin with a hypothetical case and grasping the general principle. In a community subject to the same taxing authority, and not in competition with outlying communities, it is evident that a uniform ad valorem tax on all buildings would raise house prices and house rent; for it would enter into the cost of producing and maintaining buildings and thereby reduce the supply relatively to the demand. It is equally evident that a uniform ad valorem tax on all land would lower land prices and land rent; for it would force unused or inadequately used land into the market, and thereby increase the supply relatively to the demand. Similarly a real estate tax falling upon buildings and land alike would operate to some extent to increase house rent and to diminish land rent. This is the general principle. But the operation of this principle might be disturbed by local conditions and seem to vary. If the increase in house rent were slight and the decrease in land rent great, the total rent would fall; if the reverse it would rise. If there were competing sites beyond the jurisdiction of the taxing authority, special effects might result. If the taxes were unfairly levied, other special effects might result. If there were a lively expectation of a repeal or modification of the tax there might be special effects of another kind. And so on. General principles are influenced in operation by temporary and local or surrounding conditions,

But the irrefutable general principle is the one outlined above. In so far as taxes are exacted of the owners of buildings as a class, they tend to increase house rents and house prices, and are borne by the tenant; but in so far as they are exacted of owners of building lots as a class, they tend to decrease land rents and land prices, and are borne by the owners. In the former case they are shifted to the ultimate consumer, and in the latter they cannot be shifted.

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#### Misapprehensions of Henry George.

Curious notions about Henry George's idea of taxing land values to the exclusion or exemption of industrial values, have been spread abroad. Among them is the idea that he contemplated no sales of land. This misapprehension evidently arises from the fact that in justification of taxing land values alone, he argued the injustice of land ownership. But he approved private possession. What he aimed at was to secure exclusive occupation of land for use to the individual using it, and its community-made value to the community. As for buying and selling, he contemplated this custom as continuing just as it does now. But what the seller would sell and the buyer buy, would be the improvements and the right of possession and use of the site. Any special value added to the site by social growth and not by the occupant would be taken in taxation. This is fully set forth in George's "Progress and Poverty."

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Another misapprehension of George is the notion that under his proposals persons who "use no land" would pay no taxes. Of course there are no persons who use no land, any more than there are persons who use no water or air. Under the Georgian taxation method, those who rented land, whether as tenants of buildings or denizens of hotels and boarding houses, would pay their taxes in their rent or their board money, and the public would get it from the so-called owner of the land. Under the present system most taxes are paid in that way, but unfairly; under George's system the distribution would be fair—simply in proportion to the desirability of the spot where they lived or did business. Let no rich man imagine that he would escape. Nor let him imagine that he would escape with a small land tax for his home or his office. The wealth of rich men who "do not own land," consists for the most part of paper titles to interests in land of enormous value—of stocks and bonds controlling railroad rights of way, con-

trolling mineral deposits, controlling city building sites, great stretches of farming land, immense water power, and so on. The land value tax would fall upon all those interests at their source.

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Sometimes this question arises: "The single tax would do away with an income tax, would it not, and should not the people who are the best able to stand the tax be the ones to pay the most?" It would, indeed, do away with that species of income tax which taxes men regardless of whether their ability to pay comes from their own earnings or from the earnings of others through some privilege conferred by law. But it would establish an income tax on firm moral and economic foundations. For it would tax no man on the income he earns, but would tax away the income which, through the social necessity of private ownership of land, comes to him unearned simply because he monopolizes land which others need.

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#### CO-OPERATION AND COMPETITION

Cooperation is another name for civilization. It is suggestive of mutuality of aid and interest. It means good will, fellowship, public and private health, and, through specialized industry, the largest possible production of wealth. It spells soap, sanitation, social peace, individual security. Without it, man has always been, is, and must remain a savage.

Competition, on the contrary, is suggestive of strife, stress, pressure and ill feeling.

The one is coming more and more into popular favor, the other is growing steadily in disrepute.

There is a substantial reason for this, as there is a reason for every thing else in the affairs of men. The reason that competition hurts the masses of men today is because opportunity is limited. It is penned up by legal enactments and institutions which narrow the field of effort, limit and hamper exchanges of wealth, and prevent production absolutely in a thousand directions.

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It is as natural for men to cooperate as to breathe, to eat or sleep.

Cooperation is founded upon the simple, universal and wide reaching social principle that men seek to gratify their desires with the least exertion. Give this social law full sway and social regeneration will inevitably result.

What is it which prevents man's following this law? What is it which everywhere cramps his