

attended and representative meeting of farmers at Lasita, Kansas, and forwarded to the Country Life Commission of the Federal government:

We believe that the hardships and consequent tendency of people to quit farm life are to a large extent caused by wrong economic conditions. First, a vicious system of taxation. . . . Second, we have a financial system that oppresses the farmer as long as he is in debt. . . . Third, our railroad freights are too high. To remedy these evils we recommend that all Federal taxes be raised by direct taxation on property. . . . In order to check land speculation, and consequent inflation of land values we recommend a graduated land tax. We recommend that improvements on land be exempt from taxation. . . . With these changes in our laws in full operation we believe that the present tendency of decreasing farm population will be checked. Renters will have better opportunities to become owners of farms, our young men encouraged and enabled to buy and own homes, country schools improved, social life promoted, and the home, the real basis of a nation's greatness, reinstated again.

The Kansas farmers who adopted those resolutions are beginning to see through the film of misrepresentation which has so long held their class in subjection to plutocracy. Misled by the notion that the exemption of farm improvements, implements, products and objects of consumption, at the expense of taxation upon land in proportion to its value, would increase the taxes of farmers who farm farms, they have opposed the single tax. But they are beginning to see that the single tax means to them not heavier taxation but lighter taxation. And there are more such intelligent farmers a-coming, and a-coming fast.

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Vacant Lot Gardens in London.

London cable despatches of the 10th to the Chicago Record-Herald, report striking progress in the work of the Vacant Land Cultivation Society there. This kind of relief work, which was originated at Detroit by Mayor Pingree some fifteen years ago, is promoted in London by Joseph Fels, who computes, according to the dispatches, "that there are 10,000 acres of idle land in and about London," and who "is pointing out that if, as in America, this land can be made to produce \$225 to the acre, the society would have the means of making a very substantial unemployed relief fund in an unobjectionable way." Mr. Fels says, as the dispatches quote him, "that the land is eagerly sought after, that 90 per cent of the men stick to the work, that they learn it very satisfactorily, and that a great many acquire a real liking for it." He adds, as the dispatches state, that—
It is difficult to move the authorities in the direction of extensive relief schemes connected with the work

on the land, and in consequence much is left to public and private action. Even in the United States, where the same problems exist, it has been found necessary to proceed beyond the ordinary stereotyped relief work provided by the States or towns and find additional means of employment of a more permanent character. The vacant lots associations have accomplished some wonderfully good work in New York, Philadelphia, Cleveland, Buffalo and in other cities, and we mean to imitate them. In Philadelphia 300 acres are under cultivation for unemployed men, who have provided relief for 1,000 families, comprising 5,000 persons. A big meeting is to be held in London next week, when it is hoped to interest wealthy philanthropists in the scheme.

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THE "SINGLE TAX" AND "MUNICIPAL SOCIALISM."

I.

An extraordinary pamphlet on "Municipal Socialism" has come to our desk.* It is extraordinary alike for the authoritative character of its origin, the extent of its circulation, and the influence it appears to be exerting. The author, formerly at the head of the financial department of the City of New York as comptroller, is now president of a large real estate corporation—the New York Guarantee and Title Company. In addition to his business qualifications, he is evidently a student of economics; one, however, who thinks for himself. The pamphlet has such scientific sanction as is implied by original publication in one of our great periodicals of political science. Its author's dialectic method withal, is either extremely ingenuous or highly artistic, and therefore well adapted for commanding sympathetic attention to his plea and securing off-hand acquiescence in the argument.

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Beginning with a statement that revolutionary socialism has made and can make but little progress—the public mind in normal circumstances being averse to revolution,—and yet that there is an unmistakable and steady drift toward a practical socialism in municipal affairs which needs analysis and demands profound consideration, this pamphlet enters upon an inquiry into that subject.

It is essentially the inquiry of a business man. But of a business man who neither ignores economic scholarship nor holds the primary principles of social justice in contempt. The conclusion

*Municipal Socialism and Its Economic Limitations. By Edgar J. Levey. Reprinted from Political Science Quarterly, vol. xxiv, No. 1. Published by Ginn and Company, Boston. 1909.

it reaches is marrowless, however, in so far as "municipal socialism" is in itself concerned. The real strength of the pamphlet is its apparent demonstration, partly stated and partly implied by the author, partly true and partly mistaken, but likely to be unreservedly inferred and accepted by his sympathetic readers, that extensions of "municipal socialism" must rest chiefly upon "the single tax," and that "the single tax" would fall with greatest and increasing weight not upon urban land owners but upon urban rent payers.

The pamphlet is, therefore, in lesser degree a challenge to "municipal socialism" than to "the single tax," and it is as such that we discuss it.

II.

To an understanding of the bearing of this pamphlet upon "the single tax," it is necessary that it be first viewed in general outline as a whole.

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Having declared that we are drifting toward "municipal socialism," the author defines this drift to be a tendency toward the "use by municipalities of the power of general taxation to obtain special advantages which do not inure to the benefit of those who chiefly defray the cost."

He thereupon analyzes the aims of "municipal socialism" into "municipalization of two kinds of human effort"—economic and humanitarian. The former he particularizes as "public ownership, operation or control of industrial functions; especially those which are monopolistic in character, such as water supply, lighting, street railways, and telephone service." The latter he designates as comprehending various forms of "philanthropic improvement of social conditions."

With such of these municipalizations as are self-supporting, "so that it is unnecessary to resort to taxation," the author does not especially concern himself. He directs his inquiry only to those phases of "municipal socialism" which are economically unprofitable, or which tend "in any excessive degree to tax one man for the benefit of another." He furthermore confines it to actual conditions in the city of New York, with only enough reference to other cities to indicate that in respect of "municipal socialism," New York is fairly typical.

In New York he finds a "vast increase of debt and taxation" per capita for the decade now drawing to its close, a condition which he attributes to several causes. These are inefficiency and dishonesty in administration, public neglect of municipal problems, expenses incident to the consoli-

dation into Greater New York, and advances in "municipal socialism."

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Waiving then the question of existing high taxes as of minor importance, he proceeds to "consider how the further development of municipal socialism will affect the finances of New York City" with reference to the interests of tax payers who are fearful of "future confiscation of realty holdings, and especially of equities in mortgaged properties."

In his examination into this phase of his inquiry, the author characteristically and rightly thrusts aside minor and alien considerations. All ordinary protective functions—police, fire, courts, correctional institutions, etc.—are specifically ignored. So are all suggestions for social betterment not in "the lines of municipal activity to which the city is already in principle committed." He limits himself to public schools, public recreation schemes, care of public streets, public charities, public supervision of sickness, public markets, and public transportation service, as they now exist, and to their possibilities of logical development in the future. Nor does he believe that New York would willingly part with those conveniences and advantages of government as they now exist. He observes in that connection that "up to a certain point taxpayers are quite content to accept the theoretical injustice which taxes one man for the benefit of another." What he contends for, is that there must be a point at which taxpayers will protest; what he seeks, is an approximation to that point. Such is, ostensibly at any rate, the principal contention and the ultimate object of his pamphlet.

That the point of protest cannot be accurately fixed, since "it differs with the varying tempers of different communities," the pamphlet promptly concedes. But the author assigns it in a general way to the time when taxpayers begin to "realize the extent to which they are being taxed without corresponding benefit to themselves;" or, in simpler form of statement, "when the size of their tax bills strains their willingness to contribute to the public good."

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Passing then once more from generalities "to the more practical consideration of present conditions" in New York, the pamphlet undertakes—with probable reference to the generality just noted—to describe "some of the obstacles which municipal socialism will have to surmount" if the movement persists. It puts them into a two-fold classi-

fication. First, "an artificial obstacle, viz., the limitation placed by the State Constitution on the extent of taxation in municipalities;" and, second, "a natural obstacle, viz., the far reaching economic effects which extremely oppressive taxation would have upon the industrial welfare of the municipality, and which would naturally lead to reaction."

The Constitution being, upon investigation, revealed as "rather a frail bulwark" for an obstruction to "municipal socialism," the author turns finally to the economical effects of the movement itself for the expected limitations upon its progress. From this point onward, through the remaining one-third of the pamphlet, he devotes his inquiry to the question of whether "municipal socialism" can really continue "until it shall result 'in the practical abrogation of property.'"

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"The first and the most important matter," as he characterizes it, which the author in his consideration of that vital question sets for himself "to determine is: Upon whom will the burden of radically increased taxation fall?" For he considers it "obvious that the purposes of municipal socialism will be defeated if its cost has to be mainly defrayed by the very class whose interests it is designed to further."

Here again, and rightly, the author thrusts aside minor considerations. "So large a proportion," he explains, "of the entire municipal revenue of New York is raised by taxes on real estate as to render it hardly necessary to consider other forms of taxation." It is in this connection that he alludes to "the single tax," and seems upon casual reading to have demonstrated that it would fall upon urban rent payers rather than upon urban lot owners. We reserve reply to the supposed demonstration until we shall have completed our general outline of the pamphlet itself. At this place it is necessary only to quote the author's deduction that "while the burdens of oppressive taxation"—real estate taxation, improvements included—"would fall upon property owners far more heavily than upon any other one class, the price of municipal socialism will be paid chiefly by the community at large." Upon that judgment rests the pamphlet's ostensibly ultimate conclusion, which we have characterized as marrowless in so far as "municipal socialism" is in itself concerned. This conclusion is as follows: If "municipal socialism" advances "with due recognition of its economic limitations, it would be difficult now to set the bounds of its ultimate ac-

complishments; but it depends for its future upon economic prosperity and sanity in expenditure."

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Such is the pamphlet—more able by far than might be inferred from a superficial reading of its ostensible conclusion—which is serving as a framework for an exceedingly plausible objection to the fiscal reform that Henry George advocated as a progressive and non-revolutionary method of reaching the goal of socialism in so far as that goal may conform to social justice. While "the single tax," thus coupled with George's name and fame, is considered in the pamphlet only incidentally, and indeed is not specifically named except in a foot note, it appears to be in reality, even though indirectly, the principal object of attack. If the pamphlet be not so intended, it is at any rate so accepted by those whom it impresses. Regarding it as a demonstration against "the single tax," they welcome it as therefore a deadly blow to "municipal socialism."

In the latter respect they are right. Let "the single tax" be condemned, and the movement toward "municipal socialism" would be checked and possibly turned backward. For without "the single tax," the expense of maintaining all but self-sustaining public utilities would indeed fall largely and unjustly upon the community at large, while the social benefits resulting from this "municipal socialism" would be financially translated into larger and larger unearned incomes for the owners of municipal sites. The author of the pamphlet, therefore, and whether such was his intention or not, could have struck at no more vital spot in the movement toward "municipal socialism." If he has really shown, as he implies and many of his readers infer, that the single tax would be distributed in large measure as a burden upon urban rent payers instead of urban site owners, "the single tax" is thereby completely and justly discredited, and the end of the movement toward "municipal socialism" is approximately already at hand.

The vital question, then, which this pamphlet raises, not only from the view point of the followers of Henry George, but also from that of the advocates and that of the adversaries of "municipal socialism," is the probable economic effect of "the single tax" upon urban land owners and urban rent payers.

III.

The objection to "the single tax" which Mr. Levey's pamphlet advances and its sympathetic readers accept as valid, is illustrated in the note

that discloses what seems to be the real drift of the whole argument, both of note and text. The note itself is too long for complete quotation, but we quote as much as is necessary to an understanding of its value.

To support the contention of the text, that real estate taxes do not in practice, as in theory they should, divide "into a tax on the site which cannot be shifted, and a tax on the building which can be," this note estimates the effect of taxation in three hypothetical cases: In the case, first, of property consisting of a \$50,000 building belonging to "B's" ground lessee, upon "B's" lot worth \$30,000 with taxes at 1 per cent on actual value; in the case, second, of the same property, with taxes at 2 per cent; and in the case, third, of the same property with no taxation at all. The tabulated result* is as follows:

	Case 1.	Case 2.	Case 3.
	1% tax on the whole property.	2% tax on the whole property.	No tax on either building or site.
Land	\$30,000	\$25,000	\$37,500
Building value	50,000	50,000	50,000
Total value	\$80,000	\$75,000	\$87,500
Gross rental	\$ 8,000	\$ 8,000	\$ 8,000
Maintenance and operation	3,000	3,000	3,000
Tax on site	\$ 5,000 300	\$ 5,000 500	\$ 5,000
Net ground rent	\$ 4,700 1,200	\$ 4,500 1,000	\$ 5,000 1,500
Tax on building	\$ 3,500 500	\$ 3,500 1,000	\$ 3,500
Income from building.....	\$ 3,000 or 6%	\$ 2,500 or 5%	\$ 3,500 or 7%

We now quote the author's explanation of his table:

In Case 1 the plot would be improved, because B's lessee could get six per cent on the cost of the building. In Cases 2 and 3, we have voluntarily, and to escape unnecessary argument, sacrificed part of our case by adopting the extreme single tax theory, that increased taxes on ground immediately bring about a corresponding reduction of ground value, and that, in like manner, decreased taxes serve to increase ground values. The changes in value of B's ground, as stated in the illustrations,

*It is correctly explained in the pamphlet that the changes of land value in the table from \$30,000 to \$25,000 and then to \$37,500, in response to changes in taxation, "are obtainable by a simple mathematical formula." The pamphlet is right also in not lessening the value of the building. An ad valorem tax on buildings tends to raise rather than to lessen the value of buildings; an ad valorem tax on sites has the opposite tendency with reference to the value of sites.

in accordance with this theory, are obtainable by a simple mathematical formula. This theory of the single taxers might be regarded as true if all buyers and sellers regarded the new tax as irrevocably permanent. Under ordinary circumstances, the predicated result would not follow; and to the extent to which it would prove false our illustrations would be correspondingly strengthened. However, even with this much granted, it will be seen that in Case 2 building would be impossible, and that in Case 3 building would be so profitable that not only B's land but other vacant land inferior to it would be immediately improved. In Case 2, where taxes have been doubled and new building operations checked, the effect in a growing city would be that supply would remain constant while demand was increasing. Rents therefore would continue to rise (thereby shifting an increasing part of the additional tax burden upon the tenants) until they reached that point where new building operations could be resumed. In Case 3, where we assume a total absence of taxation, competitive building would be so extensive that rents would fall. There is apparently, therefore, some fallacy in the economic theory that a ground tax cannot be shifted by the landlord. . . . The fallacy lies in the economic fetic of "monopoly value" and in disregarding the existence of competitive supply.

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Here, then, is the case which this pamphlet, in its effort to discourage the movement toward "municipal socialism," seems to make against "the single tax." An increased tax on urban land values is shifted by landlords to tenants! It is an old objection in a new and subtle form.

Nor is the attempt minimized, as an attempt, by certain verbal reservations that go with it. While those reservations may serve as buffers in case of "single tax" controversies, they do not prevent impressions that the supposed demonstration is destructive of "single tax" theories.

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As a criticism of "the single tax," the illustration is really valueless. Its implication that increased land value taxation would be shifted to rent payers, seems valid only when land value taxation is merged with building taxation into a general real estate tax. If it be objected to this criticism that the author was dealing, as he says, with "existing tax systems," and not with one as yet unadopted, the reply is obvious. Whether or not he has thereby shown a tendency of increased real estate taxation to fall as a burden upon rent payers, and consequently to operate as a check upon "municipal socialism," he has not shown that the single tax, either in moderate or in complete application, would be a burden upon the one or a check to the other. Yet this is the thing to be shown, if the pamphlet is to serve legiti-

mately as an argument against extensions of "municipal socialism."

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And although the implication that the land value tax as an integral part of a general real estate tax would be shifted to rent payers, may seem valid, it only seems so.

The effect, in fact, of such an increase of the real estate tax as is assumed in Case 2 of the author's illustrative table, is to fasten the land value part of that tax upon the land owner. It is not, in fact, shifted to the tenant. This is evident from the table itself.

Consider it. The doubled real estate tax supposed in Case 2 of the table, reduces the net income of the builder from \$3,000 to \$2,500 a year. As this is 1 per cent less than enough to sustain the building business, new building operations would at first be checked, precisely as the author asserts in his explanatory note. Also as he there asserts, real estate rents would then begin to rise, and, demand persisting, would continue rising until they had reached what he rightly describes as "the point where new building operations could be resumed." Since this point would be at a profit of 6 per cent of cost, as the table assumes, the gross income from the entire property would rise (in consequence of the increase of the real estate tax to 2 per cent, as supposed in Case 2), from \$8,000 a year, the amount assumed in the table, to \$8,500 a year, the amount necessary to yield 6 per cent on cost of building. Persistence of demand continuing, as the author assumes, this additional \$500 of gross income would be borne by the tenants, precisely as the author implies. But he evidently errs in his inference from this fact that the tenants would pay the *land value part* of the increased real estate tax—either in whole or in part. His own table contradicts his inference. For the \$500 additional "gross rental" is accounted for in the table by the \$500 increase of "tax on buildings" (from \$500 in Case 1 to \$1,000 in Case 2); and so much of the increased real estate tax as is a land value tax, is included by the table in the item of "tax on site," which is increased from \$300 in Case 1 to \$500 in Case 2. The latter increase is unmistakably shown in the table to be borne by the land owner.

And that the landowner alone does bear it, is confirmed by further examination of the table. Although the "gross rental" were to rise from \$8,000 to \$8,500, by way of reaction from the check upon new building operations caused by doubling the real estate taxes, the landowner

would nevertheless be out of pocket. He would get only \$1,000 "net ground rent" in Case 2 (under the 2 per cent real estate tax), whereas he had been getting \$1,200 "net ground rent" in Case 1 (under the 1 per cent real estate tax); and this makes a difference against him of \$200.

But that \$200, which the landowner would have to bear himself, is indeed not the whole of the increase of real estate taxation from \$800 in Case 1 to \$1,500 in Case 2. Of this \$700 increase, \$500 remains to be accounted for. And that is easily done. It is this \$500, and not the landlord's \$200, that would fall ultimately upon the tenants. Such the fact would be, and such the table and its explanatory note show it to be. This part of the increase, however, which would be shifted to the tenants, is the building part of the real estate tax and not the land value part. The land value part—the "tax on site," as it is called in the table—is the \$200 increase which, as the table shows, does not shift, but is borne immediately, intermediately and ultimately, by the landowner.

It appears, then, by the author's own illustrative example, that so much of the real estate tax as is in any wise comparable with "the single tax," is not shifted, either as "an increasing part" or otherwise, by way of "additional burden upon the tenants;" the part of the real estate tax which is so shifted, being, according to the table, the part which the table itemizes as "tax on building." And that part is the part of the real estate tax which "the single tax" method of raising public revenues would not increase at all at any stage, and would ultimately abolish altogether.

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The fallacy which the author thinks he traces to the "economic fetich of monopoly value" and to "disregarding the existence of competitive supply" of land, does not really lurk in that place. It lurks in his own argument from his own illustrative example. By "monopoly value" he alludes to a statement quoted from Professor Seligman (quoted with misapprehension, as we should suppose), to the effect that land value taxes do not shift to tenants, because the land "supply cannot be increased." Of that explanation of the incidence of land value taxes, the author writes:

As a matter of fact there is no such thing as true monopoly value in urban real estate. From the cheapest suburban lots appropriate for workingmen's homes, to the choicest corners in the heart of the financial district, there is a gradual shading of values which makes interchangeability of use a matter of almost daily experience in large cities. Assuming that a particular city is growing it will be found that on the outskirts of the financial district, for ex-

ample, there are plenty of sites (their number increasing geometrically as the radius of the circle is lengthened) occupied for other than financial uses, which, as demand increases and rents rise, will—possibly with some economic friction, such as the necessity for demolishing old and unsuitable buildings—be brought into competition with the original sites. The same is true a fortiori of sites for dwelling houses. The statement therefore that “the supply cannot be increased” would seem to be a theoretical assumption rather than a fact. Supply as well as demand must be reckoned with in the case of site value as well as in the case of buildings.

All this is essentially true. But, being true, it completely demolishes the author’s inference. It is utterly inconsistent with his notion that the “economic fetich of monopoly value”—that is, the “disregarding the existence of competitive supply”—is the lurking place of what he calls the “fallacy in the economic theory that a ground tax cannot be shifted by the landlord.” If monopoly land value, as he understands it, were a fact, then his contention that land value taxes are shifted, might be true. For if the least desirable land commanded a ground rent of, say, \$100 a year (speculative influences eliminated), a land value tax of \$2 would probably raise its ground rent to \$102, and consequently add \$2 to all the varying values above it in the ground rent scale. It is because there are vast areas of land that have no value (speculative influences eliminated), which radiate (economically, though not always geographically) from the most valuable districts of our cities outward, in diminishing degrees of value down to zero, and not because of land value monopoly in the author’s sense, that land value taxes cannot be shifted from land-owners to tenants. In other words, the economic theory which this pamphlet denies, proceeds from the very principle of differential land values which the author so well describes.

This economic principle of differential land values—this incontestible fact of universal experience, if you please—is what makes “the single tax” invincible as a fiscal reform. It is this also that commends it as the true and only practicable method of making and securing such advances in “municipal socialism” as are in accord with social justice.

IV.

That the single tax—not only in a thoroughgoing application, but progressively step by step, from the mildest application to the most extreme—would in fact tend to operate in the very opposite way from that anticipated by the author of this pam-

phlet, may be demonstrated with his own hypothetical instance, and by means of his own form of tabulation.

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Let us take his supposed building lot, which is worth \$37,500 if untaxed; and his supposed building, which is worth \$50,000 under all tax variations.

Let us adopt his inferences as to expense of maintenance and operation, earning power, rate of alteration in land value under different degrees of taxation, etc.

Let us then indicate in his own form of tabulation the effect of tax changes. We shall begin where he ends, with no taxation at all; go next to where he begins, with a real estate tax of 1 per cent on site and building together; advance then to his Case 2, but raise the equivalent of his 2 per cent real estate tax by increasing the site tax without altering the building tax; and, finally, in order it may be to meet the expense of advances in “municipal socialism,” proceed to a still higher tax on land values without altering the existing 1 per cent tax on buildings.

This is the way in which the hypothetical example of Mr. Levey’s pamphlet* would then work out:

Revenue to be raised	None	\$ 800	\$ 1,500	\$ 1,750
	No tax at all.	1% real estate tax.	3% site tax and 1% build-ing tax.	20% site tax and 1% build-ing tax.
Land value	\$37,500	\$30,000	\$12,500	\$ 6,250
Building value.....	50,000	50,000	50,000	50,000
Total	\$37,500	\$80,000	\$62,500	\$56,250
Gross income.....	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000
Expense	3,000	3,000	3,000	3,000
	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Site tax		300	1,000	1,250
	\$ 5,000	\$ 4,700	\$ 4,000	\$ 3,750
Net ground rent....	1,500	1,200	500	250
	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500
Tax on building....		500	500	500
Income from build- ing	\$ 3,500 or 7%†	\$ 3,000 or 6%	\$ 3,000 or 6%	\$ 3,000 or 6%

*The example of the pamphlet is not quite typical of New York City, to which the author’s inquiry especially relates; for the ratio there of building values to site values, so far from being as 3 to 2 (the ratio supposed in the pamphlet), is in fact as 2 to 3. This makes no difference, however, with the principle at issue.

†The effect of this extraordinary profit on building (7 per cent when ordinary profits were 6 per cent) would stimulate the building business, and this would soon express itself in increased land values, thereby reducing

To the extent, then, that Mr. Levey's hypothetical case proves anything as to "the single tax," it proves that as "the single tax" increased it would raise an increasing revenue for public use, while encouraging new building operations, and that it would not increase the rents paid by tenants. Builders would get the 6 per cent hypothetically necessary to make the building business profitable; tenants would pay no more than the old rentals, hypothetically \$8,000 in Mr. Levey's illustrative example; and the public revenue would rise from \$800 under a 1 per cent tax on site and building, to \$1,500 under an 8 per cent tax on site and 1 per cent on building, to \$1,750 under a 20 per cent tax on site and 1 per cent on building, and so on. Nobody would lose but the site owner, and he would lose nothing that justly belonged to him. Even at 20 per cent on site and 1 per cent on building, the site owner would have an annual income in "net ground rent" of \$250, which would be in the nature of a tax upon the community for his personal use—a public tax for a private purpose.*

If locations then rose in value, it would not be from the added taxation, but, (pursuant to the principles of differential rent), because they had

the building profit to 6 per cent. Although the "net ground rent" would remain at the same percentage of capitalization as before, the amount would be larger and the capitalization proportionately higher. The land owner alone, therefore, would profit by the abolition of all taxes, and tenants would suffer. Yet, according to the argument of Mr. Levey's pamphlet, the tenants, rather than the landlord, would be the ones to profit if there were no tax at all.

*If a thoroughgoing application of the single tax were made, the building being wholly exempt and the site value taxed practically to the full, the site owner would still retain something, and the municipality would get nearly \$1,500 a year. To demonstrate this, let all taxes be abolished, except ad valorem taxes on land, and let land be taxed 100 per cent upon its full selling value. What then would that value be? Enough less than annual ground rent to leave to the buyer ordinary commercial interest on his investment—6 per cent in the illustrative table of Mr. Levey's pamphlet—plus risk and wages of land management. Since, then, the gross ground rent of the site supposed in the pamphlet is \$1,500, the selling value of that site under a tax of 100 per cent, would be somewhat less than \$1,500, say \$1,350. Upon this hypothesis a tax of 100 per cent on land value (improvements being exempt), would result as follows:

Ground rent value	\$1,500
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Selling price, subject to 100% tax.....	\$1,350
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Tax at 100% of selling value.....	\$1,350
Interest on \$1,350 at 6%.....	81
Wages of land management and risk.....	69
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Gross income	\$ 1,500

actually become more profitable for use, and were therefore more desirable than before, relatively to the less desirable.

So far as increased taxation of site values is concerned, the tendency would evidently be not toward an increase of rents. It can indeed be demonstrated that the tendency would be toward their reduction.

V.

Mr. Levey's pamphlet is so completely dependent upon the validity of his illustrative example, in so far as the pamphlet relates to "single tax" principles and possibilities, that example and pamphlet really go down together. But a word about one or two points in the pamphlet, which are quite intimately connected with its illustrative example, may not be superfluous.



The reader is assured that in ordinary circumstances lot values would not *immediately* decline under an increasing land value tax, because all buyers and sellers would not regard the new tax as irrevocably permanent. This is probably true. We are unaware of any "single tax" theory to the contrary, although the pamphlet says it is "the extreme single tax theory that increased taxes on ground immediately bring about a corresponding reduction of ground value." So long as the permanency of "the single tax" remained in doubt, vacant lot owners who could afford to "throw good money after bad" might continue to do so. But only a few could indulge in this unsocial luxury of holding building lots out of use at an expense for taxation that would soon absorb any possible profit from any possible modification or even abolition of the tax; and the glut in the building lot market which the offers of less able or less confident owners of vacant lots would produce, would tend to depreciate the selling value of all lots, whether vacant or in use. Owners of vacant lots in cities may be as tenacious as the author asserts, but there is a limit to their tenacity.

Although the theoretical effect of increased land value taxation might not be immediate, it would be inevitable and not very long delayed. The author himself apparently perceives this effect, and if interrogated would probably admit it. For he makes the reservation at this place in his pamphlet that it is not necessary to consider the effect of "a thoroughgoing application of single tax theories," since he is "dealing only with existing systems of taxation."

Upon that reservation we should like to make special comment. The ostensible purpose of the pamphlet is to show that the expense of "municipi-

pal socialism" falls upon the community at large as a tax burden, and in largest and increasing measure upon urban rent payers. That this is true in so far as the taxes required are building taxes we have already seen, and no one with the slightest understanding of the incidence of taxation denies it. But "the single tax" method would stop building taxes where they are, and ultimately abolish them altogether. This would settle the whole tax burden for the support of advances in "municipal socialism" upon the class of property owners who ought to bear it—namely, the owners of that species of property which good government of all kinds, including "municipal socialism," enhances in value. "The single tax" is therefore a method of taxation that would reasonably seem to be a necessary element in any meritorious consideration of "municipal socialism" in its relation to taxation. For surely our present real estate tax is not a sacred "joss," either morally or politically. Surely New York City is not irredeemably bound to continue taxing buildings at the same rate as building lots. The Constitution that proves a frail barrier to the advance of "municipal socialism," cannot be an insuperable obstacle to the adoption of "the single tax." If it appears, then, that desirable extensions of "municipal socialism," would tend to check the supply of buildings should the tax rate on buildings rise much above 1 per cent, but would not tend to check the supply of building lots though the tax rate on lots rose to 8 per cent, 20 per cent, or even higher, why not distinguish improvements from land in the tax rate? And if there is no obvious economic reason for not doing it, why is that consideration excluded from a discussion of "municipal socialism" which points to the incidence of taxation as an insuperable economic barrier to its progress?

The author has the right, of course, to limit his discussion as he pleases. But doesn't an inquiry into the obstructive effect of taxation upon a movement so tremendous as the author concedes "municipal socialism" to be, lose most of its possible value if it "deals only with existing systems of taxation"? And isn't this especially so of an inquiry that is forced, by a world wide discussion of the subject, into pointed allusions to a tax reform which, if adopted, might invest "municipal socialism" with possibilities entirely different from those which "existing systems of taxation" may admit of?

VI.

Would the single tax be unjust? This is a consideration that might well challenge criticism

from the author of the pamphlet in question. He is not one of that diminishing group of students of social subjects who turn contemptuously away from issues of right or wrong. On the contrary, he appeals again and again to the human sense of justice.

Here is a reference to the uses of taxation "to obtain special advantages which do not inure to the benefit of those who chiefly defray the cost." Only a sentence or two farther on is mention of "those earlier ideas of justice in taxation, which required that the users of public utilities should pay for them, each according to the benefit he derived." On the next page is an assertion that "the sense of justice which every man feels (and freely expresses when his own interests are not involved) demands that taxes shall, so far as possible, be equitably imposed." Still farther on in the pamphlet, "municipal socialism" is unsparingly condemned because it is "grounded on injustice in that it proposes to apply the wealth of the efficient for the benefit of the inefficient."

To a pamphleteer who denied a natural law or sense of justice, single taxers might fairly reply that the justice or injustice of "the single tax" was no concern of his. They could fairly say that if might and not right is the social law, then the expropriation of landowners is warranted, no matter how piteous their claims to "equitable" consideration. But to the author of this pamphlet, had he raised the moral question, no such reply would have been permissible. Unless the single tax is just, it would stand condemned at the bar of the moral tribunal to which he appeals.

But "the single tax" is just. It would take for public use only what the public earns as a social whole. The ground rents of a community are the earnings of the community. If they are left to a class to whose property they attach, and taxation of private earnings is resorted to for public revenues, then taxes are not equitably imposed. To the extent that ground rents go into private pockets, the wealth which an efficient municipality produces is applied to the benefit of inefficient landowners. For, however efficient any landowner may personally be, his ground rents are the reward, not of his efficiency but of his accidents. In that respect his fortune is the loss of others. Ground rents inure to his benefit and not to the benefit of those who chiefly earn them. "The single tax" is not alone a just tax; it is the only large tax that is just. It takes not from him who earns his income; but only from him who draws, unearned, a private income from the common wealth.

Besides being guiltless of injustice itself, "the single tax" silences the plea, echoed in this pamphlet, for taxation that is unjust—the plea that it is "impossible to apportion to each citizen his share of the public burden, based on the particular benefits he derives." Precisely this is what the single tax would do.

Of course it would not apportion taxes to particular personal conveniences. That is neither possible nor desirable. But it would apportion them to the particular financial benefits which flow freely to some individuals from the social whole, as distinguished from those which individuals may earn for themselves in free and equal contractual co-operation with their fellows. By taking in taxation the annual value of municipal sites, "the single tax" would take from its citizens as taxpayers what they take from it as site owners. This would be practicable as well as just.

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"The single tax" would, moreover, solve the problem of "municipal socialism." As Henry George wrote thirty years ago, in "Progress and Poverty,"* when "municipal socialism" was making its first and timid advances: "There would be a great and increasing surplus revenue from the taxation of land values; for material progress, which would go on with greatly accelerated rapidity, would tend constantly to increase rent. This revenue arising from the common property could be applied to the common benefit, as were the revenues of Sparta. We might not establish public tables—they would be unnecessary; but we could establish public baths, museums, libraries, gardens, lecture rooms, music and dancing halls, theaters, universities, technical schools, shooting galleries, playgrounds, gymnasiums, etc. Heat, light, and motive power, as well as water, might be conducted through our streets at public expense; our roads be lined with fruit trees; discoverers and inventors rewarded, scientific investigations supported; and in a thousand ways the public revenues made to foster efforts for the public benefit. We should reach the ideal of the socialist, but not through governmental repression. Government would change its character, and would become the administration of a great co-operative society."

That kind of "municipal socialism" which Henry George saw as in a vision of the future a generation ago, the able author of the pamphlet before us recognizes now as far advanced and gathering momentum in his own city of New York. The check

*Book ix, ch. iv, page 454, of "Progress and Poverty" in the Memorial and the Library editions.

to it which he anticipates is taxation—taxation of a species that falls with increasing weight upon the community at large. The requisite to its progress which Henry George proclaimed was also taxation—but taxation of the kind that takes for social uses only the share of wealth which, produced by social growth, is expressed in the increasing value of social locations.

Both are right. If the cost of "municipal socialism" is to be borne by general taxation, while its financial benefits go to site owners, "municipal socialism" will die the economic death. But if its increasing cost is borne by the increasing site values that measure its benefits, there will develop in our municipalities a new and infinitely better social life.

EDITORIAL CORRESPONDENCE

PHASES OF THE LAND QUESTION.

Lurgan, Ireland, Jan. 28.

Fishermen are being driven from Lough Neagh, north of Ireland, where they and their forefathers have been getting their living by fishing for eels, grayling and trout for centuries.

Old charters granted by Charles II and James II have been dug up, and the Irish courts have been appealed to, with success, to have the entire lake declared private property. We are taking the case to the House of Lords. If we fail there we will take it to the court of public opinion, backed up by a well organized body of good fighters who live around the lake.

I think we shall be able to give a lift to the land for the people movement during the struggle.

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We are having exciting times just now in politics.

The Government will be confronted by a very large deficit in their revenue for the present financial year, and we have reason to infer that they are contemplating raising new taxes by a tax on land values and a further tax on excise licenses.

If they go for a tax on land values on straight lines, that will bring the Lords and the people face to face on at least one radical issue. If such a tax is included in the budget bill, it is not in the power of the Lords to revise or amend the clause. But they may throw out the entire bill. It is not often that they have faced that extreme measure, and if they do it in this instance it will show better than anything we could do that they fully understand the meaning of the land value tax.

I am not sure that I should not be better pleased to see the lords throw out the budget bill, for that more than anything else would knit the issue. If they do throw it out, by the living Jingo but we will have a merry splot.

It only requires the government to show firmness to make the people's victory certain. Just at present there is some good spade work being done all over the country. Mr. Alex. Ure, solicitor general for