

ments with this and much else that appears in this account from the pen of an apparently experienced observer, who can have no motive for misstating what he saw, and whose words are designed to give small comfort to the junkers either of Germany or elsewhere.

Tax Exemption of Land

A CERTIFICATE of fiscal exemption from national service and a license to hold up national production—that is a fair definition of a title to ownership of American land, under our present system of taxation and land tenure. The title imposes practically no obligation to support the country's public administration, while yet conferring the power to obstruct industry and the needed development of our natural resources.

At a time when even the chewing gum of the children and the movie tickets of the poor are called upon to bear a share of the immense and increasing war burden, the ownership of the country's greatest economic asset, its land, is allowed to go practically scot-free. At a time when starving Europe and a part of Asia look to our nation for their food supply, and when the very rivets are counted as they are being driven into the bridge of cargo ships we are feverishly building, the ominous fact remains that the landlord's power of holding land idle and unproductive is left absolutely unchecked and unconditioned.

This is surely a singular climax of misgovernment, a grave anomaly and national scandal.

Is it not an ignominious thing that, at this moment when the mass of the people are obeying the impulse of chivalry and patriotism and giving the highest pledge of sacrifice, our fiscal laws are conspiring against every productive patriotic endeavor? What else is the fiscal discrimination shown by every government—municipal, State and federal—against the productive use of land and in favor of its non-use?

How is it that land jobbers and speculators can so confidently predict that investment in land is peculiarly "safe" just now, of all times?

An Economist's Blazing Indiscretion

IN AN interesting and characteristic attack upon the Single Tax, entitled "The Single Tax Limited in War Time," Prof. Robert M. Haig analyzes the financial difficulties of several cities and towns in Western Canada. That these difficulties should have any other origin than the adoption of the tax on land values as their source of municipal income, is of course set aside by this advocate of that curious agglomerate we call our tax system in the United States.

With the facts in the situation in the the municipalities mentioned we do not at present propose to deal, further than to say that the financial difficulties, where existing, arise not from the application of the Single Tax, but from

the failure to apply it. The leniency toward defaulters from the land tax is such as is never exhibited toward defaulters from other types of taxation. Hence a failure in revenue and a rising public indebtedness. We do not hear of the same complaint from the State of New South Wales, where the capital city, Sydney, and all the other municipalities derive their revenues from land values. The difference is that in Australia there seems to be a more impartial collection of the tax. The Australian law of expropriation is also a convenient instrument for discipline of defaulters or fraudulent declaration of values.

However, we do not propose following Prof. Haig through his maze of *ex-parte* statistics. We simply wish to call in question his general conclusion as to the limitations of the land tax.

"In many municipalities," he says, "the tax has been pushed beyond the limits of its fiscal capacity and, if it is desired to preserve land values as a part of the tax base, there is no option but to reduce the tax to a sum commensurate with the prize which the speculator can hope to gain. This usually involves seeking revenue from sources other than land."

This small paragraph is perhaps unique in having crowded into it two major economic errors, together with possibly the most blazing indiscretion that ever came from an economist's pen since the day when Malthus came out boldly and unblushingly as champion of a landed aristocracy.

According to Malthus, the economic edifice would crumble to pieces, were there not a class of wealthy landlords to stimulate production by lavish expenditure. According to Prof. Haig, we can safely proceed in erecting our fiscal system upon land values only by reserving a "commensurate" marginal value as "prize" for the speculators.

In ordinary circumstances, probably, no one would be more amazed and amused at such an announcement than the speculative interests themselves. They never succumb to the *naïvete* or megalomania of posing as the pillars of any fiscal system. They have always been much wiser in hiding their privileges behind the necessities of the poor widow or laborer whose all was supposed to be invested in some plot of land. The guardianship of the widow's mite has ever been their most effective camouflage. We suspect, indeed, that some of the shrewder heads in the gamble with the nation's natural assets may even be slightly annoyed at the over-zealous subserviency of Prof. Haig's latest sally in their behalf. It is really so imprudent to draw attention to the conspicuous fiscal privileges enjoyed by the landed interests, at a time when the nation appeals for the efficient use of all our resources and may at any moment take the step of demanding from the holder of a title to American land a production equivalent to the values held in pawn. Now, of all times, was the time to walk warily, to lie quietly in ambush, till all this pother about national production had passed by. Prof. Haig's indiscretion could scarcely be more untimely.

Is it necessary to point out the two economic errors in the paragraph quoted? It is surely too patent an inversion

of cause and effect to attribute to the speculator the creation of land values, since as land speculator he is simply a passive absorber of values created by others. Lloyd George once ironically challenged the revolting landlords to leave the realm, as they had threatened to do in the famous struggle of 1909. He well knew, as Prof. Haig should know, that their absence meant the abstraction of no economic values. The noble lords also knew that elementary economic fact, and Lloyd George's challenge remained unaccepted and unanswered.

An Argentine President and the Single Tax

THE late President of the Argentine Republic, Dr. Roque Saenz Pena, to whose wise and progressive statesmanship that country owes its present system of Secret Ballot, Compulsory Voting, and Minority Representation, was also known for his advanced views on taxation.

One public declaration of his which, for its concise and graphic expression of his views, has been widely quoted, is the following:

"In my opinion the desideratum of a good administration is the simplification of the Tax regime, until it arrives at the creation of the Single Tax, which, applied to land as the generating trunk of wealth, would leave in freedom the branches of all industries, so that they might develop without pruning from the State, which would only mean bleeding twice over the same trunk."

Had Dr. Saenz Pena lived to complete his presidential term, it is probable that the Argentine would already be drawing revenue from a Federal Land Tax.

VENTURE a prophecy: Just as soon as men discover how to grow plants under artificial light (and experiments with electricity have been fairly successful) we shall see five and ten story farms within cities just as there now are one-story green-houses, where crops will be raised all the year round." (Frederick C. Zobel, in *Real Estate Record and Builders Guide*, Jan. 26th, 1918).

We pass this nut for our Malthusian friends to crack. It seems to give the coup-de-grace to their gloomy forebodings about our early extinction by starvation. The multiplication of the earth's productive surface by the device of interminable tiers of superimposed roof-gardens surely postpones indefinitely the evil day.

Prof. King, of Illinois, and other devotees of that Economic Moloch, the famous Law of Population, to which they freely and fervently offered up in sacrifice the entire human race, must again suffer the pangs of hope deferred. The agricultural sky-scraper, like a new and more successful Tower of Babel, will be our salvation. A fig for the prophets!

OUR readers are asked to send us reports of Single Tax lectures and addresses wherever delivered, and newspaper articles on the Single Tax as they appear. Also news regarding the movements of Single Taxers.

Primary Effects of Population Increases

THE average (*)*net* reward of labor and of each dollar of productively invested capital, per unit of population, under the multiple or general property tax, decreases in proportion as productively employed population increases. Conversely, the increased ground rent which can be exacted per square foot of land or floor space per unit of population increase, so increases cost and reduces purchasing power that a given investment yields less net revenue to producers.

Under this system of taxation, all monetary advantage of increase in population ultimately accrues solely to capital that is unproductively invested in land ownership. The profitableness of such portion of capital as may be employed in productively using land, even though the landowner is also its user, is reduced by increase in population.

The propositions above set forth are true, under the multiple tax, for the reason that land owners, in their function of owning only, can produce nothing. Their enormous revenue is solely dependent upon the presence and the productiveness of population. It is therefore impossible for landowners, as owners only, to pay any taxes whatever. Such taxes as they are commonly *presumed* to pay, are drawn from wealth produced by *users* of land.

Therefore, such proportion of wealth as is appropriated by land owners, is the proportion of net loss, though in but partial measure, by which labor and productively used capital are necessarily penalized by increase in population.

It can hardly be consistently affirmed that those who render no service to society, but who instead constitute the most potent factor in repressing and preventing production, and who are thereby the primary cause of the increasing cost of living, are in equity entitled to such special participation in land values, the socially created product, as the inequitable general property tax insures them.

It is because land value, or "economic rent," cannot be individually produced, but instead is invariably a product created solely by society collectively, that it is proposed, in lieu of the multiple tax, to substitute gradually one single tax; this tax to be levied upon the rental value of land irrespective of improvements.

With such an equity-commanding tax, all increase in productively employed population, all increase in the product of labor and capital, in labor-saving inventions and in greater economies, would prove of (*)*net* advantage to every member of society in general who renders service.

In recent years, frequently as public benefactors, many of the more shrewd land owners, being presumably proficient

*"Net reward," or "Net advantage," takes into account the varying purchasing power of money; money representing command of such number of day's mental or physical labor as it may now or in the future purchase. Low land values mean low-value money; high land values invariably ultimately produce high-value money, or, low *net* wages and profits and business depression. As an example: doubling wages or interest or profits, whose purchasing power by reason of private appropriation of economic rent is no greater than before such advance, is equivalent to no *net* increase whatever to wages, interest and profits.