

If the land rent were taken by government in lieu of all taxes, the \$720,000,000 of land rent in New York City would probably go to twice that amount; the annual rent of land in the United States would surely rise to at least the \$12,000,000 or \$13,000,000 that the Federal, State and local governments now collect.

A Good Elementary Statement

AS we watch the frantic and fruitless efforts of Congress to find new values to tax in order to balance the government budget we cannot but find it a sorry spectacle. We naturally seek to discover the flaw in the present tax system which makes every class of citizen struggle desperately to shift the burden from his shoulders to those of every other class of citizen. No one now expects the problem to be solved in this way. Congress is evidently on the wrong track. Where does the right track lie? All over the country people today are forced to tackle the question, for we must get to the bottom of it if we are ever to bring order out of the present chaos.

Suppose that in a careful study of the subject it gradually became clear that the interests of one class of investor were by the nature of the investment contrary to the interests of all other citizens. We are coming more and more to realize that every sound business is really for the good of all. So any type of business that *by its nature* works harm to all other business must be essentially unsound. Should not this class of investment be suppressed in the interest of the common good?

It happens that tradition has sanctioned one harmful and unsound type of investment so long that the investors themselves are largely unconscious of wrong-doing. They will probably be surprised to find themselves in the role of enemies to the public welfare. Monarchs have often been personally blameless for their position, but have nevertheless been forced one after the other to abdicate their thrones for the good of their countries. Each newly revealed form of injustice must in turn be forced out of existence. The injustice in question is that of SPECULATION IN LAND.

It has long been considered quite proper to buy a piece of land and hold it until, desperately needed for the business activities developing around it, it can be sold at enormous profit. No blame has attached to such proceedings. Many have done this at some time and been quite unconscious of any unsoundness in the transaction. George the Third was doubtless unaware of any injustice in the imposition of taxation without representation. So he had to be forcibly stopped from continuing the practice.

Why is it unjust and unsound to speculate in land? In the first place, land does not really belong to individuals *in the same way* that houses, motor cars and businesses do. The owner did not in any sense create the land. Trace the title to any parcel of land in America back to its first

owners and convince yourself of the justice of Blackstone's statement that there is no natural right of *ownership to any land anywhere*. It is the same the world over, but it is easier to see how it works out in the United States than in the older countries. Clearly, if anyone had a first right to own the land it was the Indians, from whom white settlers took it by force. Land is not our creation, so we cannot claim the same kind of ownership of it as of other kinds of property. We can only claim *the right to use it*, and that right alone can be clearly established and defended.

But land speculators do not use it. They only buy it, sell it or by holding it, *prevent its use*. And this obstruction in the natural development of communities is reflected in the whole flow and interchange of wealth throughout the country and throughout the world. For the three factors of all production are: Land, Labor and Capital, and the free and healthy development of business depends on the normal and harmonious relation of these three factors. If one part is not functioning freely the whole suffers. So that if one of these factors (land) is cramped by an unnatural and widespread obstruction (holding land for speculation) the entire business system is thrown out of gear, and panics and paroxysms follow.

If by now you have begun to wonder whether perhaps a false practice of land-holding may really be responsible for some of the ills of the financial world today I think I can promise you that a serious search will prove not only interesting but quite exciting. For before you know it you will find yourself hot on the trail of the solution of the tax question. And then the real fun begins.

What would happen if all land now held for speculation were put to use? The values of all other land would fall. Land rent would fall. We have said that the three factors of production are Land, Labor and Capital. Consider Henry George's equation:

Produce = Rent + Wages + Interest (on capital). Hence, Produce = Rent = Wages + Interest. So if rent is a *big* factor to be subtracted from produce wages and interest will be small. While if rent is small wages and interest must increase. Hence if by putting to use land now held for speculation rent is reduced and wages and interest on capital increased—that means prosperity.

This is merely the starting point of the study of the relation of land to wages and interest on capital. If you continue the inquiry you will be richly rewarded, for the revelations are startling. But jumping the intermediate steps (since this is only a brief sketch) let us now take a fleeting glimpse of the relation of land to taxation.

This is a big jump, for we are going to see some of the things that would happen if no one owned land *in quite the same way* that he owns other property, and if all land taxes went to the State and if all other taxes were abolished.

As nothing can be produced without land and as everyone lives on land the land tax would fall on everyone. It

would be just. As land cannot be concealed it would be impossible to evade the tax. It would be sure. As land values are more easily determined than other values the expense of collecting the land tax would be far less than the present expense of tax collecting. It would be inexpensive. And it has been calculated by experts that the land tax would be more than sufficient to run all the expenses of the government of the United States.

These are all points of major importance in the subject of taxation, but the most important point of all is that if land alone were taxed *Production and Improvements need not be taxed* and could develop and increase unhampered. The present method of taxation acts as a heavy fine imposed on enterprise, intelligence, industry and ingenuity. The Single Tax (that is, a tax on nothing but land values) would set all these free, to the great increase of prosperity.

Now do not imagine that this system would mean ruin for all those who own land. Far from it. By putting to use land now held for speculation and assessing all lands at their proper value, taxes on land values would be lighter than present taxes, and the owner would be far more prosperous because his house and his improvements would not be taxed at all; and as his business would not be taxed it would prosper as it never has been allowed to prosper before, so he would be very much better off. (If you are a wage earner your wages would inevitably rise, not only because your employer's business would not be taxed, but also because through freer access to land demand for labor would increase.) The farmer's land would be taxed less than at present and his machinery and equipment not at all. For under a just assessment the enormous difference between farm land values and city land values would lighten land taxes for the farmer. And even the highest taxes on city improved real estate would be less than at present because the higher taxes on all land now held for speculation would distribute and reduce the burden.

Suppose you want to put up an apartment house. You will buy land as at present, only that the price will be different because land value taxation stops holding for a speculative rise and therefore land will be much lower. And when your building is finished it will not be taxed. You will receive your rents from your tenants as at present. In fixing the rental of the apartments you will consider the land tax that you pay, but you can afford to ask lower rents because your building, equipment and improvements will not be taxed. So you and your tenants will both be better off. And all this from wiping out land speculation.

Be sure you understand that under the Single Tax land would be bought and sold as at present*. You would have title to your land and the free use of it as before, only you would find no advantage in holding it for speculation. If you are holding a few lots on speculation now as a side

*Under the full Single Tax there would be no selling price to land. The selling price is the uncollected annual rent capitalized.—EDITOR.

issue and have some other main line of business your loss on the land so held will be amply compensated by the new prosperity of your unhampered business. Only if you are a professional land speculator you will have to make your living in some other way.

It may seem as if so simple a proposition could not be sound or it would have been put into practical use long since. The reason is clear. The class opposing it is composed of the rich and powerful landowners and speculators—those who by withholding valuable lands from normal use have waxed fat on mere waiting and speculating. They struggle to keep concentrated in their own hands the wealth which a just system of taxation must redistribute among all classes of citizens. Hence they cling to the present system with all the enormous power and influence that their unearned profits give them—just as long as a blind and uncritical public allows them to. But once let the citizens of this country realize what is being put over on them and nothing can stop them from changing the system.

This is only a very brief introduction to the vital subject of the relation of land to taxation and prosperity. Read further; think it over; talk it over; and do your part to spread sound information on the subject of taxation.

ELEANOR WESSELHOEFT.

Proposed Constitutional Amendment

THE active group of Single Taxers who meet every fortnight to discuss ways and means of propaganda, a short note relating to which appears under News Notes and Personals in another column, call attention to the Constitution of the State of New York. Article I, Section 10 now reads:

"The people of this State in their right of sovereignty, are deemed to possess the original and ultimate property in and to all lands within the jurisdiction of the State; and all lands, the title to which shall fail from a defect of heirs, shall revert, or escheat to the people."

The proposal is made that it be amended to read:

"The people of this State, in their right of sovereignty, are deemed to possess the original and ultimate property in and to all lands within the jurisdiction of the State, *and the annual rent of such lands, being created by the presence and activities of the people, shall be taken for public purposes.* All lands, the title to which shall fail, from a defect of heirs, shall revert, or escheat, to the people."

An effort will be made to make this suggested amendment a rallying point for the active support of Single Taxers.

TO increase the comforts, and leisure, and independence of the masses is to increase their intelligence; it is to bring the brain to the aid of the hand; it is to engage in the common work of life the faculty which measures the animalcule and traces the orbits of the stars.

—PROGRESS AND POVERTY.