

*Union Solidarity*. By Arnold M. Rose. Minneapolis 14: University of Minnesota Press, 1952, 209 pp., index, \$3.00.

A systematic study of the way in which a worker relates himself to his union, based upon the measurement of workers' reactions, Dr. Rose's work is a contribution to analysis of the internal cohesion of the labor union. The book also has methodological interest as it seeks to demonstrate how the factors which add to or detract from union solidarity can be isolated and measured.

• C O M M E N T •

*Some Confusions in George's Land Tax Theory*

By JOHN A. ZANGERLE

HENRY GEORGE'S world-renowned *Progress and Poverty*<sup>1</sup> and his *Land Question*<sup>2</sup> present considerable confusion as to the introductory methods contemplated in the conversion of private to public property, however convincing the indictment against the former may be.

Although the elimination of private property through taxation is the very essence of the single tax theory, he seems to have compromised this demand. He would allow owners a percentage of their rent.<sup>3</sup> This expected rent will, we believe, be capitalized into value and sold as now.

George believed that a single tax on land values would be sufficient to meet all governmental needs, national, state, county, municipal, school, township and other purposes.<sup>4</sup> He was probably right in his estimate of the modest needs of his day—before the advent of income, inheritance, gift, sales, auto and similar exactions. Not so today, when everyone pays and pays. It is indeed doubtful whether the economic rent would be sufficient to meet local and state needs only.<sup>5</sup> The total expenditures for 1940 for state and local purposes were about 18 billion dollars, while the economic rent has been estimated by me at less than 12 billion dollars.<sup>6</sup> (Federal expenditures were over 50 billion dollars.)

Under a single tax and rental system, economic rents will not equal, probably, the present rents. Reappraisal leases will probably be in vogue,

<sup>1</sup> Fiftieth Anniversary Ed., New York, Schalkenbach, 1931.

<sup>2</sup> Garden City, N. Y., Doubleday, Doran, 1930.

<sup>3</sup> "By leaving a percentage, we may, without jar or shock, assess the common rights of land, by taking rent for public use" *Progress and Poverty*, *op. cit.*, p. 403.

<sup>4</sup> He writes that in every civilized country, even in the newest, the value of land, taken as a whole, is sufficient to bear the entire expenses of government.

<sup>5</sup> This issue is explored in an article by the author in *The American City*, June, 1952.

<sup>6</sup> *Ibid.*

so that the government, which creates the value, may enjoy some of the increasing value due to increasing population, inflation or other change in national economy. Such leases reflect values of the day far more than fee-simple sales or long term tenures. They do not encourage long term holding or speculation as now exists and will, therefore, cause a decline in value. Incidentally, the fixing of the economic rent of high-class property is one of the most difficult and controversial functions of government. It would be even more difficult under nationalization, as there would be less speculation and sales in this field, thus affording the assessor less evidence.

It is fair to assume, also, that the government would not be more efficient in assessing private property under a single tax (or in fixing of rents if the property becomes fully appropriated) than it is today in assessing lands. While all states tax land, some assess at a per cent of value by law, while all assess at a fraction, in practice. Such power has always become a political football.

Furthermore, if local authorities assess and collect the tax, as George advises, we may expect less efficiency, as local authorities will not profit by their efforts.

Another bit of confusion is George's statement that the single tax does not propose to confiscate lands. In his words, "It is not necessary to confiscate lands, it is only necessary to confiscate rents."<sup>7</sup> I have always been of the impression that the confiscation of rents at the same time confiscates values. Value is merely an abstraction of rents. Indeed, elsewhere he uses the terms synonymously.<sup>8</sup>

The power to levy taxes on real estate is now lodged in numerous authorities, *viz.*, national, state, county, municipal, school, township and other. Nothing will prevent the use of this power contemporaneously with any other. Nationalization may be intended by the national authorities while other local authorities will use the capital value system of taxation, presently employed. The right of exclusive use of this tax and the repeal of others must be with the consent of others, to be effective. Will the local authorities surrender this lucrative source of easy revenue for a gamble as to others? A surrender can hardly be visualized without a *quid pro quo*.

Taking the entire rent also is not probable in states like Ohio, where no increase of rate may be authorized constitutionally without popular sanc-

<sup>7</sup> *Progress and Poverty, op. cit.*, p. 403.

<sup>8</sup> *The Land Question, op. cit.*, p. 68: "The tax upon land values or rent is in all respects the most perfect of taxes" (emphasis supplied). Throughout his writings he uses the terms interchangeably. That he regarded the terms as synonymous is evident from his constant use of the phrase "taxation of land rents" when no state at that time taxed rents of any kind, only values.

tion at a referendum. Property owners will not vote away their property for social benefit.

In summary, George would confiscate rents but not land or values. He favors nationalization, sometimes state ownership,<sup>9</sup> and then again he opposes it as tending to create a bureaucracy of dangerous proportions. "It is not necessary," he says, "to assume the chances of favoritism, corruption and collusion this might involve."<sup>10</sup> He favors making private into public property; then again he would allow the present owners part of the rent. He would nationalize lands but would assess and collect by local and state authorities, whether they want to or not. He would defray all governmental expenses through this tax, yet it will not equal local and state needs. He thinks it unnecessary to "let" lands,<sup>11</sup> but if the state confiscates all rent, it will have to let lands (or sell them, bringing us back to present private property). Many students of the single tax regard this "letting" of public lands as the most meritorious plank of their dogma, affirming if this policy had originally been pursued by government, our country would now be debt-free and tax-free.

He was not all wrong. He urged rightly that the land question is a moral issue, that land is a perfectly natural basis of taxation, that taxation be on a scientific basis instead of a political expediency basis, that communal values be burdened in preference to labor values, that improvements to a city be not penalized, but the single tax is impracticable in administration under American conditions.<sup>12</sup>

#### *Cleveland*

<sup>9</sup> *Progress and Poverty*, *op. cit.*, p. 404.

<sup>10</sup> *Ibid.*, p. 403.

<sup>11</sup> *Ibid.*

<sup>12</sup> The author invites criticism of any aspect of his position. Comments may be addressed to him in care of this JOURNAL.

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