
"Land" and Taxes on Monopolists

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Professor Gide's direct influence has been most marked in his work in co-operation and in the history of economic thought. He began to develop his emphasis on the importance of the consumer and the need of consumer co-operation early in his career. In 1900 he published a series of lectures on coöperation and in 1904 *Les Sociétés Coopératives de Consommation* appeared. His final contribution was made in 1928 with the publication of *Les Colonies Communistes et Coopératives*. These together with numerous articles and published lectures form an exhaustive survey of the entire field of coöperation.

Professor Gide was a pioneer in the recognition of the importance of the consumer. Economists in general have been slow to follow his lead; and it is only in recent years that the subject of consumption has been seriously discussed in the United States. Many of the topics which are now being widely discussed are to be found more or less fully developed in Gide's writings. However, since the coöperative movement has been slow to develop in the United States, Professor Gide's works on coöperation are not so well known to American economists as the familiar treatise on the history of economic thought. The French have placed a great emphasis on the study of the historical development of economic doctrines; and many of the most distinguished French economists have occupied the chair of history of economic doctrines at one or another of the French universities. The *Histoire des Doctrines Economiques depuis les Physiocrats jusqu'à Nos Jours* which Professor Gide wrote in collaboration with Charles Rist is perhaps the best work that has resulted from this emphasis, and has taken its place among the leading contributions to economic literature. It still stands preëminent in its field, and forms an indispensable part of the library of every student of economics.

Professor Gide has contributed much through his writings, but his direct contribution, important as it is, does not measure the service he rendered to economic science in promoting the international exchange of intellectual views and in arousing French economic thought from the lethargy into which it had fallen.

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"Land" and Taxes on Monopolists

Professor Lamke of the Brookings Institute says in "Incidence of Real Estate Taxes" (*American Economic Review*, Sept., 1932, p. 463) that "land taxes might be so reduced that they could be shifted to tenants."

He can hardly mean land *value* taxes, since there is scarcely any doctrine so universally affirmed as that taxes on land value or on land rent, cannot be shifted. But taxes on improvements or on rent of improvements are admitted to be shifted, however reduced. As we tax land value hardly at all, the sympathy "for the unfortunate land owner" seems to be wasted.

Again he speaks of "Salvation from the dilemma of taxation for the real estate proprietor." It is to be hoped that he means the improvement owner.

If, as Professor Lamke himself suggests, "we nationalize land completely," there would be no dilemma; and, as Trotsky vainly suggested, it would seem to be simpler to take the rent of land in taxes instead of taking the land.

In a similar vein Professor Garver of University of Los Angeles says in

"The Effect of Taxation on a Monopolist" (*American Economic Review*, Sept., 1932, p. 463), "It is fairly obvious that certain types of taxes will not lead a monopolist to raise his selling price"—for example—"a tax on the value of a factory." That, like other "best examples" which he cites, is either a tax on land sale value or on land value, plus a tax on the labor product needed to make a factory. For the rest, I think the author will agree that if any taxes "lead a monopolist to raise his selling price" it is only because he was not previously taking all that he might have gotten, which is "all the traffic will bear."

This mixing of objects, *land*, which is not a product of labor at all, with *improvements*, which are nothing else, is lamentable, especially just now when we are confronted with the hordes of workers whose earnings have been absorbed by high land prices and rents, the exactions of monopolies and failed speculations.

The unthinking blame the "capitalist" and the middleman for these extortions. Yet the only expedients so far, except attempts to increase income and inheritance tax returns, have been relief for large concerns and "broadening the basis of taxation," which generally means to make tax burdens heavier for the mass of consumers and producers.

Practically the only taxes that cannot be shifted or evaded are those on land values. We shall have to consider these before we can get real relief. And we still look to our economists to show the difference between piling more taxes on labor and taking the rent of land for public use instead of taxes.

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