

John C. Lincoln Says —

GOVERNMENT costs are now met by taxes which fall almost exclusively on wages and industry. This will be defended on the grounds that we must have government—which is true—that government costs money—which is also true—and that taxes on the products of labor and capital are the best and about the only way in which substantial sums can be raised—which is not true. The expenses of government should not be met by the labor of individuals but by that value which comes into being without anybody's labor. In short, land value.

The immediate effect of taxes on labor products is higher prices for goods, decreased demand, curtailed production, shrinking profits and fewer jobs. In most communities land value is taxed but lightly, if at all. New York and Pittsburgh are our only sizeable cities to secure a substantial proportion of their municipal revenue by such method. In both those cities land is under-assessed and less than one-third of the rental value is collected. Thus land holders, as such, very largely escape tax free.

The taking by the community of the community-created value of ground rent for the common expenses of the community would have the opposite effect. Taxes on labor products could be remitted to the extent that land-value taxation was applied. Lower taxes on labor products would mean increased demand for goods—increased demand would mean larger production. Moreover, owners would have to put their idle land to work or relinquish it.

Thus employment would be stimulated, since you can't put land to work without putting men to work.

All this could be brought about by the simple procedure of taxing land values in full or approximately in full, and reducing in offsetting degree taxes on labor and capital. Landowners would lose nothing that is rightly theirs. Ground rent which they now retain is merely payment for privilege, the privilege of occupying sites to which superior desirability has been given by the people as a whole. It is only right and proper that those who benefit from such privilege, the owners of land, should pay for it.

It is true that landholders would have to forego the rent they now collect from tenants or which comes to them when they sell the product of their land, but it is also true that they would benefit by the reduction in other taxes, since there are exceedingly few people whose incomes are entirely or even mainly from ground rent. And it is true, too, that with the collection of ground rent for the public use the selling price of land would tend to disappear, since selling price is merely net rent—the rent the owner may retain as his own—capitalized. That fact, however, would mean little save to speculators. While he could not sell his holdings for any appreciable sum, the landowner could add to his holdings, or take a new location, with only a nominal outlay, if any, and payment of rent.

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