

temptible position, and not his "dignity," becomes to those who will really reflect his chief outstanding characteristic.

WILL he never see, he of all men? What he has is only his labor, we hear it said. To a well man the greatest power in the world. He is the organizer and producer of all wealth on earth. On him all capital depends for maintenance and employment. On him every revolution of the wheels of industry depends. When he is denied the use of the earth capital can make a hard bargain with him. The man out of work at his elbow is bidding against him for employment. He cannot overcome this condition to any great degree by combination or collective bargaining. There are too many for him. He cannot hurt capital by combining—capital is already hurt by divorcement from the land, from which all things are produced. Only here and there can capital take advantage of the necessities of labor. Without labor it slowly diminishes. Nothing is more expensive to the owner than idle capital.

MR. HARRY WEINBERGER wrote the following letter to Arthur Brisbane:

In today's *New York American*, you talk of Mayor LaGuardia and state:

"You wonder how they (economic problems) were solved by the early pilgrims arriving on this land with nobody offering dole or relief. They went to work—and nobody gave them a job; they had to create jobs."

The answer is simple. Land was free in the early colonial days and even with the crudest machinery or almost with bare hands, every man could support himself and support his family.

A similar situation could be brought about by taxing land at its full rental value and abolishing all taxes on improvements. This would force all land into its fullest economic use, creating more jobs than men, and the unemployment problem would be solved.

Yes, it is your old friend, "Single Tax" and I need not tell you that Henry George's "Progress and Poverty," which if you overlook the date seems to have been completed yesterday to make this morning's newspapers, contain a complete plan to solve the present depression.

To this Mr. Brisbane responds as follows:

There is plenty of land free in the United States now, and you can get to it by motor, train or air more rapidly than the early Americans could get from Boston to New York. I knew your friend Henry George, helped support him for Mayor in New York. I know also that Americans of today do not want to go beyond convenient reach of a moving picture and drug store. How many do you think would clear and develop a piece of wild land if you gave it to them, and "support themselves?" How many would sit and wait for the land to go up in value and then sell it?

THIS letter of Mr. Brisbane's is an intellectual curiosity. "There is plenty of free land to be had in the United States." Is there indeed? There is no productive or accessible land that is not appropriated. The

owners demand either a rent or purchase prices from labor and capital for the use of such land. None of it is free. And when it is suggested that the earth might be released to labor and capital, that the earth may be handed over to these productive forces without any payment save that of its annual rental to the state in lieu of all taxation, Mr. Brisbane childishly suggests that Americans want to be near a drug store or moving picture theater! He thinks that many would wait for the land to go up in value and then sell it. But if the economic rent is taken they could not do this. The sale price of a piece of land is what remains after the annual economic rent is taken, and if all is taken there is no sale price. Does Mr. Brisbane know better? We think he does. His letter is pure evasion of which not even the veriest "logic chopper" would be guilty.

An Objection to Land Value Taxation Answered by the Facts

A COMPREHENSIVE study of the relation between State and local expenditures of the forty-eight States and the economic structure of the United States, the first of its scope made on the basis of American expenditures, has just been made public.

The research, which throws important light on the problem in public finance raised by Henry George, whether the yield of land value taxation would bear some direct relation to needed current public expenditures, was undertaken during 1934 and 1935 by a seminar in public finance in the Graduate Faculty of Political and Social Science in the New School for Social Research in New York, the University in Exile.

Prof. Gerhard Colm, late of Kiel University, an expert in public finance and world economics and a specialist in unearned increment taxation, conducted the seminar, one of the members of which was the present writer.

"General expenditures were more closely correlated with income and wealth than with industrialization, it was found, and there were many indications that "the expansion of governmental services is not determined solely by the economic necessity of these services."

"Quantity and quality of public services are chiefly determined by the abundance of (tax) resources. Social expenditures were relatively higher in the wealthier than in the poorer communities. The traditional statement that in private finance, expenditures are determined by the revenue, in public finance revenue is determined by the expenditures, is not correct. Public expenditures are predominantly determined by the potential resources.

These quotations are taken from a summary of the results of the survey, written by four graduate students of the University in Exile, which is published in the current issue of *Social Research*, quarterly publication of the New School for Social Research.

The conclusions are of especial interest to advocates of social land value taxation, for they disposed of the "first objection to the Single Tax," best formulated, perhaps, by the late Henry Rogers Seager in 1904.

Professor Seager, in his "Introduction to Economics," asserted that "the needs of regions in the various parts of the United States, which have great difference in the size of the aggregate rent fund, for revenue for courts, jails, roads, common schools, etc., have little relation to these differences."

Professor Seager thought this illustrated "how largely belief in the Single Tax rests on faith rather than upon reason." But it is interesting to note that this impartial and objective study—carried on by students whose attitudes ranged from those of laissez-faire liberalism to those of extreme radicalism as well as those of humane and radical liberalism, the Georgest attitude—illustrates how largely the objection has rested upon unconscious bias rather than upon rational evaluation.

The bias, in Professor Seager's case, was entirely unconscious, for he himself marshaled the facts by which, he wrote, he was "impressed with the truth of the contention that rent is a peculiarly fit object of taxation" and despite the temper of the times he was a noteworthy advocate of the municipal application of the principle of complete socialization of rent.

He did not go beyond what he dubbed the "municipalization of rent," he explained, precisely because of this objection. It is regrettable that Professor Seager, who brought to his field a keen, inquiring mind that early placed him in the front rank of American economic scholars, should have met this stumbling block to the development of his thought.

Had he not accepted this rationalization and had he investigated the case for it, he would undoubtedly have rendered even greater service in the development of Georgest social theory in America.

The authors of the *Social Research* article mention Arnold Brecht's comparison of the expenditures of different countries and those of German states and municipalities. This study, "Internationaler Vergleich der Offentlichen Ausgaben," published in Leipzig in 1932, was one of two important surveys in this field, the other being Adolph Wagner's, published in 1892. It is interesting to recall that this study of Professor Brecht also contributed a factual test of premises of the theory of social land value taxation.

Professor Brecht derived, analogous to Wagner's result, a "law of progressive parallelism between expenditures and the massive accumulation of population." His data indicated, it is pointed out, that governmental expenditures increase in greater proportion than the density of population wherever massive accumulation takes place.

It is amusing to note that this point has been cited to the present writer as evidence that, assuming the size

of governmental expenditures arising from non-economic causes would remain the same, the yield of social land value taxation would at some point in urban growth prove insufficient.

It had not occurred to the writer's friend that the economic advantages of the accumulation of masses of the population might increase in greater proportion to the density of population, a consideration well established theoretically.

The data and the results of the Colm survey are on file in the library of the New School for Social Research, of which institution Dr. Alvin S. Johnson, author of important critical studies of the Single Tax and Ricardian rent theory, is director. It was through Dr. Johnson's efforts that the University in Exile's faculty of noted German and Italian scholars, which includes Professor Brecht, was brought to America and established in the New School.—WILL LISSNER.

The Real Remedy

THE cry for a state income tax is just as fallacious as all the other communistic schemes. Who can point to a country or a State that has an income tax which is any better off than Pennsylvania, which has none, except the imposition of the Federal burden? An income tax is, like all other taxes, contrary to the natural laws of economics. If we depend wholly on an income tax swollen fortunes would grow beyond all belief since it would leave untaxed the source from which all large permanent incomes grow; namely, economic rent, which the receiver need not earn.

In this connection it may be well to recall the communist doctrine of soaking the rich by an income tax. The Russian government levies income taxes. In 1934 the Russian worker who received in wages two roubles a day paid an income tax of seven roubles a month, 84 roubles a year. Communists also propose to abolish profits. The Russian government produces kerosene at two copecks a liter and sells it at 70 copecks a liter, a profit of 68 copecks on a two copecks investment.

If we wish to satisfy the craving for human freedom, once so dear to our people, we must travel no further on the road to communism. Witness the change in the philosophy on the part of labor leaders. For years they have tried the mistaken policy of producing a labor monopoly, an utterly impossible thing as their hundred years effort proves. Now they clamor for all sorts of privileges at the hands of the government, apparently willing to become wards of the State.

—HON. WM. N. MCNAIR, Mayor of Pittsburgh, in *Pennsylvania Manufacturers' Journal*.

The Aoudads

"AT last we have found an appropriate name for the men in control at Washington. There is a type of antelope at the Central Park Zoo called aoudads which race around in circles. Recently when the eclipse of the moon occurred they accentuated their speed along a circular course, though the aoudads are likely to run around in circles with no excuse whatever. The same is true of the Washington species. No eclipse of the moon or sun frightens them really; the eclipse of industry only sets them to work with pen and paper figuring how if they had been in charge of the matter there would have been no eclipse."—LAND AND FREEDOM, New York.

The moral is: It is better to go straight than to move in the best circles.—The *Standard*, Sydney, Australia.