

held, thus producing an artificial rent line for what is in use, which (it may safely be affirmed) is much above what the natural rent line would be. For it is a self-evident proposition that in the case of an absolutely necessary and strictly limited commodity like land, every square yard that might be used and is withheld must increase the price to be paid for every square yard that is in use. The object of the Single Tax, therefore, is to restore the natural rent line by making it to every owner's interest to accept the income he might get from his land today, rather than wait for the prospective or speculative income he may obtain some years ahead. To make the enjoyment of a luxury cheaper, whether it be the luxury of books, musical instruments, automobiles, or garden plots, is to increase the chance that men will indulge in these luxuries. All men and women desire to have garden plots and open spaces and the trouble at present is that the artificial rent line caused by land-withholding makes their acquisition difficult or impossible. But, as we all know, the principal tenet in the Single Taxer's faith is that by the opening of opportunities at present closed and by the consequent enlargement of the area of profitable employment the general well-being will be increased, and that common people will be more able to create an effective demand for those garden plots which President Eliot is rightly desirous of conserving. Thus two converging economic forces will be set in operation to this end; one tending to restore the natural economic rent level of land, the other towards making the people better able to pay for that greatest of luxuries, room to live at our highest level, physically, intellectually, and emotionally. — ALEX. MACKENDRICK, Boston, Mass.

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#### WHY THE INCREMENT TAX IS OBJECTIONABLE.

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##### EDITOR SINGLE TAX REVIEW:

In the June number of the *SINGLE TAX REVIEW*, Dr. Miller criticizes an article of mine in the *Square Deal*, on the increment tax, and while there is something in his position, it appears to me he does not meet

the main objections, which I will briefly restate.

If for the purposes of comparison with Single Tax Dr. Miller assumes that the increment tax will take all the increase in value, it is true that it would kill off all speculation in land by private persons, though not necessarily by the Government.

There are, however, much greater difficulties in carrying out this plan than in carrying out the Single Tax and it would still be open to serious objections. If all the increment were taken at the time of sale, the user would still have to pay the capital value before he could use it productively. If only a percentage of increase in price were taken, then it would work out in practice that the owners would add the percentage to the price he would otherwise take for his land and thus delay the sale and consequently its use that much longer. I do not say that he would in every case get the additional amount, but the tendency would be to make all owners raise their prices and try to get the tax as well as their price, and though they failed entirely, it would operate to make it harder for industry to get land to use. It is not true that Single Tax and the increment tax are the same thing. They are fundamentally different. Single Tax is a tax on rent paid annually, increasing as rent rises and decreasing as it falls, while an increment tax is a tax on the capital value of land, usually exacted at irregular intervals, at the volition of the owner who may postpone the payment indefinitely by refusing to sell. By thus putting obstacles in the way of the sale and transfer of land we intensify the affects of land monopoly. If the tax were exacted annually it would present great difficulties and would be unjust.

To demonstrate:

Suppose a man paid \$20,000 for a piece of land, which became worth \$30,000 within one year. Is there not a fundamental difference between taking \$5,000 by means of a fifty per cent. increment tax and taking \$250, by the Single Tax on rent at the same rate? Suppose after a few years bad times came and the value of the land fell to \$20,000, the Single Tax would automatically fall back to the original tax, and the

man would have paid an additional tax only during the years when the land was worth the increased amount. But how about the increment tax? The man has paid the Single Tax of \$250 in the interest he lost on the \$5,000 and is out both the \$5,000 and the increase in value. Will the community refund the capital sum? The truth is that the real increase in value was only \$500 per year and it was this sum only on which the community had any claim. To capitalize this sum, no more makes it real value than the watered stock of a trust which is capitalized earning power.

One of the objects of the Single Tax is to destroy this watered stock as far as it applies to land values, while the increment tax will tend rather to increase it. The increment tax being based on selling value, or rent capitalized, is an attempt to collect taxes years in advance, and will prove just as heavy a burden on industry when taken by the Government as when taken by private individuals, even though the whole increment were taken, for the user must pay the increment tax as well as the original cost of the land.

The Single Tax being levied on the rental value will reduce the capital or selling value and make it easier of access, while as the increment tax does not reduce the capital or selling value of land, and will tend to make it more difficult of access, and thus aggravate rather than mitigate the evils of land monopoly.

Another objection to the increment tax is that it leaves the present values untaxed, and it is just as important to collect the Single Tax on existing land values as from future increases. In conclusion, the methods of the increment tax are cumbersome, will not stand the absolute test of justice and will not afford relief, either immediate or prospective, from land monopoly. The best that can be said of it, is that it provides a better system of revenue than that now used and it does keep before the public the right of the people to share in the land value which they create.—ALLAN C. THOMPSON, Toronto, Can.

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### MASSACHUSETTS SINGLE TAX LEAGUE, INCORPORATED.

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The annual meeting of the League was held on May 25th, at No. 30 Huntington Avenue, Boston, when satisfactory reports were submitted of the work done during the year. The legislative work accomplished by the League in the promotion of a bill for the abolition of the poll tax; a bill to reduce the tax on savings bank deposits; and a bill to eliminate the word "proportional" from the taxation clause in the Constitution was regarded with special satisfaction. For the successful carrying out of this work, the League has been indebted to Messrs. Nunn, Goodale, and Porter. Office-bearers for the ensuing year were appointed, and after disposing of routine business, it was proposed that the League should, with a view to extending its usefulness, rent an office as headquarters where members could meet daily or as convenient, and where literature could be held ready for distribution when required. The matter was remitted to a committee for consideration, and at an executive meeting held ten days later it was decided to lease Room 529, at No. 120 Boylston Street, which had been offered. The newly appointed secretary, Mr. Mackendrick, has agreed to be in attendance every day from 2 till 5 o'clock, and it is hoped that both members and friends from a distance, as well as those resident in Boston and vicinity, will embrace every occasion when it is possible to call and give countenance and support to this effort to provide the movement with a base of operations in Boston which it has not enjoyed before. The Chairman for the ensuing year is Professor Lewis J. Johnson; the first Vice-Chairman is Mr. Henry D. Nunn; and the second Vice-Chairman is Mr. Wm. Lloyd Garrison, Jr.

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THE Texas League for the Taxation of Land Values has offered prizes of \$25, \$15, and \$10, to any resident of the State for the best essay not to exceed 500 words in answer to the inquiry: "Is the high price of land a help or a hindrance to prosperity?" The contest closes August 1.