

"Liberals" Continue Great Silence

By Harry Gunnison Brown

A recent editorial in the St. Louis *Post-Dispatch* entitled "Tax Reform and Recovery" exemplifies again the fact that land-value taxation is—apparently as much in "liberal" circles as anywhere else—the subject of The Great Silence. Even when it seems that a particular train of argument cannot possibly fail to lead to some comment on or evaluation of the land-value-tax program, "liberal" writers nevertheless manage to avoid any mention of it.

The *Post-Dispatch* editorial in question contains approving references to a Brookings Institution study and to a *New Republic* article, the authors of both of which, it appears, are equally loath to mention at all the community-produced rent of land in connection with the tax problem. Citing as authority the Brookings study by Dr. James D. Magee, the editorial contends that "if taxes are so high as to limit too sharply the prospect of profit from an investment, people who have money will simply let it remain idle. In that case, business stagnates and laboring men are forced into the ranks of the unemployed."

The article goes on to say: "If we place taxes so high as to dry up the stream of new investment, as Germany has done, we make it difficult for democratic capitalism to endure. This is a point which John T. Flynn has argued with a good deal of conviction in the *New Republic*. The argument is developed at length also in a report, 'Taxation Under Capitalism,' issued by the New Fabian Research Bureau, representing the gradual Socialists of England."

I do not intend, in this connection, to comment on the various changes in our tax system suggested in the Brookings report and in the editorial, such as the proposal to levy taxes on income from government securities, and the one to allow a deduction of corporation losses over a period of several years instead of only one, before calculating net taxable income.

Nor do I intend to take any position here on the question whether the true explanation for continued business stagnation is—as the editorial contends—the taxing away of the gains of capital.

But I do intend to emphasize the fact that a tax on land value or on the income from land and sites as such, can take practically all such income (in strict theory, absolutely all) for public purposes **without** discouraging in the slightest any capital construction or any employment of labor. At the same time it acts to discourage speculative withholding of good land from use at the expense of the community. And I would point out that the more revenue is thus secured, the less is necessarily appropriated from the earnings of true capital. And hence, **the net returns on capital investment could be appreciably increased.** Therefore, whatever may be the evil consequences of taxing capital and the income from capital heavily, these consequences can be avoided by distinguishing between capital and land, and by distinguishing between the interest on capital on one hand, and the rent and royalties of sites and natural resources on the other. No other possible tax reform offers such relief to industry, enterprise and thrift, or such hope for the common man. Yet our "liberal" newspapers and magazines won't give it even passing mention.

The St. Louis *Post-Dispatch* is reputedly a very "liberal" newspaper. It has recently expressed itself as highly critical of the retail sales tax. It can hardly be in favor, therefore, of substituting sales taxes for the taxes it is here criticizing. Aside from the suggestion—almost certain to be carried out in the very near

future—that more tax be collected from the income on government bonds, national, state and local, where is the revenue to be secured to relieve capital? Is it to be had by reducing income tax exemptions ("broadening the income tax base") so as to collect a larger amount directly from the labor income of the lower middle classes? If not, **how?**

Of course, being so "liberal," this paper and others like it must not—and evidently will not—suggest anything to interfere with a system under which private individuals enjoy each year billions of dollars worth of community-produced site rent. Of course they will not attempt to interfere with a system under which a majority must pay a minority for permission to work on and to live on the earth.

It is essential to "relieve" capital. Yes, indeed. And sales taxes must not be extended. Of course not. But, above all and most important of all—if we are "liberals"—we must not so much as whisper the suggestion that community-produced site rent might be made to pay a higher rate than the earnings of labor, productive enterprise and thrift. And so this proposal of some idealists continues to be, among our "liberals," The Subject of the Great Silence.

What You Can Do

The man who tries to do what he can, be it ever so little, will surely find his power grow and his sphere of usefulness widen. Great meetings, stirring addresses, political campaigns, may be all in their way useful; but that which tells most is the quiet, hand to hand effort of earnest men and women. Do not be impatient to see results; do not be disheartened if you do not see them. No one can ever tell how much he may do. Thought set in motion goes on perpetuating its impulse in ever widening circles, and the humblest and the weakest may strike a spark that will in time kindle a great light.

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