

## Victory for Free Trade

\* CONGRATULATIONS to the great department stores of New York for identifying their interests as truly with those of the lower-income groups and against the sales tax.

Mayor La Guardia was very convincing as a Congressman years ago when he brought in steaks and other food on plates to show how much the cost of such foodstuffs would be increased if the sales tax, then under consideration and opposed by him, was adopted. He was working for those least able to bear a consumer tax. Mr. La Guardia saw that a consumption tax is a production tax as indeed it is, for producers can be paid only in terms of what they can get for their consumption.

The New York department stores are keeping up his good work of those days and they show signs of learning by experience. Only one store was reported as appearing to fight the present sales tax when originally brought up for a hearing in New York. Costly experience has taught them how a sales tax can act as a tariff wall to induce buyers to buy outside the sales tax environs. The sales tax was a tariff which "protected" New Yorkers from lower prices; it also "protected" New York stores from non-New York buyers.

Seventy-one trade and civic organizations subscribed to the statement issued through the Retail Dry Goods Association in which it was written that "the perpetuation of the city sales tax was tantamount to economic suicide on the part of the city," and, furthermore, it would "continue to drive business away and thus further impair real estate values and the ability of real estate to carry its already-heavy burden."

The burdens on improvements has been heavy enough to induce owners to destroy the improvement and hope to make it up through a future rise in land values. The tax on land values has made land cheaper, but this lower price on the opportunity to produce has been more than nullified by the prospective increase in tax if any production or improvement is made.

The protective sales tariff was put on to protect real estate rents from greater burdens and it backfired and "protected" landlords by driving tenants elsewhere for business.

The protective sales tariff was proposed to protect the city revenues from ground rents and it helped to make necessary a \$3,000,000,000 cut in municipal assessed values. This sales tax was an important influence in reducing the gross revenue to landlords in New York City by over \$300,000,000 of which the city might be getting about \$80,000,000. Real estate interests had advocated a sales tax as a way of relieving real estate.

As Mr. La Guardia once won a round for free trade in Congress, so the department stores have won a round for free trade in our State Legislature. May the free trade envisioned by Mr. Jefferson and his associates in making our Constitution win many a round more for production and common sense.

—LANCASTER M. GREENE

*A skeptic once rose in an audience addressed by Henry George and said (in effect):*

*"Mr. George, you say that land is more important than money; but suppose we put you to a test. We will suppose that you have all the land and I have all the money. Now tell me what could you do without money?"*

*To which Henry George replied (in effect):*

*"I would order you off my land and tell you to take your money with you. And, as I would have all the land, that would mean that you would have to get off the earth. Of course, if you begged hard enough, I might let you stay, if you paid me enough. I might take half your money as the price of my permission—I might take all.*

*"Money would have no particular interest for me, because, having all the land, I would have the source from which labor extracts all wealth. I could produce all the wealth I might need, and I could trade it for money if anyone had any money to trade."*