

Why the Single Tax Cannot be Passed on

(Here are two of the short articles entered in competition for the recent prize offer. Others will be published from time to time.)

IF a landlord is collecting less than the true competitive rent, thereby virtually making the tenant a present of a portion of the rent, and rising taxes stimulate the landlord into demanding the full market rent, such a transaction is a shifting, not of taxes upon the tenant, but of so much of the original rent from the pocket of the tenant to the pocket of the landlord, a shifting which a normal, businesslike landlord would have effectuated without waiting for a change in taxation.

As land is a continuity running on forever, the value imparted to it by competition is primarily a current value called economic rent. The capital or selling value is what a purchaser pays a vendor for the privilege of collecting this annual rent, or what is left of it after deducting taxes.

The tax is now levied nominally upon the capital value, but the sum paid is really a part of the rent. Compelling the landowner to pay more or all of the rent into the public treasury does not increase the rent, because it does not increase the volume or force of competition for the use of the land. It does not increase competition because it does not increase population, or intensify the necessity to use land, or diminish the supply of land, or add to the disparity between sites. Hence, the tenant, whose function as the real producer may be performed by the owner of the land himself, has nothing to "pass on" by means of an advance in prices.

Rising land-value taxation will actually lower the rent, for while it will bring no new land into existence, it will force more land into the market. It costs nothing to hold untaxed land idle forever, whereas each succeeding increment of taxation will enhance the pressure to put the land to use.

HENRY S. FORD.

THE amount or supply of land is fixed; while the demand for its use varies, and usually tends to increase with increasing population. Increasing demand causes increasing prices to be offered in the form of purchase price or annual rent; and this is only another way of saying that users of land determine its price, not land-lords as is often erroneously assumed. The land owner simply takes the highest price he can get. He cannot increase the price by asking more.

The cost of land for use, that is, ground rent, or purchase price interest, becomes an overhead charge which the user of land must pass along to the consumers of his product; and because ground rent is shifted to the consumer, it seems natural to conclude that a tax on ground rent or land value is so shifted.

But when we remember that the landlord collects the entire use value as ground rent, and that the user of the

land cannot pay more than it is worth, it becomes clear that a tax based on the land value must be borne by the landlord, and only reduces the net ground rent left to him. The more tax the less ground rent.

A brief statement of the situation is that the user of land in competition with other users pays all the land is worth, and thus fixes the price. The sum so paid is divided between the landlord and the public. The more one takes the less the other can take. If the public should take it all the landlord would have nothing left, and would have to earn his living.

This is what Single Taxers mean when they say that an increased tax on land values cannot be shifted to the users.

JOHN HARRINGTON.

How Tom Johnson Discovered Henry George

TOM L. JOHNSON has been dead only a dozen years, but we move so fast in America, and these dozen years in particular have held so much, that perhaps I ought to recall swiftly the striking facts in the career of our most famous city executive. He was a business genius. At twenty-two he was in control of a street railway in Indianapolis. By his middle thirties he had made a fortune there and in the middle western cities. But one day, when Tom Johnson was twenty-nine years old, he was riding on a train near Indianapolis and a newsboy tried to sell him a paper-covered book. The book was called "Social Problems;" Johnson, thinking it dealt with the social evil, said he wasn't interested. But the conductor happened along just then. "That's a good book, Mr. Johnson," he said. "You'd better buy it." Reluctantly Johnson did so, leafed a few pages indifferently, then began to read with intense interest. He had discovered Henry George.

As Johnson went on in his business career, the doctrines of Henry George entered more and more into his mind. It was an extraordinary phenomenon. This big hard-hearted successful business man being gradually dominated by ideas that upset many of the foundations on which "business" stood. A few years later Johnson went to Congress. There he fought vigorously for free trade, preached the Single Tax at every opportunity. At forty-seven, at the apex of his business success, he quit business to devote himself to the ideas of his teacher and master. Almost immediately he was elected mayor of Cleveland.

WEBB WALDRON, in *Colliers*

"TRUTH must prevail; it is powerful, it has all the power of God; saints have died for it; and the very efforts to stifle it will propagate it. A great truth is so precious that no man can afford to loose it, no matter how he may be abused or maligned on account of his adherence to it."

DR. EDWARD MCGLYNN