

TERMS AND METHODS IN THE LAND
VALUES MOVEMENT.*

(For the Review.)

By JOHAN HANSSON.

Some time ago there appeared in the *Public*, of Chicago, an article entitled "Un-earned Increment". It was with no little interest that I read it for I had expected to find some telling arguments against this "absurd and false phrase"—as it has been

*JOHAN HANSSON, the author of this contribution to the REVIEW, is perhaps the most representative Single Taxer of Sweden, where he was born in 1879. At twenty years of age while living in Denmark his attention was attracted to the teachings of Henry George through the perusal of newspaper clippings. It was not long after that he accepted them.

In 1904 he translated "The Condition of Labor," and the same year wrote a book "From Lordly Domain to Small Farms," dealing with the condition of agricultural estates in Sweden. In 1906 he published another work, *Land Value Tax as Substitute for the Liquor Tax* (this is the English translation of the title), which has been circulated among the temperance societies and translated into Danish.

In 1906 Mr. Hansson visited Norway and Finland, prosecuting his inquiries in search of material for his sociological studies and the books he has in contemplation. In 1907 he visited England, Scotland and Ireland on the same errand, and in the fall of the same year came to the United States. In the Spring of 1908 he went to New Zealand and Australia, where he spent about six months. He collected an immense amount of material for the works in which he designs to present accurate and detailed observations of political and social conditions. At about this time appeared his book, "War and the World Strife of Money," recently reviewed in these columns.

Returning to Sweden Mr. Hansson was taken seriously ill and was for several months confined to his bed. His wife, an untiring helpmate in the splendid work he is doing, wrote from dictation those results of observations which have found their way into the Swedish press, and into many leaflets and pamphlets. In the Spring of 1910 he went to Italy in search of health and in the Fall of the same year to California. A work embodying his researches into the history of wages and land values in many times and countries was published last year and will later be reviewed in the SINGLE TAX REVIEW. Among the works he has in preparation is a book on New Zealand; an Essay on the Evolution of Monopolies as created by United States Laws; one relating to the necessity for the reconstruction of the economic and social basis of life in Sweden; and a History of the Land Values Movement, for which he is still soliciting data from Single Taxers everywhere. This is but a bare outline of the intellectual activities of the man who is doing so much for the cause in Scandinavian countries.

termed by *Land Values*, the organ of our movement in England. But I was disappointed. The writer seems to realize that the term is not a good one, but seems also to believe that as it has grown popular it is better to accept than to reject it.

With this I cannot agree. It is true that the phrase is known and used all over the world. In the Scandinavian language we have it verbally translated, and while the phrase may do something to attract attention to what land values reformers are after, it is also doing much to confuse thought. I once used the phrase myself but I do not use it now except to confute what it implies. Leading land values reformers in Denmark take the same ground, objecting not only to the phrase but to what it conveys—viz, the special taxation of future land values.

By "unearned increment" is meant unearned increment in land values by persons who favor land values taxation. But persons who do not favor this reform take the question literally, and believe they find "unearned increment" everywhere—in prices of cotton, old wines, rare paintings, etc.; and they say if one kind of "unearned increment" should be taxed all others should be taxed, too. And we cannot prevent this sort of argument from confusing public opinion especially if those who use it are gifted with powers of debate. The term gives an excuse to legislators to oppose a much desired public reform on logical grounds. For it is true that there is to be found increments in value in many things besides land, increments which in the hands of the owner may be called unearned. Protective tariffs for instance, give "unearned increments." If one may justify taxation of a thing because an unearned increment is attached to it, we might justify the taxation of businesses carried on under protection.

Unearned increment or great riches no matter how they have fallen into the possession of the owners do not in themselves furnish a justification for any kind of taxation. If I meet a man in the street who possesses unearned wealth I have no right to take it from him unless I can prove it belongs to me. Thus the state has no moral right to "tax" anything unless it can

be proved that it is earned by the community. Nothing not earned by the community belongs to it. The phrase "unearned increment" is therefore misleading when used in justification for measures of taxation.

But that is not all. If we could get people to agree that the phrase is to be understood as unearned increment in land we are still on illogical grounds. The followers of Henry George do not admit that there is any such thing as privately owned land values. It is all community-made. But we cannot logically speak of unearned increments without assuming that there are earned increments in land. That is precisely what they mean who favor a tax on the future capitalized sale value of land, but who are not in favor of the socialization of all land values. They believe that such land values as private persons have bought and paid for belong to the buyer; they can therefore quite logically from such premise speak of unearned increment in land values when we may not. For them there are also earned land values, or values which justly belong to the individual owner.

These distinctions I would make are not academic, nor of small practical importance. Carelessness in the choice of terms and methods of work have always worked harm to good causes. In Denmark where the most successful work which has ever been carried on for our cause they are very careful in their choice of important terms. Every Henry George man knows how easy it is for the average man to misunderstand our aims, because some abstract thinking is necessary. It is therefore important that we use terms which will help people on the right course of reasoning and not away from it. For this reason I prefer the terms land values, or ground rent owners for land owners, land values reform instead of land reform, land values duty instead of land values tax. These terms lead people directly to the centre of what we desire to achieve. For the term "community made," we have synonymous expressions in Denmark and Sweden. The term is a guide in itself and is as strong and forcible a phrase for propaganda as the "absurd and false" one we have discussed.

A word as to this future increment tax. There is a movement in its support in both Sweden and Denmark, and in the latter country is popular in certain official circles. We make a grave mistake if we do not oppose it rigidly. All land values have the same origin and are of the same nature; they should be treated equally. Further, this tax as it is applied in certain German cities and now also by the English government is of little or no social value. It will not do much if anything to encourage the better use of land. And if it is made an important annual tax (say 2 or 3 per cent. charge on the future value of land) the social benefit will be largely limited to rapidly growing communities. Communities that do not grow but on the contrary decline, certain rural communities, for example, will not be reached by the increment tax and will receive no benefit from it. Such communities will indeed lose as population moves toward the favored district. And this migration of those seeking opportunities for their labor will to some extent at least neutralize the social benefits for the workers.

Another reason for opposing the increment tax is that if advocated alone and as a separate measure is to draw attention away from the real reform—the uniform land value duty, which will cause idle land to be used everywhere.

The reasons for opposition to the increment tax may not appear so strong in the United States as they do in Sweden. But I believe I am right in saying that there is no real need for the followers of Henry George in America to favor any proposal for future income taxation. The German examples may look impressive through American newspaper glasses. It is a good thing to use community made values for commercial purposes, but much depends on how it is done. And in Germany it is done as badly as possible. Lloyd George is doing good work for the world, but the chief value of the Budget proposal is its land valuation system, and not his schemes of land value duties which should be avoided wherever possible.

Much of the benefits of land values reform will depend on the methods used for their application. Much, too, on the use

of strict terms, used with definite, precise and unvarying meaning. I find my work in this country aided or retarded as the methods of those working elsewhere to the same end are in accordance with sound economics or the reverse.
STOCKHOLM, Sweden.

ment, improved methods of assessment, etc. The Men and Methods also are often irritated by finding their plans for exemption, for conservation and for improved systems prematurely and injuriously stamped as Single Tax.—BOLTON HALL.

MR. HALL SPEAKS A WORD OF WARNING.

EDITOR SINGLE TAX REVIEW:

It seems to me that the greatest danger of the land value taxation movement at present, is that the effect of our propaganda may be diverted to the extremely simple and ineffective taking of a share of the increase in value of land in blocks by taxes levied, periodically or on transfer.

This is simply a method of public sharing in the profits of land speculation. It has the effect of making land speculation more risky, but in its most usual form, as practised in Germany, it forms a penalty on transfers.

Nothing can now stop the tendency towards appropriation by the people, of the increase of land values created by society; but that appropriation is a very different thing from the socialization of land values by taking the rental value in taxes.

The fact that in Germany and elsewhere taxes on increases or on transfers have produced astonishing revenues, makes this attractive to the Budget makers; but the object of radical tax reformers is, not merely revenue without taxing labor but to open all the land to all the people.

To take future increase in value in taxes is an assertion, not of the right of the people to the use of the earth, but only to a part of the value which the people may create.

This emphasizes the necessity for the two forms of propaganda, which we have not yet sufficiently harmonized; on the one hand the purely ethical doctrine of the right to the use of the earth and on the other, the most effective methods of getting it into operation.

At present the workers in each field somewhat antagonize each other: the ethical propagandist is disposed to be impatient of mere "Tax Reform" plans of separation of land and improvement values, full assess-

THE GENESIS OF THE EXEMPTION FROM TAXATION OF IMPROVEMENTS IN VANCOUVER.

(For the Review.)

By LUTHER S. DICKEY.

During my first two weeks stay in Vancouver I failed to discover any connection between the active propagandists or students of the philosophy of Henry George and the exemption from taxation of improvements. I had already inscribed on paper what I thought would be my final words on the phase of my investigation. They were as follows: "This action was not taken precipitately by the law-making body of Vancouver. It was not the work of Henry George theorists. If such were instrumental in inducing the law-making body of the City of Vancouver to take the first step in this experiment they did it so stealthily that they will have great difficulty in getting credit for their activity if they should make such a claim." I had relied on hearsay information which I had thought trustworthy. In an interview with Alderman W. C. Morseby, of the City of Victoria, B. C. Council, I learned that he had heard Louis F. Post, Editor of *The Public*, lecture on the Single Tax back in the early nineties; that he had read Progress and Poverty and believed in its doctrines. I wrote to Mr. Post telling him that I was unable to trace the Provincial legislation giving municipalities the power to exempt improvements from taxation to any connection with Single Tax propagandists. He replied that it was not surprising that I had failed to trace such connection as the Provincial law allowing discrimination in favor of improvements was a very old one and had been in force for some time in some places, notably