

If the community fails to exercise its right to what it has itself created, it is inevitable that some members of the community will reap where they have not sown, will be given wealth, or its equivalent, to which they have, and can have, no just title while others are deprived of what is clearly theirs. While this injustice exists in the very foundations of the State, disorder must reign in all our social affairs. Minimum-wage laws, old-age pensions, laws for the regulation of trusts, and societies for the suppression of vice and disease, together with the many other nostrums that are enthusiastically advocated, are but palliatives which can never do more than to relieve in part the disorders engendered by this disregard of morals in our fundamental law.

A tax levied on any labor product is, in effect, a penalty imposed upon industry and thrift.

When governments, having recognized the folly of fining men for doing useful work, exercise their property rights in the fund that society creates—and this may be done by levying taxes that will absorb economic rent—land monopolization will be abolished and economic liberty attained.

To bring about this reform, which seems so simple, but which must ultimately result in the betterment of every human being, is the one great task that now confronts us. If we would haste the coming of the reign of the Prince of Peace, let us labor in its behalf.

CURRENT CRITICISM OF THE SINGLE TAX BY THE ECONOMISTS

(For the Review)

By F. LINCOLN HUTCHINS

"Man yields to custom, as he bows to fate,
In all things ruled—mind, body and estate;
In pain, in sickness, we for cure apply
To them we know not, and we know not why."

Crabbe—Tale III. The Gentleman Farmer

It is surprising to note the influence of custom upon the minds of men who have had intensive training along any line of thought. Surely the Single Taxer may be excused if he joins in with the general distrust of opinion coming from scholastics of the present day, when the keenest minds, trained to scientific thinking, appear to be so blinded by conventions as to make it useless to look to them for any progressive ideals. It seems impossible for them to sweep their minds clear of the cobwebs of that evolution that was effective in creation of things as they are; or to avoid that splitting of hairs which befog the fundamental considerations lying at the base of desire for change.

An interesting example of the latter is found in the discussion between

Professors Adams* and Seligman,† in regard to the capitalization of taxes; one maintaining that the buyer buys himself free of all tax, and the other that he does not do so; then along comes Professor Davenport‡ asserting that both are arguing from wrong premises, and intimates that all taxes should be based upon income, at least the income view is the one that he seems to have been unable to cast off, in his discussion of the Single Tax on land. He accuses the Single Taxer of: "burdening the present shadow of the future income, at the same time with intending to appropriate this same income when it occurs," i. e., double taxation. And further: "the taxation of a present worth in absence of a present income, or any taxation disproportionate to present income, is an affront to the fundamental principle of taxation in general."

The obscuration here is plainly evident; but what has it to do with the Single Taxer's demand that the site value of land, a purely social product, be taken, in toto, for social purposes?

As a further illustration let us study "Single Tax" by Professor Carver,§ who says Single Taxers go too far in assuming that wealth secured through unearned increment in land is necessarily taken from somebody else, and that in taxing land values we should eliminate poverty and many other social ills. He seems to be oblivious to the fact that in permitting the landlord to take the product arising through efforts of the community as a whole, and then taxing producers to make that loss good, does in effect take from one and give to another.

He says that it would be a fine thing for him if he could share in the increment obtained by his neighbor, but in not sharing he was not deprived of what was his own.

This shows a blindness to several facts; being deprived of a part of his earnings to support the ordinary costs of government, and for public improvements, both of which are direct elements in the increments of value in land situation, he certainly is robbed to pay the increment obtained by his neighbor; such contribution from his earnings would not be required if the value created by the community were taken for community uses by the Single Tax.

Professor Carver maintains that profits arising from increment in land situation are in the nature of "findings" the same as would be the case if he stumbled upon a "gold nugget," and that the idea that it necessarily subtracted from the earnings of others is an incorrect one.

In this he ignores the origin of site values; he seems to imagine that they are produced by nature, and as such belonging to the first discoverer, or to the

*"Tax Exemption through Tax Capitalization," T. S. Adams, in *The American Economic Review*, June, 1916.

†"A reply by Edwin R. A. Seligman," in *The American Economic Review*, December, 1916.

‡"Theoretical Issues in the Single Tax," H. J. Davenport, in *The American Economic Review*, March, 1917.

§"Essays in Social Justice," by Thomas Nixon Carver, *Harvard University Press*.

one in possession, but site values are man-produced values; they are as truly the production of the community as are values in the making of pig iron, or the fabrication of cloth, the production of the entrepreneurs and their workers.

The Single Taxers simply maintain that the community should have all that it produces; that the taxing of individual producers to make good the loss entailed by giving to landlords the, (by him), unearned increment, is unmoral and subversive of the best good of the body politic.

With site values, the product of community effort, taken in entirety for community uses, there would be no temptation to hold land out of use. The more land in use the more opportunity for the employment of capital and labor, enriching the people and providing a wider field of action to all men.

Professor Carver further says: "if labor and capital were applied to this additional service it would have to be withdrawn from other land, the product of which would be diminished."

Here again he exhibits the cobwebs of thinking that reach back to Adam Smith's time, when the land had not acquired the site value which it now has. Were capital and labor fully employed, or, what is more important, if labor secured all that it earned, upon the land already in use, there might be some ground for his assertion; but as neither of these IFs is true, individual effort will never secure a fair field until there is unlimited opportunity for labor to find its most productive place; the holding of land out of use, for any purpose, which might be put to productive uses by the application of labor does to that extent limit the opportunity of capital and labor which now finds no opening upon land already in use.

Professor Carver iterates that old bugaboo of present interest of a tenant obscuring future good to the end that he will exhaust the property and leave it when he is done with it.

This is evidence of a neglect to take into consideration the essential difference between a tenant who can have no interest in improvement values and one whose entire interest is bound up in such improvements. The fallacy lies in associating the idea of tenantry with the payment of site value to the community. Under Single Tax no occupier of a site value would occupy the position of an ordinary tenant; the vital difference lies in his ownership of all improvements in, as well as above, the land, and in the security of possession so long as he turned over to the community that value that the community creates. Those in this position would be driven, by inexorable economic forces to conserve, and add to, his improvements, if he would maintain his economic position and be able to sell, or bequeath, those values.

Professor Carver says: "The cry for a share in the value of land which a certain aggressive type of Single Taxer is so busily engaged in stirring up, is quite different from the desire to own and use land. Those who desire land know where they can get it; what the aggressive Single Taxer wants is not land, but a share in the value of land which somebody else has. He can get

land in Canada, but he prefers it in New York, Boston, or some other large city where it is very scarce and valuable."

Is this not a libel upon Single Tax advocates? No true disciple of Henry George is guilty of such animus. Perhaps the professor's obliquity of vision prevents him from understanding that all that the Single Taxer wants is to prevent the holders of land receiving that which is unearned by them, or more explicitly, that they be compelled to pay to the community fund the increment of value that is solely the production of the community.

Three values inhere in land;

(1) The value resulting from its clearing, draining, beautifying, fertilizing, sowing, and proper care.

(2) The value arising through advancing civilization; accessibility to railroads, proximity to markets, advantages of sociality and protection, modern conveniences, etc.

(3) The value of deposits it may contain, which value depends upon ease of extraction, nearness and demands of markets.

Of these three values the possessor of the land owns only that arising from the efforts of himself, and of those who preceded him, and for which he has paid. This constitutes the principal value of farm lands; the other two values are community made values. These values constitute the site values of mineral lands and urban lands, and by right belong to the creator thereof, namely, the community.

It is the Single Taxer's contention that the annual return upon the investment made by the community should be used for the community's benefit; that it is unmoral to permit the "finders" to keep values when rightful owner can be found, that the finder is morally obligated to return such values, and that it is vicious to tax the producers of other values to make good the sequestering of community values by those who have no moral right to them. That the return to the community of all community values would make it forever needless to take away even the slightest part of the real earnings of any one.

Professor Carver says, that as between the pioneer and the Single Taxer, "the moral indignation would not all be on the side of the Single Taxer. To the demand for access to God's earth, the pioneer would reply, 'you do not seem to want access to the earth, you want access at this particular spot, which is mine. You may have all the access you want elsewhere, but I have access here and shall defend my position.' He naturally would feel that his priority of possession gave him a right superior to that of the late comer."

It is quite easy to set up a man of straw and then bundle him over; it will be quite clear to minds, free of those subtleties of ancient schools, that the rights of the pioneer, or of his ultimate successor, are not assailed by the Single Taxer; all that the Single Taxer says is that the possessor of land shall not reap where he has not sown, that he shall not take the product of the community and apply it to his personal uses. As a Single Taxer I do not want any land,

neither do I want to contribute from my hard earned income, in way of taxes, to make up a loss suffered by the community in being deprived of its rightful due in site values which only it creates. I object to the giving to landlords the increment created by the community, of which I form a part, and then compelling me to help make that loss good through a tax upon my earnings.

While I may not want land my neighbor may want a corner lot upon which to place a house and make his home, but he finds that the possessor will not part with it unless he is paid, not the present actual value, but the value which the owner assumes may be its value ten, fifteen, or twenty years hence, a value that he expects the community to create. The result is that the house is not erected, the lot remains an unoccupied eye-sore, the community is robbed of progressiveness, workers are denied the opportunity to work and augment their incomes, and all in order that the possessor of title may perhaps "find" a value that he did not create.

Another neighbor may want a little farm contiguous to the city in which his vocation lies, where he can raise his own vegetables, keep a cow, have hens, etc. But on looking about he finds that no such place can be had without paying a prohibitory price due to the optimism of the present possessor in anticipation of unearned increment, whether created by prospects of a trolley line, gradual growth of the city, or extended protection and improvements. It is difficult to discover an "unearned increment" that is not the creation of the community, and to the community should belong the fruits thereof. In default of taking this unearned increment by the community, my neighbor is kept in the city, is prevented from relieving its congestion; the production of necessities of life is curtailed, general prosperity impaired, all to the benefit of the landlord in permitting him to enjoy the fruits of efforts of the general public.

All men do not wish to be farmers, or to build houses, but those who do are hindered by this demand for payment for a prospective unearned increment. If this was remedied by the application of the Single Tax many would find it to their advantage to add to the general welfare, by building homes, settling upon small farms, making more room and work for those whose aptitudes and needs make the city their necessary environment. Such remedy would inevitably broaden opportunities in every direction.

After all, Professor Carver seems to be a good deal of a Single Taxer, for in the last part of his essay he reiterates many of the main tenets of Henry George and closes with the following paragraph:

"Because a considerable extension of the land tax would tend to force into productive use a certain amount of land which is now held out of use for speculative purposes; because it would tend to relieve active production from the repressive burdens of taxation, and because it would tend to cut off the incomes which now support capable men in idleness, thus forcing a certain amount of talent into action, we must conclude that an extension of the land tax would work well for the nation. However, one cannot be called a Single Taxer who believes also in an inheritance tax."