

ments in the land as well as on the land are exempted, is not clear. Mr. Huie does not say whether the effects expected by Georgeists are realized.

In his side of the correspondence, Mr. Leubuscher goes to some length to prove that a higher percentage of land values taxation obtains in New York City than in the cities covered by Mr. Huie's reports. With the masses of figures we are quite puzzled. It would seem to us that any city which exempted all improvements from taxation must automatically collect all of the ground rent. If this is so in New South Wales it is good news indeed. However, there are the rates other than for local purposes which cover the rate differentials and it is probable that some or all are assessed on improvements. We would like to hear more about it because from his reports we agree with Mr. Huie that "New South Wales is the greatest example in the world of applying Henry George's principles for raising local rates or taxes from land values."

Elements of the Housing Problem

"LABOR Must Demand Better Housing" is the title of a short article in the *International Molders' Journal* for April, 1938, part of an address by Robert J. Watt, American Labor Representative of the International Labor Office, Geneva, at the National Public Housing Conference.

There is no doubt that since labor produces everything we need and have, labor at least is entitled to what it produces.

Labor men realize that they build the de-luxe dwellings throughout the country, yet that probably never appreciate why they do not occupy them. It must seem rather strange that since labor produces the beautiful homes, the workers are compelled to live, frequently, in the most dilapidated and out-moded dwellings. It is questionable whether any labor leader has ever raised this point, or undertaken to tell why this should be. All they seem to talk about is "Labor Must Demand Better Housing of the Masses."

In his statement the writer says, "Labor has the most direct and intimate understanding of the nature of the housing problem." The American Federation of Labor today represents about 4,000,000 organized workers and their families, and an enormous percentage of these families live their whole lives in what experts call sub-standard housing, tenements in New York, shot-gun houses in Birmingham and shacks in every industrial town in America, and today there is a shortage even of shacks."

Rather a strange statement from a Labor Leader. Why doesn't labor build homes for themselves?—Answer: He waits for someone to give him a job and jobs are not

given out at the present time, for the reason that the builders cannot afford to put up dwellings and rent them at the price that the tenants can afford to pay. Causes: Several—Speculative prices of sites—high cost of material—continuous labor increases, jurisdictional strikes, and strikes for an increased wage just as the project is about to be completed.

There can be no quarrel with labor seeking a high wage. On the other hand, however, labor should give a fair return for that high wage. Continuous strikes delay the completion of the structure, but the carrying charges go on. Interest must be paid—likewise taxes. This is all reflected in the rent the owner must exact from the tenants.

We sometimes wonder whether labor leaders give much consideration to matters of this kind. We know that when wages are increased, the cost is passed on to the consumer. Labor gets a return for his product, whether it be a brick, a steel girder or a sheet of glass. We wonder whether labor realizes that labor gets absolutely nothing for producing a site. The site was there before man came on earth, and yet, when man requires that site for his needs, he is compelled to pay someone all that can be exacted, and labor must pay for it.

If labor would give attention to the amount of taxes that go into production and distribution, they may, perhaps, have another view of the labor situation and unemployment.

Since this subject refers to housing, it is well that we use housing as an illustration. According to the requirements under the Wagner Act, no room erected under Federal auspices shall cost more than \$1,250. A family needs four rooms on the average for its requirements. This means \$5,000 for an apartment. Taking the New York City tax rate as a basis, the taxes alone on the apartment will be \$150 a year. This is exclusive of the land tax. In Atlantic City, however, the tax will be nearly \$600, for there the rate is almost double that of what it is in New York. The New York rate is the lowest of any large urban center.

Present construction costs indicate that the wages in construction is 60 per cent, if not more, of the entire cost; 60 per cent of \$5,000 is \$3,000. When the structure is completed, the builder is compelled to pay a \$90 tax just because he employed labor in putting the building together. There is a similar tax on every other commodity and article going into the structure.

Under the circumstances, builders cannot be blamed for not going in for construction, since, after they employ labor, both in building and in preparing materials, a heavy tax is placed upon the project.

This should be the concern of labor and not urging governments to go in for subsidized housing. If labor can only pay \$4.00 a room a month and the cost of maintaining that room is \$10.00, the difference under a Federal

subsidy must come out of taxes, which are passed on to those who at that particular time can be forced to pay the increased taxes. Increased taxes on those whose earnings are higher will eventually reduce their purchasing power, for taxes take part of their earnings. This will bring us into the vicious circle of reducing purchasing power all around. A lack of customers is what causes business depressions. Customers only buy in accordance with the amount they have to spend. If it is taken from them in taxes, they must take it out of shelter, food and clothing.

Some day, somehow, labor may realize who is doing the pinching. They can no longer blame it on capital. Factories are closed down, mills and mines are being abandoned and the banks are loaded down with money which they are unable to lend. The fear of investing has reached a point where business men will not take a chance, since all they produce is taken from them in taxes. Clean up the tax situation, take the burden off industry and labor and the machine will begin to work.

Pro Bono Publico.

Single Tax Bill Passes the New Jersey Assembly

THE Sanford Bill 160 has been passed by the New Jersey State Assembly, after several years' effort by the Progressive League, and is now before the Senate, which will shortly adjourn.

This bill would permit any municipality to gradually, over a period of five years, reduce, and finally repeal at the end of the fifth year, taxes on machinery, merchandise, inventory and improvements, by collecting more of the public revenue from *all* land value now taxable.

The vote in the Assembly was 31 to 23 with a good prospect of its being approved by the Senate and signed by the Governor. In next issue we will give a review of the long campaign and the results.

LAND and FREEDOM, in reprinting the following editorial, takes this occasion to thank the *Newark Evening News* for its fair treatment of the subject, and especially for its kindness in publishing the many letters it receives from the advocates of land value taxation.

Newark Evening News, Newark, N. J. Saturday, May 14, 1938

APPROACH TO SINGLE TAX

There could be no better time than the present for serious and comprehensive study in New Jersey of methods of taxation. That is because governmental costs have mounted so rapidly that the tax burden has become almost unbearable in many municipalities. There has long been a considerable body of opinion, though it is not generally held, that taxing improvements as heavily as the land upon which they stand checks the stimulus to building on unimproved land or to demolishing outworn structures and replacing them with new.

This idea of making the land pay a greater part ranges among its advocates all the way from the Pittsburgh plan, under which land is

assessed at twice the rate levied upon improvements, to the Single Tax theory of Henry George, by which the land would bear all the burden. The New Jersey Assembly has just passed the bill of Mrs. Sanford, by which, in municipalities that adopted the plan after a referendum, taxes on buildings would be stepped down 20 per cent a year for five years. At the end, those communities would be taxing land alone. This is a graduated approach to an out and out Single Tax on realty.

The Senate may not pass the bill this year, but the mere fact that it has been passed by the Assembly cannot fail to direct public attention to the advisability, or no, on the part of individual municipalities of reconstructing the basis for tax levies. Particularly might this be the case with communities where land, assessed at a low rate because unimproved, is being held off the market for a future high price, whereas there is need for building either for business or residential purposes. Obviously, the same sort of reasoning would not apply to an overbuilt community where houses, factories, lofts and stores go begging for occupants.

The present basis of real estate taxation, however, does penalize the individual who makes investments to keep his property up to a point where it is really contributing to the well being of the community. On the other hand it lets off easily the individual who does not improve his property or lets the structures on it deteriorate.

In any general modification of the basis for levies, of course, one town's meat could be another town's poison. But when the application is made only to communities that vote for it, that objection is met. Whether there are New Jersey municipalities that would look with favor on taxing unimproved land as highly as that upon which revenue-producing structures stand is another question.

The California Campaign

SINCE last writing you, the campaign in California has been crowded with events, some apparently minor in nature, but possessing elements of great importance. Let me begin with one of the most striking.

By one of the flukes which so frequently happen, there fell into our possession three significant letters, which I can only briefly outline. The first was from the secretary of the San Francisco Real Estate Board, and which evidently went to all the real estate boards of the State. After pointing out that "the advocates of the Single Tax" were circulating an initiative petition to repeal the sales tax and substitute the "Single Tax" in its place, and would seek to obtain names in cities other than San Francisco and Los Angeles where their time had expired, the secretary says that, "This Board, together with certain other organizations, is making a strenuous fight to prevent the Single Taxers from qualifying. If we can prevent their securing the necessary number of names it will save a long and expensive campaign prior to the November election."

The next letter in date was from Robinson & Co., advertising agents of San Francisco. This refers to the letter just described, and gives in detail the process to be pursued to keep us from the ballot. After discussing methods of watching and influencing the movements of our agents, the letter continues: "We would also thank you to check with the various newspapers and ascertain if an ad. is placed for petition circulators. If so, please