

as between the National and State Governments, with justice to the taxpayer and in conformity with these sound economic principles.

PERHAPS there was an earthquake recently in Santa Barbara. Then perhaps there was not—maybe only a slight trembling of the earth resulting from the passing of some heavy automobile trucks. But even if there was an earthquake, it must not be allowed to interfere with the real estate market. Mrs. Hazel M. Grant, who is a prominent realtor, is reported in the *Pasadena Star-News* as expressing herself very decidedly on this point. The Santa Barbara earthquake was only a vicious piece of publicity and eastern newspapers are hereby cautioned to be more careful in the future. Mrs. Grant says:

Careful observers are of the opinion that this will be one of Southern California's most prosperous years.

"An important duty faces the people of Pasadena and Southern California. Every one should immediately write East and dispel any wrong opinions about the earthquake that may have arisen from vicious publicity. Already large numbers of telegrams have been received inquiring about property conditions in Pasadena and vicinity, and letters written containing the truth about the earthquake, would alleviate the anxiety in the East.

"This is particularly true with people of this city, for so many Easterners who come here, include Santa Barbara for part of their stay.

"When it is considered that Santa Barbara is one of the oldest communities in Southern California, and many of the buildings that fell were of antiquated construction, the property loss is not so large. The loss of life is also small. Any day that number are killed in any large city through accident."

No Mere Fiscal Reform

IT is no mere fiscal reform that I propose; it is a conforming of the most important social adjustments to natural laws. To those who have never given thought to the matter, it may seem irreverently presumptuous to say that it is the evident intent of the Creator that land values should be the subject of taxation; that rent should be utilized for the benefit of the entire community. Yet to whoever does think of it, to say this will appear no more presumptuous than to say that the Creator has intended men to walk on their feet, and not on their hands. Man in his social relations is as much included in the creative scheme as man in his physical relations. Just as certainly as the fish was intended to swim in the water, and the bird to fly through the air, and monkeys to live in trees, and moles to burrow underground, was man intended to live with his fellows. He is by nature a social animal. And the creative scheme must embrace the life and development of society, as truly as it embraces the life and development of the individual. Our civilization cannot carry us beyond the domain of law. Railroads, telegraphs and labor-saving machinery are no more accidents than are flowers and trees.

—HENRY GEORGE.

New Subway Plan Brings Our Principles To Notice

THE proposal of Chairman Delaney of the Board of Transportation of this city to tax the benefited area for the construction of new subways, closely allied to our contention that land values should pay for the public services that help to create these values, is bringing our principles into notice.

Chairman Delaney in his report says:

"The Rapid Transit Law authorizes assessment of the whole or part of the cost of rapid transit railroads upon the property benefited. All property in the areas served by the existing rapid transit lines immediately doubled in market value when construction was authorized, and all property bordering on the lines has increased in market value in far greater amount..

"The present and prospective borrowing capacity is not sufficient to provide all the funds that will be needed during the next three years for rapid transit and all other public improvements.

"The financial policy adopted by the city will determine the rate of fare that must be charged to make the system self-supporting from revenues."

Elsewhere the report states: "Property along the lines would be at least doubled in value and would supply twenty five per cent. of the original cost, and have ten years in which to pay the assessments." The report points out that to finance the subways entirely by fifty year bonds would add 15 per cent. to the cost of construction, and compel a higher rate of fare.

The Hearst papers are enthusiastically for the plan and a few extracts from the many editorials in the *New York American* will be of interest. It is important to note that it is just such incidents as these that from time to time will bring our principles to the notice of the people.

"After all, the subway is nothing but an underground street and the financing of the subway should be handled in the same manner as the building of a sewer, street or other public improvement."—*N. Y. American*, June 13.

"The streets, sewers and bridges are all built by assessment. The subway is nothing more than an underground street and properly should be built upon the same economic basis as streets, roads, bridges and sewers."—*N. Y. American*, June 9.

"Under Mayor Hylan's plan the passenger will pay his part and the landlord will pay his part—and this means a five-cent fare!"—*N. Y. American*, June 10.

If the landlords do not pay their share and the subway passenger has to pay the landlord's share in addition to his own, then the passenger's fare will be eight or ten cents.

Nothing could be more dishonest than to compel the subway passenger to pay for the privilege of doubling the value of the landlord's property!

Every time the subway passenger would pay an eight or ten cent fare he would say to himself: "This is my tribute to the landlords!"—*N. Y. American*, June 5.

Our friends have not neglected the opportunity to connect our proposals with the subway plan now under discussion. The following letter appeared in the *New York World* from the pen of an old Single Taxer and newspaper man now located in Albany:

PAYING FOR THE SUBWAYS

"As a student of taxation I am interested in the proposal to tax benefited land to raise revenue with which to construct new subways. Commissioner Harkness condemns the plan as a startling innovation which will end in disaster. This is surprising when one remembers that the principle of taxing benefits is well established in American cities. Trunk sewers are constructed from money raised from land in the benefited area; streets are paved in the same manner, as are also other local improvements. Nobody objects, because the system is so obviously just.

I fail to see that there is any difference between this class of public improvements and the building of a subway which adds tremendously to the value of the land which it traverses. I assume that Mr. Harkness prefers to increase the car-fare to make up the difference, but why tax the mass of the people using the subways and leave hundreds of millions of dollars in unearned increment to land-owners who admittedly are better able to bear the burden?

It should be borne in mind also that the increased value of land causes rents to go up, and that the users of the subways pay a rental based on that added value, whether the unearned increment is taxed or not. Therein lies the fallacy, expressed by Mr. Harkness, that if you tax site values the tax will be added to the tenants. They pay rentals based on the value of land, but not on the tax which the city might levy on that value. It is a well recognized principle of economics that a tax on ground rent cannot be shifted to the tenant. To make this point clear, suppose the city were to exempt from taxation all the benefited land, does anybody imagine that the owners would reduce its value to buyers or reduce rents? They would continue to charge up to the limit."

J. M.

Following is part of another communication in the same paper.

ASSESSMENT FOR SUBWAYS

"Laying aside the legal questions involved as too complex to be dealt with in this place, can there be any doubt that it is plain common sense to require owners of land which will benefit enormously to contribute some of their profits to pay a part of the cost of construction? If it is just to make owners of adjacent property pay for trunk sewers and street openings, which are often of doubtful benefit, what is wrong about making them pay for so obvious a benefit as a subway?

When the first subway was built in the Bronx the city made a present to Bronx landowners of more than \$500,000,000. Ten per cent. of their profits would have paid for the subway, and the passenger's fare could have been used as it should be—to pay for his transportation. Had this plan been applied earlier, Mayor Hylan would never have had his pet issue, for there never would have been any question about the sufficiency of the nickel as payment for the service given. Instead of adopting this simple method of solving the city's financial problem, we presented to the owners of the city uncounted millions and crowded our cars beyond reason or decency in a futile attempt to squeeze out of the nickels of the poor the price which the benefited property should have paid."

—MARTIN M'MIX.

The Commonwealth Land party of this city has not overlooked the opportunity offered by this agitation and is circulating a petition which goes much further than the Delaney proposals and asks the taking of *the full increase in the value of land* due to the construction of the subways. The *New York American* and the *New York Sun* called attention to these petitions in prominent news articles. The *New York Sun's* comment in its news columns is as follows:

COMMONWEALTH LAND PARTY TO PETITION HYLAN

"Mayor Hylan is soon to be presented with petitions requesting him to finance his subway system by having the city collect the full increase in the value of land bettered by the presence of such subways as the Mayor may build. These petitions which made their appearance today, are being circulated by the Commonwealth Land Party.

No one could be found at the offices of the organization at 3 East Fourteenth street to explain the circulars. The rooms were filled with literature on the land rights of the worker, Single Tax, and with criticisms of landlords and land owners. In one corner stood a banner on which was inscribed "Land is the God-given Gift."

The petition addressed to the Mayor under the heading "Subway Referendum," asks:

"Shall the city obtain the revenue for the building of the new subways by increasing the crushing burden of taxation now levied on the people, or by collecting the full increase in the value of the land due to the construction of the subways?"

Claiming that the tenants of the city are now paying 90 per cent. of the taxes, the petitioners request the construction of the subways "without levying one penny of taxation on the people."

Space for ten signatures and addresses is provided."

THE Endicott, N. Y. Rotary Club listened recently to James R. Brown and Le Baron Goeller, who explained the Single Tax each in his own way.