

at was at first a heathen people, so that this nation would gradually come a witness to the truth of one God, who demands justice and righteousness.

Dr. Silver says that he has found the subject a very difficult one to treat, not only in view of the question as to what is the precise content of Jewish ethics, but also with reference to the question how the religion of the Hebrew people came to be so inextricably bound up with ethics.

His difficulty is not peculiar to himself, but to the present age of scientific scholarship, which has not thus far learned how to interpret the Hebrew Bible in terms of economic and social evolution. He has studied the works of representative modern Biblical critics, such as Driver, Davidson, Kautzsch, Ryle, Moore, and J. M. P. Smith. But these scholars were preoccupied with rearranging and putting into chronological order the various documents and literary strata in the Hebrew Scriptures. They never explained the social forces which brought into existence the religion and sacred literature of ancient Israel.

The bibliography given by Dr. Silver shows that he has had good productions to the field of conventional Biblical criticism, but has not consulted modern works dealing with the evolutionary problem which, on his own confession, has given him a great deal of trouble.

LOUIS WALLIS.

## Correspondence

### MR. BECKWITH ACCEPTS THE CORRECTION

EDITOR LAND AND FREEDOM:

I have been sharply and properly corrected for a misstatement of California irrigation district law in my letter appearing in your September-October issue, page 164, column 2.

The point is one in statutory law, not in economics. Knowing that, I relied upon others; and find now that I was misinformed. It is not true as stated in my letter that the tax in this district is levied upon a flat per-acre basis; it is levied upon the valuation, as pointed out by J. Rupert Mason of San Francisco.

Stockton, Calif.

L. D. BECKWITH.

### LAND NO LONGER IMPORTANT

EDITOR LAND AND FREEDOM:

From time to time it has been my privilege to listen to a radio broadcast presenting a discussion of taxation, or some subject closely related to taxation, by three men who were doubtless selected as authorities. But the evident misinformation possessed by these gentlemen of the essential fundamentals of taxation has invariably misled them, in their three-way conversations, as comedians rather than economists. In a recent broadcast one of these gentlemen stated that land was more important at the time when Henry George wrote "Progress and Poverty" than it is now! It would be interesting to know what the same authority would say concerning the relative value of air and water then and now. The glaring fault in these discussions has been the entire omission to consider the subject of taxation from the standpoint of right and wrong. One is led to conclude from these conversations that considerations of justice in taxation are of no importance whatsoever.

Wichita, Kansas.

HENRY WARE ALLEN.

### PERTINENT QUESTIONS

The following questions have been forwarded to us by The Single Tax Association of Toronto, Canada. They were propounded by Mr. H. B. Cowan of Peterboro, Ont.

1. "Farmers create an important part of city land values. How can land value taxation be applied as to return these values to them?"
2. "Cities like New York, Chicago and Toronto derive a considerable part of their land values from the produce of population through-

out the entire country. How did Henry George propose that the equity of the public at large in these land values should be recognized?"

3. "An important percentage of the most valuable land on the continent does not owe its value to the presence of nearby population. Reference is to oil wells in the Turner Valley of Alberta, gold mines in the unorganized districts of Northern Canada as well as to timber limits, coal mines, iron ore deposits, water power, etc. How did Henry George propose that these should be taxed. To whom would the taxes go (the country, state or national government), and how would their value be determined for assessment purposes?"

There is one way in which all these questions could be answered and summarily dismissed. That is, there is no use concerning ourselves about the details of this or that phase of the situation to be. We know that when all taxation is abolished, public services must be paid for out of ground rent. How it will affect this or that particular ground is unimportant. It will iron itself out. This explanation convinces no one and evades the issues.

The questions are asked as a result of more than ordinary thought on the subject and should be answered as fully and as definitely as possible. In our replies we do not say we have the only and final and correct answers. We hope they will prove convincing, but if better answers are to be had we welcome them.

In order that we may be better understood it is necessary that we avoid if possible many prevalent misconceptions. The average man accepts taxes as natural and inevitable. He considers them as his share of the public expenses and he protests only when they seem excessive or unequal. His protest is more apt to be an effort to raise his neighbor's taxes to equal his and especially is this apt to be the case if his neighbor has more ability to pay. This general conception of taxation on the basis of ability to pay has got to give way to an equitable basis of benefits received. In our replies we visualize an equitable return for ground rent paid in lieu of all taxation.

In reply to questions 1 and 2. Theoretically the justification for tax collections is payment for public services. No locality or tax area is justified in over balancing its budget even if its land values were increased by activities of populations outside. But this is not the case. Farmers do not create any part of city land values nor do city workers create any part of farm land values. Each creates its production and trades. The site values in either locality are the measures of opportunity to produce. When farm products are exchanged for city products the *exchange* enhances site values in both places. Emphasis should be laid on the word "enhances" as there might be some site value if no trading took place. The activities in New York or in Chicago or in London, Hong Kong or anywhere else create ground rent in their respective localities. There can be no enhancement unless they trade and to the extent they trade, they benefit.

In reply to question 3: It must be constantly kept in mind that ground rent is the annual value of the site only, viz., the opportunity to go to work, to produce. The value of oil, coal, water power, etc., is zero until labor is applied. When labor is applied or assisted by tools (capital) the result is wealth. There would be no question if the product were walnuts or potatoes. Yet the principle is the same and if there were any valuation of ore in the ground as taxable, the taxes would be a part of operating cost and would appear in enhanced price. We are so accustomed to consider ores from their monopoly and scarcity prices that we are apt to forget the cost of production under free conditions. Under such conditions, the site value uncapped, the product would exchange at a price determined by the full wages of labor, assisted by capital applied to ore land. The easy line of reasoning in reply to this question is government ownership of mines, power sites, etc., whereas we know that these is no more validity to government ownership of land than of individual ownership. The right of use by the living (whether individual or group) and subject to the equal right of all, constitutes the only



valid title and the payment of the full ground rent for use of particular sites compensates for the right of those not using those sites. In the case of ore lands it would therefore seem to us that ground rent may be determined by what is left after wages of labor and wages of tools (interest) are received in full in the then truly competitive free market. We should see a fine balance between a maximum wage and a ground rent paid sufficient to automatically extinguish any capitalization whatsoever of any natural resource. What is ordinarily considered the ground rent bid for the site would be a factor in determining this balance for no bid could be expected at the expense of wages. On the other hand, in an open (free) market for sites (opportunities) the full competitive bid would be necessary to secure relatively valuable sites over marginal land.

In conclusion, ground rent is payment for site only. We cannot tax that which is in the ground which later will be a labor product. If we do this it is tantamount to a tax on production and as such is a part of operating cost and would be taken back in price.

C. H. K.

### THE WOLDORF-ASTORIA

EDITOR LAND AND FREEDOM:

Can you send me the number of acres of land that the Waldorf-Astoria Hotel occupies? It seems that there are some persons that think that land cannot give enough taxes to carry on the government, I think it would be quite useful out here just now.

Los Angeles, Calif.

D. T. BARON.

The Waldorf-Astoria Hotel occupies a city block between Park Avenue and Lexington Avenue, 49th and 50th Streets, Block No. 1304, Lot No. 1.

The dimensions of the block are: 200 feet and 10 inches on Park and Lexington Avenues, and 405 feet on 49th and 50th Streets; total, 81,337 square feet. There are 43,560 square feet in an acre, so that this amounts to a little less than 2 acres.

The assessed value for 1938 is: Land, \$5,800,000; building, \$16,700,000; total, \$22,500,000. The fee of the land is owned by the New York State Realty and Terminal Company, who acquired it in 1913 from the New York Central Railroad Co. I understand that the Terminal Company is a subsidiary of the railroad company.

The lease to the Hotel Waldorf-Astoria Corporation, October 29, 1929, expires December 1, 1956.

The mortgage on the leasehold is \$11,000,000, Oct. 29, 1929. Discharged, 1936. The lease was modified Dec. 15, 1936 under 77B of the Bankruptcy Law.

I understand that the Terminal Company put up ten million dollars toward the erection of the building and the public put up eleven million more under leasehold mortgage certificates, which were sold throughout the United States. Under the original lease, the hotel corporation paid about seven million dollars a year ground rent, in addition to paying all city taxes and then had to pay interest on the ten million dollars advanced by the Terminal Co. and interest on the eleven million dollar leasehold mortgage certificates. Under the reorganization plan, the hotel company pays one million dollars a year with a graduated plan for increased amounts, as business gets better.—WALTER FAIRCHILD.

This is an interesting example of how economics works out on ground lease propositions. Mr. Fairchild's point is that under our present system the owner of the lease or land eventually becomes the owner of the entire investment, squeezing out the certificate holders and everyone else concerned. He says a good story could be written up on this.—Editor LAND AND FREEDOM.

### GROUND RENT A BLESSING

EDITOR LAND AND FREEDOM:

I was pleased to see what you had to say in the current issue of your

magazine in regard to ground rent being a blessing instead of a burden. We are prone to forget that and we also often fail to remember that it is the "equalizer" which puts all men on equal terms as to the bounties of nature and the advantages which come to land through the benefits flowing from good government. Without it those having the superior locations (everybody can't have them) would have an unfair advantage over those using the inferior ones.

I read, too, with much interest, your remarks on Land Value Rating in Sydney. About two years ago I had a correspondence with the officials of several of the larger cities in the British Colonies having this rating method. I found, rather to my surprise, that the tax rates, on land only, were little, if any higher than ours, falling on real estate.

In Sydney the rate was 4d in the £ and they have a limitation of 6d in the £. Their rate in our money would be \$166⅔ per \$100 and they are limited to \$2.50 per \$100.

Wellington, the capital of New Zealand, has a rate of 155/400 equivalent to \$3.07 on the \$100. Johannesburg, South Africa's largest city, has a rate of 5d in the £ and a limitation of 7d. The rate, in our money, is \$2.08 and their limitation \$2.92.

It is evident from these figures that Mr. Leubuscher is right in saying that they have not gone far enough and that New York City is obtaining a higher percentage of land rent than Sydney. They fall very far short of Pittsburgh. There the total of city, school and county taxes falling on land amount to over \$4.00 per \$100, being about one-third higher than Wellington, which was the highest figure reported to me.

Here in Philadelphia, if we levied our taxes on land alone it would take a rate of at least \$5.75 to supply the present revenue.

Philadelphia, Pa.

HAROLD SUDELL.

## NEWS NOTES AND PERSONALS

FAIRHOPE, the Single Tax colony on the shores of Mobile Bay, celebrated its forty-fourth anniversary on November 15. Fairhope at the time of its beginning was the wildest spot on the eastern shore but is now the metropolis of the county.

"BRICKS WITHOUT STRAW," the latest novel by Charles Norrish, contains a favorable notice of Henry George. The story is running serially in the *New York Post* and is a well written story. Perhaps the growth of Single Tax sentiment is indicated by this reference in the work of a popular novelist.

GILBERT M. TUCKER of Albany, writes: "The last number of LAND AND FREEDOM was particularly good and I liked the reading particularly. By Norma Cooley, liked it so well, in fact, that I am enclosing a subscription for a friend. . . . Let's not abuse people more than we must, but be constructive—and yours is the attitude I like. You may publish things once in a while that do not appeal to me, but I never do I recall seeing anything in your journal which I found objectionable in any way. Yours is the way to make friends for movement."

OUR old friend, George White of Asbury Park, N. J., writes that he is "on his way to ninety when he hopes to be mature." He is still active in the good work.

MISS GRACE COLBRON of this city writes:

"I'm collecting names and addresses of foreign language papers. When I get a reliable list I'll give it to you and the School, likewise the Schalkenbach Foundation. I think an ad. now and then in the paper or the other of those papers would be an opening wedge to get articles, editorial or otherwise."

DR. S. A. SCHNEIDMAN of Bellaire, Long Island, lectured on November 11 at the Town Hall on "Economics for the Artist." The purpose