

public improvements would be curtailed. I suppose the answer is that he would get what he could afford, much or nothing as the case might be. But how would you answer him?—P. R. W.

A. Rent would be determined basically exactly as it is now, by the higgling of the market. There is competition now for all the land that is to be had, only that the price is governed largely by the speculative withholding of land from use. This speculative withholding removed, as "the Henry George idea" would remove it, all unused land would be accessible to those who desire to put it to use. Submarginal land would have no value and would pay no rent. If the climatic and scenic attractions mentioned were sufficiently potent to attract people in such numbers as to make some spots more desirable than others, rent would appear, otherwise, regardless of its natural attractiveness, it would be rent free.

"First class farming land" is such as with the same effort produces greater returns than lower class farming lands. Its advantages would be expressed in rent.

Home sites are different from production sites in that (other things being equal) they are lower in value and therefore lower in land rent.

The "highest business site value" will under the Single Tax, pay its full annual rent even though that be a million. No part of the rent will be capitalized into selling value.

Naturally, the site-rent must be paid by the users of the land. If the users happen to be the tenants of an owner of the building they must pay their share of the rent, but if P. R. W. means in saying "in figuring my investment, I would include the annual site-rent of the land" means that, as at present, "profits" may be added to such "investment," he is mistaken. The property of a builder, or owner, is his building, for the use of which, plus such services as he may render, he is entitled to payment.

Supply and demand govern all prices. Remove the incentive to hold land out of use, as the taking of the rent by government in lieu of all taxes will do, and the supply of land will be so great that its individual unit value will fall and thus the advantage to the tenant, and to all users of land, will be the lower cost of housing and of doing business. But this will not be the only advantage. The greater demand for labor will increase wages, therefore consumption, and the greater demand for commodities and services will increase the output of all producers, and all will reap the advantage of good times and prosperity.

The farmer, under the Single Tax, will be, perhaps, the most favored individual in the community. His taxes now fall mainly on buildings and improvements on land, on tools, machinery, live stock, etc., which often exceed by several times the value of his land. He would be relieved of all these taxes. The unprecedented demand for labor and the consequently higher universal wages would

enormously increase the demand for his products, and therefore his income.

While under the Single Tax the individual unit of land may fall, the greater demand for and therefore greater use of, land will cause rent in the aggregate to rise considerably, and government will have much more money than it has now for public improvements and services to the people.

Q. I am not positive that increase in land values, brings on poverty. It seems to me, the counterfeiting of stock, bond values, does. Where every corporation is permitted to print practically unlimited stock certificates, not even land values can compete with such an unlimited swindle. The thieves market where they market their counterfeit values is of immediate importance for solution.

To stop the right of corporations to print counterfeit property tokens, and to market them in gambling places, called the stock market, is where quick solution lies. If farmers and producers would organize they could secure power to apply remedies, but they fritter it away and elect nine-tenths lawyers to transact their business for them.—JOHN EHMANN.

A. Legitimate increase in land values due to increasing population, or to greater productivity, under conditions of freedom with land speculation eliminated, cannot bring on poverty. Increase in land values due to land being speculatively held out of use depresses the margin of production and depressing the margin can do nothing else but lower wages and create poverty.

To prohibit the printing of stocks and bonds and leave untouched the conditions that give usurious qualities to such stocks and bonds, would be akin to leaving valuables lie about with unlocked doors and then by edict making it a crime to steal. It would not do any good. Stocks and bonds merely divide the spoils; without them the robbery of the people will go on just as effectively.

Instead of stopping the right of corporations to print and market "counterfeit property tokens" wouldn't it be a more effective and speedier solution to stop individuals from converting public property into private gain?

## Public Works and The Depression

**B**USINESS is in a very bad way, with millions of men out of work, and, naturally, there are many different kinds of remedies proposed, to cure it. At this time, one very popular one is that government should start a series of public works, such as new postoffices and roads, and also finance the construction of new bridges, and the electrification of the railroads, and similar projects. Through these public works, men would be given jobs and they would have money to spend, and there would be created an effective demand for the commodities and services of business. If a huge enough amount, such as five billion dollars, be expended, it will cause business men to regain confidence and it should be the turning point to bring back good times again. If this reasoning be sound, no time should be lost in putting such a public works programme into effect. Let us, therefore, test our



several instances, taken at random, to see if public works are a cure for the depression:

1—The Treasury Department writes on March 24, 1933, that "the cost of the land for the new Parcel Post Building in New York City was \$2,000,000. The amount of the construction contract is \$5,233,231."

2—A New York City newspaper of April 17, 1933, states that "Nassau County orders \$1,000,000 bond issue. Most of this sum will buy highway rights of way (land)."

3—The Federal Government may spend two billion dollars to buy farm mortgages. A New York weekly says concerning the farm mortgage situation in Iowa: "Well, the lawyer bid somewheres around \$30,000 for 320 acres of land. Good land, you understand. Used to be worth \$300 an acre."

4—A New York City newspaper of Oct. 7, 1932, states that "Borough President Levy has a fund of \$8,720,000 to acquire twenty-four acres for childrens' playgrounds, where none now exist. Under usual conditions these would cost \$11,000,000 but because of the depression the property (slum land) might be purchased within the borough's present means."

5—A New York City newspaper of Feb. 17, 1933, states that "the New Rochelle, N. Y. postoffice would be located at the corner of \* \* \*. The property (land) was offered for \$200,000."

6—A New York City newspaper of April 9, 1933, states that "Fred. F. French will start in six weeks to stamp out the 'lung block' on the lower East Side, one of the most sordid sections in New York. French plans to displace about 3,000 people from buildings none of which is under fifty years old." The New York State Housing Board estimates the land, consisting of five acres of slums, will cost \$3,000,000, and the new buildings will cost \$6,000,000.

Now, the question is whether five billion dollars of public works, similar to the above, can cure the depression. There seems to be no logical reason to say that they would do so. In fact, there seems to be no direct connection, either as cause or effect, between public works and the depression.

There is, however, one constant factor running all through these six cases, and that is the enormous prices that must be paid for land. The dirt farmer, for instance, cannot successfully "make" crops on \$300 an acre land, and so the government is asked to finance the mortgage. Thousands of children are denied much needed playgrounds because New York City cannot buy slum land at \$360,000 an acre. The French project to destroy some horrible slums in New York City, must pay \$600,000 an acre for land. If the government spends five billions for public works, it will pay \$1,500,000,000 for the land to do it on. And, furthermore, the surrounding land will increase in value billions of dollars. The one sure direct result therefore of a five billion dollar public works programme is that land owners will receive several billions of dollars. The conclusion from this short examination into facts is that President Roosevelt and his able and sincere advisers should immediately make a thorough and painstaking inquiry into high land values as one cause of the present depression.—T. A. MCHENRY.

**T**HERE is no evidence that any considerable group of Nebraskans is even tolerant of the idea of a sales tax. A few city real estate dealers are for it. A few school teachers (one bill proposes to give its entire yield to the school fund) have indorsed it. A few professional promoters are pumping the bellows. But the people, the taxpayers, are silent. They want tax reduction, not tax additions. Omaha *World-Herald*.

**G**ANDHI can rid India of some political wrongs merely by fasting a few days. American workers fast for years without having the slightest effect on what is wrong here. But Gandhi thinks while he fasts.

## An Ethical Basis for School Revenue

**N**EVER before has the problem of financing the public schools been so acute; never before has the public been so tax-conscious. Everywhere legislators are feverishly urged to look here and there to find one more source of revenue, and everywhere the ordinary citizen, already groaning under a staggering burden, stoutly declares his inability to give more. The question is not too much one of political economy to engage the attention of teachers as such. More and more at educational meetings the question of "How Shall the Public Schools be Financed?" has come up for discussion and much space has been given to it in professional literature of recent issue.

In all these platform addresses and published articles one striking fact is evident. With almost complete unanimity these eminent educators discuss the matter as though the whole question were one of who has the money. "According to ability to pay" seems to be the sole test. It seems never to have occurred to such speakers and writers that the matter of ethics has anything to do with it. Their argument begins and ends with "The State needs the money." They would have us obtain revenue for the nation, the state or municipality on the same principle as the burglar or highwayman gets his. That principle is: "I *need* what you *have*, therefore I *take*." Has society no higher justification for asking for the taxpayer's dollars? Has the state no loftier sanction for demanding tribute?

If any of us were to be asked individually, out of what fund we expect to pay for the food we eat, the clothes on our bodies and the roofs over our heads, there is but one proper answer: Out of our own *earnings*. A person who deliberately plans to do otherwise, save as a result of a free gift of the producer, is justly regarded by society as a crook and treated accordingly. We build jails for the fellows who order their lives on the basis of other folks' "ability to pay." By what reasoning is the state absolved from the same ethical test? Is not organized society, just as much as is the individual, amenable to the commandment, "thou shalt not steal" and bidden to eat its bread in the sweat of its *own* face? In other words, should not public revenue be derived from public earnings as distinguished from individual earnings?

The thought probably has never occurred to nine out of ten of those legislators, educational administrators and civic associations who are so bravely marching to the "relief of real estate," and who proclaim that "intangible wealth" (meaning of course stocks, bonds and mortgages) must bear the burden, as though the futility of that kind of taxation had not been so often and so thoroughly exposed. Such persons should be reminded of that which is recognized by every economist as a communal product, the value of land. The so-called "unearned increment" is just as certainly earned by the people as a whole who have brought it into being as are the wages of a day laborer his own earnings. Land values come into being with communities, and, exactly as these communities grow in size and complexity, the increasingly necessary revenue for their maintenance is automatically at hand.

What is the result of any public improvement? If we build a new street, open a new sewer, construct a public bridge over the river or across the railroad, extend transit facilities, improve the river banks, or erect new school buildings, do these not result in increased land values? Or, to mention improvements of an intangible though not less appreciable nature, what happens when civic alertness provides clean, graftless and efficient city government? The desire of everyone to live and to do business in such an exemplary place creates a greater demand for sites—not for buildings necessarily. The common remark that municipal improvements tend to raise the value of "real estate" is both true and false, since this term by custom but in opposition to logic is made to include both land and the improvements on it. Do buildings increase in value as a result of neighborhood betterments?