

The Taxation of Privilege

THERE are only two things that can be taxed—privilege or the products of labor. If privilege is taxed, as it has no value except that conferred on it by law, it is but pay for benefits received. If the products of labor are taxed while there is sufficient income from privilege to meet the requirements of government, it is not only unjust but highly impolitic. In the first case no ill effects would follow except to the beneficiaries of privilege. In the second case production would be discouraged and a long train of economic ills follow.

An income tax that does not discriminate between sources of income is unwise for the same reason as given above. Some incomes are earned, meaning that thereby the community has had wealth added to it. Some are unearned, meaning that no additional wealth has been created, but that the wealth that someone else produced has been taken from him. One is a benefit to society, the other a drag upon it. And some writers cannot see a difference between the two, claiming that both the privilege of owning natural resources and the production of wealth by actual labor are analogous because both are alike in being "social values."

Let us analyze this. The social value referred to in the case of the products of labor is the inheritance of the past. It is a free gift to all future generations by our ancestors. Besides they are not here to collect any toll. No special privilege here, everybody comes in on equal terms. But this knowledge handed down to us is valueless unless exercised. Stop work and your income ceases so far as new production is concerned. When exercised it tends to bring down the cost of goods. If the doctor, lawyer or actor stop working his income stops. Social values are of no benefit to them unless they add to it human exertion.

On the contrary, the privilege of owning natural resources acquires a social value, too, but not from any activity of the owner except as a part of the community. Quite a different kind of social value to that referred to in the other case. The owner does not have to exercise any exertion if he does not want to and yet can get the products of others' toil. He may be sick in a hospital, travel in Europe or spend his time in just doing nothing at all and yet become rich.

Nobody is to blame for thus getting a living if it is done by general consent, which it is, but it would be much wiser, promote greater prosperity, abolish involuntary poverty and banish the periodic conditions of hard times if taxes were all taken off the products of labor and put on privilege.

GEORGE C. OLCOTT, in Chicago *Daily News*.

WHAT is there for which life gives us opportunity, that can be compared with the effort to do what we may—be it ever so little—to improve social conditions—and enable other lives to reach fuller, nobler development?

—HENRY GEORGE.

The Stage Set for Lloyd George

SO far there is only one hint of the former Premier's line of attack when he makes his definite comeback in the political arena. This is given by his choice of a subject for the solitary intervention he made in a debate during the brief session just closed. With Ireland, reparations and unemployment among the big questions before the House of Commons, Lloyd George's significantly chose to assert the paramount importance of the land question.

He is no stranger to this subject, and the Conservatives at least have not forgotten his land campaign and plan for taxation values of his pre-war, radical days. The stage is all set for taking up of the land question by a dynamic personality, such as Lloyd George.—London Correspondence, *N. Y. Tribune*.

Getting Rich Without Working

IN 1860 the New York City block bounded by 51st and 52nd Sts., Broadway and Seventh Ave., about 33,000 sq. ft., was purchased by the grandfather of the present owner for \$60,000. A portion of this plot, running through from Broadway to Seventh Ave. has just been leased (December, 1922) at an annual rental of \$60,000. As the lessee intends to put up a new building in place of the present structure, this sum represents pure ground rent. And this plot of 10,000 sq. ft., although one-third of the whole area, does not represent one-third of the ground value, because it does not include any of the four corners. Therefore the annual rental value of the entire plot is at least \$250,000; not a bad annual return on the original price of \$60,000.

Interest in The Pittsburgh Experiment

THE year 1922 witnessed a further reduction, under the graded tax law, of the city tax rate on buildings, which is now only 60 per cent. of that levied on land. This has been one of the factors tending to encourage the increased building, though the full effect that might normally have been anticipated under this law has been offset considerably in the past several years by very high building costs, financial stringency and other abnormal conditions incident to the war. A widespread interest has been displayed throughout the United States and Canada, and even in very remote parts of the world, such as Australia, in this unique tax law passed in 1913, which is in operation only in second-class cities of Pennsylvania—Pittsburgh and Scranton. During the past year the department has had occasion to answer inquiries almost weekly concerning the tax method in vogue here, and the results that have been evident from it.—P. R. WILLIAMS, in Pittsburgh *Gazette Times*.