

Two Horses Running Well

IN view of the controversy re Single Tax and "Progress and Poverty" in the columns of the *Star*, the following is worthy of record. When in 1880 the great economist, Henry George, was visiting Sydney an enthusiastic Single Taxer, thinking the American visitor might want to witness an Australian horse race, applied to a racing official for two complimentary tickets for Mr. and Mrs. George. The official asked, "Who is Henry George—has he any horses?" "Yes," said the Single Taxer; "Progress and Poverty. They are always bracketed and are running well." "All right," said the official, "here are the tickets. George, when he sees what our horses are like, may be induced to bring Progress and Poverty to Australia." The gifted economist roared heartily when the episode was related to him.—*Auckland (New Zealand) Star*.

Denmark Slumps

THE percentage of unemployed members of trade unions was 43.7 per cent at the end of February, compared with 35.9 per cent at the end of February, 1932. In the industrial professions the percentage this year is 32.6 compared with 25.7 per cent in February, 1932

DANISH CONSULATE REPORT, NEW YORK.

For An Entering Wedge

HON. EDWARD POLAK, former Register of the Bronx, has addressed the following letter to the Assembly and Senate Committee on Taxation:

Gentlemen:

Many representatives of New York City and State retail stores appeared recently before your committee of the New York State Legislature to protest against a proposed Sales Tax on the ground that it would injure the retail trade.

When Mr. Grover Whalen, manager of John Wanamaker's Department Store, closed his argument against the proposed Sales Tax, Mr. Sargent, a member of the Legislative Committee on Taxation, asked Mr. Whalen if he had any substitute to offer for the Sales Tax so that the budget of the State of New York could be balanced. Thereupon Mr. Whalen suggested a conference between the business interests and the legislators for a discussion on other tax methods, but offered no substitute for the Sales Tax.

I regret very much that Mr. Whalen did not offer a substitute as requested for then the committee could have taken it under consideration and if found feasible, it could be substituted for a Sales Tax. Because Mr. Whalen, a representative of the business men, did not offer a substitute, I therefore, offer to the Committee a substitute measure which I believe will produce more revenue than the Sales Tax and unlike the Sales Tax will not fall on production and cause unemployment.

I recommend for the consideration of the Legislative Committee, an Excise Tax of 1% on the privilege of ownership of land in any one plot in the State of New York, valued at \$10,000 or more as a substitute for a proposed Sales Tax.

This proposed tax would fall lightly on home owners and farmers as their land is valued at less than \$10,000 and would, therefore, preclude them from the proposed Excise Tax. The tax would fall heaviest

on valuable city lots and monopolies having landed privileges from the State and also the natural resources of the State.

A similar bill was introduced in Congress a few years ago and it was estimated at the time that it would produce a revenue of over \$1,500,000,000 annually if enacted into law. The same bill will be reintroduced in Congress shortly and many Legislators have promised to support it.

How much revenue such a tax would produce in New York State has not been estimated, but, inasmuch as New York State is by far the richest State in land values in the Union, it follows that a 1% Excise Tax on the value of its land would produce a great part of the \$1,500,000,000 revenue.

A Sales Tax would fall on the storekeeper and the consumer and help to destroy the purchasing power of the consumer and cause unemployment, while an Excise Tax of 1% on land values would fall on land speculation and monopoly. Besides raising revenue to balance the budget, it would cause land speculators who are holding land out of use for a rise, to put it to use, thereby causing employment in the building and other trades.

There is a difference between commodities upon which a Sales Tax is proposed and an Excise Tax on the value of land. The former is the product of labor while the latter is the product of the entire community and not of the individual. Land values are created by increase in population and public improvements. The public (state) has a moral and legal right to take through taxation, for public purposes, a part of the "unearned increment"—land values—which it creates.

As an illustration of what I mean as to increase in land values due to increase in population, I quote the following: In the year 1910, the New York Central Railroad purchased a land site at 45th Street and Lexington Avenue for \$1,100,000 and in 1932 sold it to the Federal Government for \$8,960,000 thus making a profit of \$7,860,000 in 22 years. Forty years ago, John D. Rockefeller purchased an old 4-story residence at 4 West 54th Street which was valued at \$40,000. Today it has an assessed value of \$900,000. Columbia College owned 28 lots on 47th and 48th Streets and on 5th Avenue. They were assessed at \$103,000. Lots on 5th Avenue are assessed today at \$1,000,000 and \$1,500,000 per lot and on nearby streets at \$100,000 per lot. What is now Broadway and across to Waverly Place from 9th to 11th Street was a farm left by its owner for the support of indigent sailors. The first year the farm could only support one sailor. This land was never sold but was leased to builders as the city grew who erected business buildings thereon, which included John Wanamaker's Department Store and many others. Sailors Snug Harbor collects the yearly rental of the land which amounts to millions of dollars yearly. The Wendell Astors, Trinity Corporation, et al., have fabulous incomes from the land which they lease to others, the value of which was created by the growth of the City of New York and not by the owners thereof.

It is not necessary to elaborate on this subject as it is generally known as stated that land values are made by the growth of population.

The land along the new subway has increased in value many millions of dollars; will the owners who have done nothing to increase the land values return part of these values to the City—to the people who have created them? I am sure they will not. When apartment stores and business buildings were scarce during the War rents went soaring did the owners give any of these inflated rents to the City? Of course not. Then why should the owners of real property complain now and want the burden of taxation shifted to capital and labor and demand the lowering of salaries of employees so they can avoid paying the just taxes.

I warn the legislators to go slow before they add additional burden of taxes on the producers, consumers and storekeepers. The power of a tax is the power to destroy. It is very important as to how taxes are spent, but it is far more important as to how they are raised. By levying taxes improperly, it may "kill the goose that lays the golden egg."

If the legislation committee will recommend the 1% Excise Land Tax and if it becomes law, a Sales Tax will be unnecessary and there will be more prosperity and employment for all.