



"What is the cause of the grave changes that are coming over the American Republic—the extraordinary inequality in the distribution of wealth manifested on every hand; the growth of the aristocratic idea; the lapse from morals in business and private relations among the very rich; the growth of elements of physical, mental and moral deterioration among the working classes; the appearance of militant trade-unionism; the perversion of the injunction principle and the use of soldiers in strikes; the corruption of Federal, State and municipal politics; the deterring of press, university and pulpit from an open expression; the centralization of government; the advances in foreign aggression?"

With this question Henry George, Jr. opens his investigation of *The Menace of Privilege* (Macmillan; \$1.50 net) and gives prompt answer that all these evils have their root in "privileges granted or sanctioned by government," specifying "the monopoly of natural opportunities, heavy taxes upon production, private ownership of public highways and other lesser privileges." To the exhibition and demonstration of this theorem, "in a brief, suggestive way," Mr. George devotes 376 pages of his volume, leaving himself 37 pages in which to propose and argue appropriate remedies for these diseases of the body politic. Since the private ownership of natural opportunities is the underlying and most baleful form of privilege, the discovery of a specific remedy for it is of corresponding importance. Mr. George finds this, as did his father before him, in substituting for every other form of taxation the Single Tax upon land values—"land" being taken to include not only agricultural lands and city lots, but forests, mines, water-rights, in a word every form of "natural opportunity."

Now this is not the place, nor am I the person, to discuss the merits of the Single Tax, considered solely as a simple, just and efficient method of securing the money necessary for the proper administration of government. It may be true, as is claimed, that the burden of necessary taxation can thus be most fairly, surely and easily apportioned to the shoulders which should of right bear it. But in Mr. George's argument, as in that of every other "Single Taxer" with whose thought I am familiar, this purpose of raising the funds necessary to defray the expenses of government sinks into a comparatively insignificant place; and the argument in favor of the Single Tax upon which the most stress is laid is that by its means the entire net value of every natural advantage may be sequestered into the public treasury. Upon this aspect of the question I am constrained to offer a few such simple comments as would naturally arise in the simple Western mind.

Mr. George proposes that the entire potential, or economic rent of all land shall be absorbed by taxation. "Economic rent" means the entire value of product beyond the cost of labor and capital employed in producing it. "Potential rent" is even more sweeping, since it includes not only the value of the actual product, but the highest value which could be produced under

the fullest and most skillful administration. "Consider the volume of revenue," says our author, "if *all* land having value, exclusive and regardless of improvements—all urban and suburban land, all agricultural land, all forest land, all land bearing minerals or oil or gas in its bosom, all grazing land, all land that would sell for anything on the open market—should turn that value over to the public tax gatherer!" This statement has at least the merit of being frank and easy to understand.

I do not intend to enter upon any ethical questions involved in such a wholesale confiscation—for taxation so applied would be nothing other than confiscation. I am, indeed, quite prepared to admit that there is no divinely ordained property-right; that the validity of all our laws or customs of ownership must finally be determined by reference to the common weal, not to any individual claim; nay, more, that when mankind has been sufficiently developed and educated, no man will be much concerned about his rights, but each will concentrate his attention upon his duties. But there are certain practical difficulties in the way of such taxation as Mr. George proposes as seem to make it impossible if it were desirable, and undesirable if it were possible.

Consider first the method by which the rate of tax should be fixed. There seems to be no alternative but the arbitrary judgment of some official or officials, or the highest rental value which any person or persons were willing to pay to the State. The first of these would offer such a premium to official "graft" or favoritism as has never yet been dreamed of. The second would utterly destroy that "fixity of tenure and assurance of a permanence of holding" which, Mr. George himself insists, "is necessary for the advancement of civilization;" and would fan the flames of competition to a height never yet reached. For, to take the simplest case, no man could retain possession of the plot of ground upon which his home might stand except by paying in taxation its full potential rent. In other words, if some capitalist could see his way to making the land now occupied by my home and garden or yours earn a hundred dollars a month or a thousand as a net ground-rent, by covering it with a six-story apartment house, why a hundred dollars a month or a thousand we must pay in taxation—or find another home. The tendency of such a plan would be to increase continually and enormously the burden of rent, and to reduce, therefore, the portion of product available for labor and capital. I am aware that this statement traverses directly the assertions of Mr. George and his confreres, but I see no logical escape from it. To be sure, this enormous rental charge would go to the public treasury, instead of individual pockets; the result of this I will return to a little later on.

Again, it would seem quite impossible to disentangle fairly the economic rental of land from the economic value of the improvements made upon it by man's patience, self-sacrifice and ingenuity. Consider a few cases—and these not among the most difficult. Not so very many years ago the land where Redlands now stands was worth what it would bring for a sheep-pasture. Very likely one dollar per acre per year would have been regarded an exceedingly extravagant estimate of its potential rental value. There came along men with prophetic vision and imagination and courage, who built irrigating canals and planted orange groves. The newspaper of this very morning tells of six-and-a-half acres near Redlands set to Valencia oranges; for this year's crop the owner has been offered *eight thousand dollars net* as it hangs on the trees. What is the just economic rent for that little grove?

Down in the southeastern corner of California there lies a tract of land of hundreds of thousands of acres which less than a decade ago seemed hope-

lessly sterile—the Colorado Desert. No man would have taken it as a gift. There, too, came men with foresight and courage and imagination, who married the waters of the Colorado with the Desert—and behold, today there are leagues of fertile fields. From the standpoint of the would-be settler of today, each acre has an economic rental value far beyond the average of agricultural lands in the United States. How far should confiscation go in this case?

Over in southeastern Arizona there are great copper deposits which have been profitably worked for years by a mining company. A few years ago there came other mining operators who studied the situation and said to themselves, "By going outside the limits of the present company's property and sinking a shaft 800 or 1000 feet, we can probably catch this vein and get rich returns." They did it, spending hundreds of thousands of dollars on faith—and now they are getting their rich returns. How much of the present economic rent of this property would Mr. George escheat to the State?

Passing over with the barest mention the tendency of such "free competition" as Single-Taxers assert would result from their plan to promote the rapid exhaustion of every form of "natural opportunity," and leaving unmentioned many other interesting results, let us see what its inevitable effect would be upon "government." Mr. George says: "It is conservative to say that the revenue for municipal, State and Federal purposes would far exceed the present needs of Government economically administered." Conservative, indeed! It would in fact mean a governmental revenue enormously in excess of proper governmental requirements and tending steadily towards absorbing the entire product of the nation beyond the actual requirements for subsistence. This, in turn, could have only one of two results. Either the inequalities of wealth would be even greater than under the present order, but with the office-holders in possession of the gigantic fortunes; or government must be administered as a mighty communistic device for appropriating all surplus wealth and distributing it equally or fairly. That is, the much-vaunted "free competition" would soon destroy itself utterly, and the real burden of both production and distribution rest upon the organized State.

Having said so much by way of criticism of the Single Tax program, I am bound to say further that I do not believe any other plan of forcing a legislative curb into the mouth of greed will prove any more effective, call it socialism, compulsory arbitration, public ownership, or what you will. To change the figure, no dam can ever be erected against the stream of self-interest strong enough or high enough to hold it back for more than a little while. The only possible remedy is to dry up its source—to make uttermost service to humanity the goal of life instead of striving to seize the largest possible return; to believe truly in the brotherhood of man, and to act on that belief; to realize the Sermon on the Mount not as a mere counsel of perfection to be sadly admired as an unattainable ideal, but as the law of everyday living. If this civilization can learn these lessons and apply them, there will no longer be any Menace of Privilege—nor any other menace. If it will not learn them, then it will surely perish as every civilization of the past has perished.