C O P Y

June 8, 1912.

Mr. Daniel Kiefer,
Chairman, Fels Fund Commission of America,
Cincinnati, Ohio.

My dear Kiefer:

Kindly let me know at once if the Commission, as such, is definitely committed to the scheme of a progressive land tax as embodied in the proposed constitutional amendment now pending in Oregon. I have read the arguments pro and con, but though whatever Mr. Eggleston writes is interesting reading, his clever letter was not convincing to me. If the pocket-book appeal is the utmost to expect of the single tax propaganda, I feel that my twenty-eight years service in the cause has been wasted. Of course, the graduated land tax is not what Henry George preached, in fact, its proponents do not claim that it is. It is claimed that it will be a long step in the direction of the single tax. If that were true, it might be a good reason for single taxers to favor it, but is it true ? Don't you think that as most real estate owners will be entirely exempt, the tendency will be to divide the land into small holdings, which will raise up an enormous body of citizens who will fight the single tax tooth and nail? If it is wrong for a man holding land worth a million dollars to appropriate to himself the unearned increment, it is just as wrong for a man holding land worth $1,000 to appropriate to himself the unearned increment. Do you remember the story of Midshipman Easy by Captain Marryat ? You will remember that when he was born there were a number of candidates for the position of wet nurse. Mrs. Easy, who was a very strait-laced person, rejected a number of candidates, but was much pleased with one young woman who presented herself, and had almost engaged her, when she asked her about her husband. The young woman admitted she did not exactly have a husband, but stated apologetically that the baby was a very little one. I suppose therefore that the appropriator of a little bit of unearned increment is not as morally reprehensible as the appropriator of a big slice.

In practice, how would the graduated land tax work out ? Suppose that here in New York 100 persons contributed $5,000 apiece, and formed a corporation which bought a tract of land taxed at $500,000. Along comes the graduated tax exempting land assessed at $10,000 or less. The corporation will divide its land into 100 parcels valued at $5,000 each, convey one parcel to each of the 100 stockholders, and then go out of business. A working agreement is made by the 100 persons to have the property handled under one management; but each parcel owned separately. Will not the half million dollar tract of land be entirely exempt from taxation ? It is now taxed about $10,000 a year; but under the graduated tax advocated by alleged single taxers it would escape taxation entirely. Such and other schemes will be devised by shrewd real estate boomers. So, from the standpoint both of principle and expediency, the graduated tax, it seems to me, should be disavowed by single taxers generally. Before committing myself definitely, however, I will seek further light on the subject.

Yours very truly,

F. C. Leubuscher

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