



**MANHATTAN SINGLE TAX CLUB**  
47 West 42d Street  
New York

# **Single Tax Tracts**

By **JAMES R. BROWN**

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**A Plain Talk on Taxation  
The Farmer and the Single Tax  
An Open Letter to Legislators  
Reconstruction**

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# **AN OPEN LETTER TO LEGISLATORS**

By  
**JAMES R. BROWN**

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## FOREWORD

We are not giving the great productive forces of this country a square deal. Industry is hampered by inadequate opportunities. Useful participation in industry, whether with hand, brain or capital, is deprived of a discouragingly large share of the fruits of success. Those who would produce houses, food and other much-needed commodities, those who need an increased supply of the necessities of life, and all who value a secure social structure are looking with concern upon the future.

I agree with Mr. Brown that the basic maladjustment directly and indirectly responsible for these troubles is our irrational practice, on the one hand, of taxing landowners upon the productive use of their land, and, on the other hand, of permitting them to absorb without service in return the cash value of community life and service. Thus we encourage the under-use of valuable land, discourage industry, and reward obstruction to industry. Thus we make the terms of land ownership for use and wholesome enjoyment too severe.

If these values which Mr. Brown designates by the term "land values," or, as I prefer to call them, "site values" (since they mean merely the community-made value of the site and do not include the value of any improvement of a

given piece of land) were collected by the public, taxes which discourage industry and enterprise, taxes which now contribute heavily to the increased cost of living, would automatically become superfluous and disappear, and the premium on preventing the use of valuable land would also disappear.

Development and suitable use of land, whether for buildings or for open spaces, would thus become the only profitable purpose in land ownership.

This would open the way for us to become a nation of land-owners and home-owners, with the economic well-being and national security which those words imply.

LEWIS JEROME JOHNSON.

## An Open Letter to Legislators

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To the Members of the Legislature of the  
State of New York, State Capitol,  
Albany, N. Y.

GENTLEMEN:

As never before the Tax question is up, clamoring for adjustment.

This year for State purposes over Eighty Millions must be raised. The budget of New York City will be some Two Hundred and Fifty Millions, other cities in proportion, and with the loss of revenue, due to prohibition, the need of a better method of Taxation is imperative.

## TAXATION

Taxation is of far-reaching importance in human affairs, and the vital thing in Taxation is how we do it. Nothing makes for human happiness or misery, individually or collectively in such a degree, as our system of Taxation. It is the omnipotent hand that opens or closes the door of opportunity.

Our present tax methods are one grand and monstrous muddle; no business principle, no ethical principle, no economic law has any place in our application of the Taxing power.

Every Tax Roll in this State is but a collection of guesses—a list of crimes of petit and grand larceny, a record of fines and penalties on business, production and thrift; while the sum total of the selling price or assessed value of the land is but the capitalized value of the yearly premium we place upon idleness.

We do not deliberately commit all these follies; they grow out of our ignorance of what Taxation is and how it should be applied. The brightest concept we now have of the vital function of Taxation, is that requiring a certain amount of revenue, we should go out and seize it wherever we can find it, utterly disregarding the vital question of services rendered or value received.

Every year we tinker our tax laws, and the tinkering job bids fair to hold out for many years to come, or until we adopt an honest, reasonable and logical method of charging citizens for public services.

Taxation is the collection of payment for public services.

By public services we mean streets, sewers, lights, police, schools, etc.

Public service should be paid for as all other services are paid for, that is, according to the value of said services.

The value of your house, furniture, garage, auto, etc., is not and cannot be the measure of the value of the public services you have enjoyed.

To tax a man on the value of his house as payment for public services is just like charging a man for a suit of clothes by the value of his auto.

Taxing a man on the value of private services is simply taking private property for public use without compensation—in other words, stealing by due process of law.

When a man builds, paints, or improves his house, he pays for those services to the painter and builder. Why, then, should he be called to pay for those services a second time to the town that did not build or paint, in fact, rendered no service and delivered no goods?

To increase a man's assessment merely because he rendered a private service unto himself and, incidentally, to the public through improvement to the neighborhood, is, to say the least, unreasonable.

If your butcher, going past your door, noticed that you had painted or improved your house, went back to his shop and sent you a bill for 20 pounds of steak that he had not delivered, and did not intend to deliver, you would say he was both a fool and a crook. Then, in the name of common sense, why should the town do a like foolish and dishonest thing?

## THE MEASURE OF THE VALUE OF PUBLIC SERVICES

The value of public services is only measured by what is commonly known as land value—but which is not the value of land, but is the value of government—that is, public services.

The land along a street not graded, without sewer, far from a fire station, far from schools, will be very cheap.

As soon as the street is graded, paved, sewerred, lighted, supplied with fire department services, etc., the value of the land begins to climb and it will climb up at least to the full cost of such improvement.

The selling price or assessed value of land is simply the part of what should be the yearly tax that we fail to collect, capitalized.

The selling or assessed value of land pays no taxes. This statement will be a great surprise to most assessors.

If I own a lot the gross ground rent of which is \$75.00 per year and the tax amounts to \$25.00, leaving me net rent amounting to \$50.00, I will ask \$1,000.00 as selling price, because \$50.00 is 5 per cent. on \$1,000.00. If the tax were \$50.00, leaving me \$25.00 net rent, I could only ask \$500.00, because \$25.00 is 5 per cent. on \$500.00, or \$25.00 capitalized. Increase the tax to \$75.00, the selling price would disappear,—the *selling price*, mind you, not the *value* of the land, which is always and only its value for use, or gross rent. I should simply be unable to sell any uncollected taxes for the good and sufficient reason that the town had collected all its public service value, and therefore there would be no uncollected taxes for me to capitalize and sell.

Now reverse the action and don't levy any tax at all on my lot value, but leave all the gross rent in my possession — what would the selling price be? Would it not be \$1,500.00, for is not \$75.00 5 per cent. on \$1,500.00?

You see how it is that the *less* the community takes of the ground rent which itself alone can and does always create, the *higher* the selling price of the land. On any labor product the reverse is true, the *less* the tax, the *cheaper* the goods.

The selling price of land or, in other words, the private selling of government service, is an embargo on Capital and Labor, and is, combined with taxes upon improvements, the reason why capital invested in real estate pays such poor returns.

Professor Bastable, of the Dublin University, said:

"As land is sought for revenue, what lowers its revenue lowers its selling price, and therefore a land tax falls altogether on the possessor at the time of its imposition. Subsequent acquirers take the land subject to the burden and pay a lower price in consequence."

### THE TAX ON LAND VALUE CANNOT BE SHIFTED

No part of the tax upon land values can be added to the gross rent. This truth of economics is admitted by all Economists, and is perhaps the only fact of economics upon which they all agree.

Professor Seligman, of Columbia University, says:

"The incidence of the ground tax is on the landlord. He has no means of shifting it; for, if the tax were to be suddenly abolished, he would, nevertheless, be able to extort the same rent, since the ground rent is fixed solely by the demand of the occupiers . . . The point is so universally accepted as to require no further discussion."

However, the economic reason that land value tax cannot be shifted is that land is fixed in quantity and taxes upon land values, instead of driving land out of use, and making it artificially scarce and dear, will encourage it into use, by creating a demand for land users among land owners.

### THE INCIDENCE OF TAXATION

The important thing about taxation is its incidence. The precisely opposite effect of taxes upon land value, to taxes upon labor or capital value, constitutes the great and most vital truth of economics.

Taxes upon labor and capital restrict production—*increase* the cost of living—*lessen* the employment of labor and capital—*strangle* trade and commerce, *give* us poverty instead of plenty.

If we do not tax or take land value for social purposes, it becomes a premium on idleness or a payment to the speculator to hold land out of use—thereby making land artificially scarce—artificially dear—raising rent—increasing the cost of living, and worst of all, closing the door of opportunity on Labor and Capital.

It would bring the economic millennium measurably nearer if every legislator and every voter would learn the following sentences by heart and repeat them to himself until he has thoroughly grasped their tremendous meaning.

Taxing labor values }  
Failing to tax land values } have exactly  
the same effect, namely: to raise the cost  
of living and to promote unemployment.

Taxing land values }  
Untaxing labor values } have exactly the  
same effect, namely: to reduce the cost of  
living and to increase employment of Labor  
and Capital.

Our present insensate method holds from use enormous areas of valuable land. We fill our cities with vacant lots or lots with old ramshackles on them—we increase our tax burdens by a senseless expansion of area—and we punish every one who does a sane and useful thing in the way of production. We have made it in many instances

more profitable to hold land idle than to use it.

Under the fell influence of the artificial boosting of the value of land, the door of opportunity closes, capital wastes and the worker starves because we have driven a wedge of boosted land prices between labor and capital on the one hand, and on the other hand, *land*, without which there can be no production at all.

The remedy lies not in charity, prayers, religion, anarchy, socialism, or Bolshevism, but in the proper use of the taxing power of the people.

By taxing or taking public value for public use, we lessen the cost of living through the removal of burdensome and unjust taxes that rest upon production and by taxing land values we pry open to the free use of labor and capital the boundless resources of this earth.

Professor J. B. Clark, of Columbia University, said years ago:

“As the creator, not of the substance of the earth, but of the value residing in it, the State has a producer’s right to use and dispose of its product.”

Frederick W. Roman, Professor of Economics, Syracuse University, says:

“Taussig says in his ‘Principles of Economics,’ *‘It seems to me impossible*



to deny that if a reservation of rent for the community had been made from the start, with due care and discrimination, the community would have been better off. The effective utilization of the land would not have been retarded, while a lessening of the general tax burdens and a check to inequality would have been brought about.

"In all other life situations, wrongs when discovered are righted. Why not in taxation?

"Taussig further admits that *'That portion of the tax which is levied on the selling value (the capitalized rent) of the site, remains definitively as a tax on the owner. That portion which is levied with respect to the building tends to be shifted to the tenant.'*

"How long will fool mortals continue to delude themselves into the belief that they are working for a re-distribution of wealth or leading a landslide attack upon the rich by taxing buildings, when all the Economics of a century has taught them definitely and beyond the shadow of a doubt that the incidence of all such taxes is shifted to the tenants?

"In speaking of land rent, Taussig says, *'Rent forms no part of the expenses of production; that is, it forms*

*no part of those expenses of production which affect price. . . . Rent is not one of the factors bearing on price, but is the result of price.'*

"Since, then, this rent forms no part of price, the great mass of consumers of the country would have nothing to fear in the way of increased cost of living, if they decide that the expenses of government shall be paid out of the proceeds of land rent. The very manner in which rent arises proves indubitably that the community is the real producer of rent. Why, then, should the community hesitate, even for a moment, to take that which it has created?"

Our difficulty in raising revenue lies not in any economic law, nor in the nature of man himself, but in our failure to understand economic law and the dual nature of man. Man is an individual animal and also a social animal — his individual activities produce private property — his social activities produce public property or land value. A just tax law will not violate the rights of private property, nor will it violate, through failure to collect, the right of the social organism to social or public property. Proceeding along these lines, revenue in abundance will be found without

resort to taxes upon inheritances, personal property or improvements upon land, that is, without taking one cent of private property for public purposes.

New York City has uncollected taxes amounting to \$250,000,000 per annum, which is capitalized at \$5,000,000,000 and appears upon tax rolls as the assessed value of land.

Every dollar expended for public purposes is at once registered in increased land values and should be regarded as a deposit of funds in a Bank and drawn when required for public expenditures. Acting on this, the burden of Taxation would fall where benefits of government are conferred, and in the proportion in which such benefits are received.

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