

HONEST FARM RELIEF AND FAIR TAXATION



An Address Before the
HENRY GEORGE CONGRESS
CHICAGO, SEPTEMBER 10, 1928

By

HARRY GUNNISON BROWN

Professor of Economics in the
University of Missouri

Author of "THE TAXATION OF UNEARNED INCOMES,"
"ECONOMIC SCIENCE AND THE COMMON WELFARE," ETC.



Reprinted From
LAND AND FREEDOM

150 Nassau Street

New York City

PRICE, SINGLE COPIES 5 CENTS

3977

HONEST FARM RELIEF AND FAIR TAXATION

By HARRY GUNNISON BROWN

(Henry George Congress, Monday, Sept. 10, 1928)

THE economic system under which we live, as contrasted with a caste system and with various proposed systems of communism and socialism, is a system of freedom of choice for each person as to lines of industrial activity. The needs of the community are supplied because the demand for the goods wanted keeps up their price and makes it profitable for some to choose each necessary industry. If any one industry is, for a while, much more profitable than others, more people go into it and their competition cuts down wages and profits. If any industry is, for a time, much less profitable than others, because it is supplying more goods than the public is willing to pay for at a profitable price, some of those who are in it become dissatisfied and withdraw, competition becomes less intense, and an approximate equality with other industries is restored. Meanwhile, whether in the temporarily more or the temporarily less profitable industries, the efficient, hardworking and thrifty gain most and the inefficient, lazy and thriftless gain least.

This is what our economic system is supposed to be, by its conservative defenders. This, in part, is what it is. But the qualifications are numerous and important. The system is full of imperfections that make it rob some persons to profit others. And while a few of these imperfections may be the result of historical accident, in-

volving no purposeful chicanery, others are the consequence, in some degree, of deliberately selfish political machinations. That is to say, one group or another uses its votes or political influence to work the economic structure to its own supposed advantage. Most of us, the farmers included, suffer from these imperfections and warpings, with the consequent unfair advantage or special privilege of the favored groups.

All such special privilege, whether accidental or otherwise, should be abated as inconsistent with our professed ideals of equality of opportunity; as contrary to the ideals of democracy; as alien elements in an economic system which exists to reward service. Legislative relief of any class, and perhaps of farmers most of all, should be directed to the abolition of all those forms of privilege which abstract from them their hard-earned wealth, to the correction of all those imperfections in our economic system which enable some to profit at the expense of others.

But what, in fact, do we find? Those who are most vocal in the movement for alleged farm relief are, almost without exception, advocates not of the abolition of privilege but of its further extension. Not only is it a fact that the farmers of the great grain-growing States, who are now said to suffer from but in no way to be benefited by the high tariff, have, in effect, voted for that and similar tariffs during many decades. It is also a fact that the scheme which appears now to be the only one having large support among them is one which has all the viciousness of the worst kind of protective tariff, if not some special viciousness of its own besides. The only excuse for it—and this excuse comes with poor grace from those farm leaders who have always supported the high tariff on the

plea that it helps the farmers—is that if the manufacturing population is to steal from the farmers, then the latter are going to attempt some stealing on their own account. If the stealing were merely from those who in turn steal from them, the proposal might not be so bad. But there are other millions who are already robbed by the existing tariff system, which artificially raises the cost of much which they must buy and to whom an artificially induced scarcity of wheat, corn, cotton, etc., would be a still further injury.

For what is it that the advocates of so-called farm relief propose? It is to collect money to dispose of what they are pleased to call a surplus—as if the very existence of trade with foreign countries did not necessarily involve our having more of some goods than we ourselves want—in such a way as to create an artificial domestic scarcity and raise the price above a competitive level. To make the domestic price higher than it otherwise would be, through sending more of the supply abroad than would normally go abroad—and this it is proposed to do—will operate to reduce the foreign price. This means a loss on foreign sales, the loss to be covered by a so-called equalization fee or tax. In order that the producer should be benefited, the domestic price must be raised, by the scarcity artificially produced, not only enough to give him the coveted larger return on what he sells at home but also by a greater amount so as to offset the loss on what is sold abroad. And in order to benefit those farmers whose land is so poor or so unfortunately located that they really and greatly need relief, it compels consumers to pay a larger return equally to those farmers who are prosperous under existing conditions and to those owners of valuable

agricultural land who would take the higher prices artificially brought about as a signal for charging higher rents to their tenants who do the actual work.

A few years ago it was common to hear complaints regarding some American companies, to the effect that they kept up the price of their output to home consumers, behind the tariff wall, while selling the same goods abroad for less. The idea was to avoid "spoiling the home market" from which the tariff shut out foreign competitors, while still producing and selling elsewhere a surplus. I wonder how many Congressmen who recently voted for a so-called farm relief measure intended to enable the farmers to do what the wicked corporations are denounced for doing—how many used to be among the denouncers?

Let us face the facts frankly. The legislator or executive who uses his vote or his administrative power to advance measures favorable to his own financial ventures; the corporation which employs lobbyists and makes campaign contributions that its financial gain may be maximized at the expense of the general public, and any group of people in a specific industry who force their representatives, often posing as "progressives," to vote for measures artificially enhancing the price of their product at the general expense, are all in the same business, are all wearing cloth cut to the same pattern, are all participants in the discreditable game of seeking something for nothing, are all helping to betray the interests of the public.

As regards the specific proposal we have been discussing, the farmers producing the great export crops might easily, in the end, be the worse losers. For the production of these export crops would be stimulated; and the effort to dump an increasing surplus of them upon foreign markets

would probably provoke anti-dumping foreign tariffs. If so, the cost of getting rid of the so-called surplus would mount to unanticipated heights and might far more than offset any possible rise in domestic price, leaving the farmers a lower net price than before.

However much we who have come together at this Henry George Conference may commiserate the condition of and sympathize with those farmers for whom a living is now so hard to obtain, I am confident that no arrangement for extending the domain of special privilege, for trying to create new kinds of special privilege to balance old ones, for thus making our economic system a crazy quilt of special privileges, will meet with the approval of any of us. We are convinced, rather, that in abolishing special privilege, never in extending it, lies the true salvation of the masses, including therein those who make their living by their labor as farmers.

What are some of the imperfections and special privileges in our economic system from which the farmers suffer? Obviously, tariffs which raise the prices of the things they have to buy constitute one kind of injury. Another injury is suffered from the fluctuating value of our money. It is certainly an injury to a man who has borrowed (say) \$20,000 to buy a farm, when he finds that he must pay back his debt, principal and interest, in dollars that will buy half again as much as the dollars he borrowed and that are half again as hard to earn.

But, to my mind, the greatest handicap that has to be met, alike for farming, for home owning and for industry in general, lies in our system of taxation. This system of taxation fails to distinguish between interest on capital and rent on land; it fails to note the difference between

values produced by individual energy and thrift and those community-made values for which the individual is not responsible and which he can not properly be said to earn. Such taxation penalizes efficiency and thrift much as communism would; it lays an especially grievous burden on the owners of the more isolated farms far from the parallel streaks of steel and the concrete ribbons that make farming even now profitable to those whose location is most favorable; and it makes land so expensive that to get title to any but the poorest land a man must either first save a large sum of money or else he must burden himself with a mortgage which he cannot pay off for years, if ever. These are the conditions that demand relief, not the somewhat diminished returns to the well-to-do owners of the best located farms. Can it be the case that the noisiest advocates of so-called farm relief have actually no understanding of and no slightest interest in the evils that are really the fundamental ones?

A tax on community-produced land values, which is what we of this congress are urging, would not penalize thrift and industry; it would relieve especially those isolated farmers whose incomes are small because their locations are poor; and it would make easier the acquisition of land and so tend to lessen the evil of land tenancy and of prolonged mortgage debt.

I have said that our present tax system fails to distinguish between the individually-earned interest on capital and the community-produced rent of land. Let me emphasize this distinction for a few moments, because it is fundamental to all the practical conclusions which are to follow.

There is a widespread notion that the interest on capital is not earned as truly as are the wages of labor. Yet

the notion that interest, as such, is unearned has not the least basis in logic. It is an utterly wrong notion. Capital can be brought into existence only by saving. To have capital we must produce more than we consume, i. e., save. By not consuming all of your income but instead investing part of it you really turn the use of the invested part over to laborers, et al., whose time is thus set free for the construction of capital—the tools and equipment of industry. If nobody saved, all the time of all laborers would have to be spent producing goods for immediate consumption; no time could be spared for producing equipment.

And capital is useful. Though to save it involves temporary sacrifice, yet much more wealth can be produced with capital than without it. So the person who works and, saving part of his proceeds, thereby makes possible the construction of capital, adds thereafter more to the annual output of industry than the person who works but does not save. To give him a larger income—in the form of interest on capital—is not to rob any one else. It is merely to give him wealth which, except for him, would never have been brought into existence.

But the case is not at all the same with regard to land. Land is not humanly produced. The situation-advantages of land are not brought into existence by the individual owner. The rental yield which the owner derives from land or sites is not therefore, in general, the product of any owner's work and is not the product of any owner's saving. Land is valuable because of natural advantages of location and because of community growth and development. The latter influence is recognized wherever the phrase "unearned increment" is current. We all know

that the annual rent which an owner could charge for a piece of bare land in Chicago's Loop district, to a prospective builder desiring a long lease, is not a consequence of the owner's saving the land or making the land, but is the consequence of the growth of Chicago and surrounding territory. An eighth of an acre at the corner of State and Madison Streets in Chicago has been expertly appraised as worth, bare-land value, about two and a half million dollars or at the rate of twenty million per acre. Wherein is such an eighth of an acre better than an eighth of an acre of farm land worth twelve or fifteen or twenty dollars? Is the additional value of the land in Chicago due to the owner's activities? Every one who is honest with himself knows it is not. It is the result of the growth and development of the geographically tributary country, and of Chicago as a port and a market center.

The same is true of the several billions of dollars of land value in New York City. New York is situated on a great natural harbor. If there were none to use it except a few pioneer farmers on Manhattan Island trading some of their surplus produce for the textiles and other goods of Europe, landing space for a very few boats or perhaps for a single one would be all that would be needed. But as the rich interior of the North American continent was settled, with its mines of iron ore, copper and coal, its prairie and river-bottom wheat and corn lands, and its other resources, more and more goods were produced to be poured through the port of New York into foreign countries and increasing quantities of goods were wanted in exchange which could most advantageously pass through the same port.

Today there is needed in New York City a large population to meet the requirements of this great *hinterland* (as the Germans would say) or tributary country.

If all the present working population of New York were whisked away overnight, the land of New York would still have great value because of the need for millions of men and women on it to serve the commerce of the back country. A new population would move in and take up the important work for the rest of us which can be done nowhere else so well; and those who own that part of the earth's surface would be in a position to make this new population pay handsomely for the privilege of working for us and of living where we need to have them live in order that this work may be effectively done.

The demand of the tributary country for this service makes a demand for the use of the land by the people who must live and work there to render the service. Incidentally, too, it makes a tremendous demand—and correspondingly high rents and values—for the use of especially well-situated lots for the location of department stores, lunchrooms, banks, lawyers' offices, etc., necessary to supply near-at-hand the requirements of those who live there to serve the non-seacoast sections.

Surely, the rent of land is in a very peculiar sense socially produced rather than individually earned, and ought to be sharply distinguished in thought from interest on capital produced by individuals.

The distinction between interest on capital—an earned income—and rent on land—an unearned income—is slurred over by socialists. They, as a rule, class both together. They would abolish both as private incomes. But our most conservative citizens, though many of them would

be shocked and perhaps angered to be classed with the socialists, seem to share in some degree the socialist notion. They, also, see no distinction between interest on capital brought into existence by work and thrift, and rent from sites made valuable by community development. They also see no essential difference between land and capital. Although they would not abolish private income from either, they insist on taxing the income from both—and at equal rates. Both socialists and conservatives are, in regard to their inability to distinguish between land and capital, like the farmer's new hired man who, sent to drive in the sheep, spent several hours at the task. Pointing to a little animal in the pen with the sheep, the farmer asked:

"What's that Jack-rabbit doing in here?"

"Oh, is that a Jack-rabbit?" said the new man.

"Why, that's the little fellow that gave me all the trouble."

If we were not blinded by a prejudice which will not let us see facts, we could not help appreciating the logic of taxing land values more and other values less. Why should we penalize saving? Why should we levy a higher tax on one who improves his land than on one who holds his land idle? Why should we levy as high a tax on income from labor and capital as on income produced by the presence of the community?

We now come to the fact that our existing tax system penalizes industry and thrift, like the communism which our conservatives pretend to be opposed to but the principle of which, where they are accustomed to it and it benefits their own class, they are quite willing to approve.

The essence of communism lies in the equal sharing in the products of industry without much regard to contribution or efficiency. The larger output of goods produced by the comparatively efficient is, in part, taken from them for the support of the inefficient.

When conservatively minded persons criticise communistic schemes on any other basis than their own immediate selfish pecuniary interests, their criticism is to the effect that such schemes fail to reward efficiency and thrift, divorce superior service from superior remuneration, and are likely, therefore, not to work well. Yet these same conservatively minded persons will defend the existing system of taxation—which certainly has large elements of communism—against a system which would penalize much less or not at all any future labor or thrift of any person. Our Federal income tax is certainly, in some degree, communistic. Not only does it take more from those whose hard work and thrift give them larger incomes than the inefficient, wasteful and lazy, but it taxes the former at a much higher rate. Even our State and local property taxes put a greater burden—though not a greater proportionate burden—on those whose efficient work and whose habits of thrift enable them to accumulate capital. If a man saves and improves his property, he must pay more taxes. If he is lazy and thriftless his taxes remain low. If, constructing a great factory, he increases the efficiency of hundreds or thousands of workmen and so adds to the sum of commodities which all may enjoy, he is punished by increased taxes. But if, instead, he keeps a piece of land vacant and unused until the activities of those around him and the growth and development of the community have given it high value; if he then makes

money out of what these others have done, requiring the person who would use the land to pay him a high price for advantages of situation for which not his activities but the activities of others are responsible, we keep his taxes relatively low.

On the other hand, a tax on bare-land values which are produced by the growth and activities of the community is clearly not communistic as communism has been above defined. Such a tax would take from the individual only that part of his income for which the community is peculiarly responsible. If his income is larger because the growth of the community about him enables him to secure a high rent from a favorably situated piece of land, his tax would be higher. But if his income is larger because he works more efficiently than others or because by his thrift he is enabled to build stores, factories or houses or to cover bare acres with fruit trees, his bare land-value tax would be no greater. The rewards of his superior efficiency and of his superior thrift would not be taken from him. His efficiency and his thrift would not be penalized in order that the inefficient, lazy and unthrifty should share, without deserving, in what he has produced.

The intelligent application of this principle to American agriculture would involve the removal of all taxes, not only from farm machinery and buildings but also from the fertility value of the soil in so far as it is built up or maintained by the farmer's work and thrift. For in this connection we must remember that fertility elements put into the soil—and, equally, fertility elements maintained through constant renewal—by a farmer, are, in the economic sense, capital rather than land. In the city we construct capital *on* land. In the country we often put it, largely,

into the land. Let us reckon as bare-land value, therefore, in the case of agriculture, only that value which the land would have if in large degree exhausted, and consider any greater value which it may have as a result of the care and attention applied to putting it into *or keeping it in* fertile condition, as compared with its "run-down" value, to be capital as truly as the buildings, machinery and planted trees upon it. If we really wish not to penalize efficiency, not to penalize thrift, and not to tax as unearned income values which are produced by individuals rather than by nature and society, then we shall wish to arrange that the farmer who builds up *or, even who merely maintains*, the fertility of his land, *shall not have to pay any higher tax than if he kept it in run-down condition* and with no buildings, orchards or other improvements on it.

To tax community-made land values rather than labor and thrift would, in general, give relief to those farmers who most need it. It is not the wealthy owners of prairie land well situated on a concrete highway not far from a railroad station, whether they direct their own operations or live off of the rents paid by tenants, who most need relief. The farmers who most need help (leaving out of consideration, for the present, tenant farmers and farmers so heavily mortgaged as to be almost in the tenant class) are those whose farms yield almost no economic rent and who would, therefore, pay no or almost no tax if only the community-produced economic rent of land were taxed to meet public needs, i. e., if community-produced bare-land values were the sole source or nearly the sole source of taxation.

The bare-land value of a farm is what would be left after subtracting the value of buildings, of fruit trees,

of fences, installed drainage, growing crops, tools and machinery, horses and cattle, and *fertility also* in so far as it has been built up or maintained by fertilization and careful cultivation. A tax on the bare-land value of a farm would therefore be, really, a tax on the "run-down" value of land, after the value of all the so-called improvements had been subtracted. Where such "run-down" value is zero, a tax on the bare-land value of the farm, no matter how high the rate of taxation, would be a zero tax!

Another way of expressing the matter is to say that a bare-land-value tax certainly should not take more than the entire *economic* rent, and the entire *economic* rent, in the case of many farms, is *nothing*. For what is *economic* rent? Suppose a man owns a farm which he leases to a tenant by the year. Before we know what is the *economic* rent, we must subtract from the yearly payment made for the farm by the tenant, not only enough to cover depreciation of improvements, but also a reasonable percentage of interest on the value of all improvements, including fruit trees and including the fertility value built up or maintained by fertilization, careful crop rotation, etc. Only the surplus above such interest is *economic* rent or rent of the bare land. A tax on bare-land value could not take anything beyond such economic rent. If it did, it would be a tax on improvements, too; and not just a tax on bare-land value.

Let's look at the matter in still another way. If the owner runs his own farm—i. e., if he is a typical American working farmer—what really is his *economic* rent which is all that would be taxed under a bare-land-value tax? To find what is his economic rent we must first subtract from his total income as pay for his work all that he would

make as a tenant if some one else owned the farm. Then, second, we must subtract from the remainder enough to cover not only depreciation but also a reasonable percentage return as interest on the value of all improvements. And in these improvements must be counted the fertility value built up or maintained by wise cultivation and proper fertilization. Only what is left after making these subtractions is economic rent. A tax on this remainder would be a tax on bare-land values. And a tax on bare-land values alone could *not* take *more* than this remainder. A tax taking more than this would not be a tax on bare-land values alone but on improvements also. A bare-land-value tax is a tax on the *run-down* value of the land not counting any improvements.

One would think that farmers and farm leaders would devote themselves enthusiastically to putting into effect such a scheme of taxation of bare-land values. For this would be practically no tax at all on a considerable proportion of farmers. Especially in this recent period of agricultural depression, when all sorts of nostrums have been advocated to cure the evil, is it not amazing that more farmers have not demanded scientific taxation which would leave them all the wages of their labor and interest on all their improvements, which would tax only their economic rent, if and when they received any, and which would *never penalize them for improving their farms*, by raising their taxes?

That many farm owners would most certainly gain if taxes were removed from improvements and concentrated on bare-land values is evident to any one who will examine the facts. A recent investigation carried on by the Agricultural Experiment Station of the Michigan State College,

in cooperation with the United States Department of Agriculture, clearly shows it. Among other data are those showing the proportion of taxes to net property returns on farms surveyed in seven Northern Michigan counties from 1919 to 1925 inclusive. The taxes averaged over 90 per cent. In 1922 they averaged over 150 per cent. It is perfectly obvious that these taxes must have been *very greatly* in excess of the economic rent or return on bare-land value. Since a large part of the return on most farms, besides the wages of labor, is interest on improvements, and only a part, probably a distinctly minor part, is economic rent, how can any one suppose that a tax on economic rent alone would be anything like so burdensome as a tax which, as in this instance, has been taking nearly the whole of both interest and rent?

But perhaps the most important reason for taxing community-made land values rather than other things, and at the same time the most important objection to our present tax system, is that the former will make land cheap and the acquisition of ownership relatively easy; whereas our present tax system operates to make land expensive and so tends towards heavy mortgages or towards long and, often, hopeless tenancy.

In order to make this perfectly clear, it is necessary that we distinguish between the conditions determining the value of capital and those determining the value of land. The difference lies in the fact that the value of capital depends upon its cost of production—or of duplication—while the value of land depends solely upon its expected future income. This distinction is, from the point of view of public policy, of the utmost importance. Capital includes all tools of production brought into existence by

the effort and thrift of human beings. It includes planted trees and the fertility put into land by the owner's effort and investment or restored and maintained by the owner's care and thrift. The bare land is a gift of nature. Since capital has to be produced, its value depends on its cost of production, whereas land has no cost of production and its value is dependent solely on its expected future income. Of course the value of capital, also, is related to the prospect of income. An unseaworthy ship does not have high value just because its cost of construction was high, and a railroad built through a desert may have little value despite a high cost of building. Yet in the long run and on the average there is certainly a close relation between the value of capital and its cost. Competition tends to bring about a price for any capital which just about covers the cost of producing it, including in cost the ordinary "profit" to the producer. Indeed, no one will go on year after year producing capital instruments to sell for less than their cost; and no one, unless he has a monopoly, can go on year after year charging much more.

But the value of land has no relation to any cost of production, since the land was not humanly produced and is not reproducible. The would-be buyer of land asks only how much net return he is likely to be able to make from it. Such an expected net yield is then capitalized at the prevailing rate of interest. However much the community may grow, capital cannot rise in value except as the cost of producing it increases; while land rises in value as and because the community grows and develops, and in proportion as roads, subways, railroads, schools, etc., are built around, through and in it. A business block in the center of a great city is valuable (bare-land value), not

because of the activities of those who own that particular piece of land, but chiefly because of the way in which others settle about it. The development of the enviroing areas enables the owner of that block to enjoy larger rents, and the possibility of enjoying these rents gives the privilege of ownership value and makes the land sell for a high price. Individuals create the value of their capital by saving and constructing the capital. Nature and society create the value of land.

Since the value of land has no relation to any cost of production, but depends solely on its expected future rent, a tax on this value which reduces the net rent of land will correspondingly reduce the salable value of the land. Here is a fundamental difference, frequently overlooked or not comprehended, between the effect of taxing capital and the effect of taxing land value. The more land is taxed the less is its salable value, while the less it is taxed, the greater is its value. But this rule does not apply to capital.

Since the salable value of land is lower in proportion as land values are more heavily taxed, therefore the taxation of land values, above all other economic reforms, tends to diminish tenancy and to give all who are hard working and thrifty the opportunity of owning land. If incomes, commodities and capital saved are less taxed, it is easier for a poor man to accumulate a competence. And if land is taxed more, then it is cheaper and can be bought at a lower price. The greater cheapness of the land fully offsets the higher tax on it, and there is to be reckoned, also, the reduction or removal of other taxes. Thus there is a clear gain to any person intending to buy land for a home or other use, but no gain to the mere land speculator.

Many persons, and among them some professional economists, have never succeeded in getting a thorough comprehension of this point. Thus, I have heard the objection advanced that the greater cheapness of land is no advantage to the poor man who is trying to save enough from his earnings to buy a piece of land; for, it is said, the higher taxes on the land after it is acquired, offset the lower purchase price. What such objectors do not see is that even if the lower price of land does no more than balance the higher tax on it, the reduction or removal of other taxes is all clear gain. It is easier to save in proportion as earnings and commodities are relieved of taxation. It is easier to buy land, because its selling price is lower, if the land is taxed. And although the land, after its purchase, continues to be taxed, not only can this tax be fully paid out of the annual interest on the saving in the purchase price, but also there is to be reckoned the saving in taxes on buildings and other improvements and in whatever other taxes are thus rendered unnecessary. It would seem, then, that those economists who can see no advantage to the common man in ease of becoming an owner of property, from the taxation of land values rather than of other things, are lacking in the ability to make a very simple mathematical calculation. And if to tax land values rather than other values would aid the property-less person to acquire a competence, it would obviously make easier the economic rehabilitation of those to whom fortune has dealt heavy blows, or of their children who must begin, at the bottom, the struggle to restore their broken family fortunes. Thus, this reform may be likened to the abolition of debt slavery and of imprisonment for debt and to the establishment of bankruptcy laws. Men could

not sink so hopelessly low in the economic scale as is now possible.

The taxation of land values rather than incomes, commodities and capital is not communistic, as is a part of our present tax system. Land-value taxation does not penalize the efficient. It provides no royal road to wealth for the lazy and the thriftless. It does not attempt to reduce all to a common level. It is essentially individualistic. It leaves to the individual all that he can acquire by labor and saving. It takes for society a value which is in a peculiar sense a social product. But no system of taxing commodities, incomes, and property in general can possibly be so good for the common man, do so much to encourage ownership as against tenancy, make the opportunities of getting a start in life so hopeful, as a system of relying chiefly on the rental value of land for the provision of public revenues.

My impression has been and still is, that among the so-called spokesmen of the farmers there are almost none who understand the fundamental principles involved and are seeking a remedy which is fair and at the same time goes to the root of the difficulty. The current complaint about low land prices proves this. If those who think that a high salable value of land and high taxes on other values are the things to be desired, have their way, we shall likely end with a tenant population perhaps reduced almost to the status of serfdom.

There have been periods before of low prices for agricultural staples. Such periods will occur again. Even if by some kind of favoritism of government these prices could for a time be made abnormally high, there is no guarantee that they would stay high. But while they

were high would be just the time that many farmers would buy farms at high prices, mortgaging themselves with high interest payments for years ahead. Then any fall of the prices of products would again, as so often heretofore, bring bankruptcies and foreclosures, spreading ruin among those who might, under saner taxation, have continued solvent and relatively prosperous. For a tax levied only on the rental value of land would be a lighter burden on farmers in a decade when low prices of their products made the rental value of farm land low; and always, whether prices of products were high or low, it would keep down the salable value of land and facilitate the change from tenancy to ownership, without compelling the assumption of heavy mortgage indebtedness certain to bring bankruptcies and foreclosures with every price recession. Here, then, is a reform, *not* of a temporary nature, serviceable only to our own generation, but one of *incalculable benefit to our children and our children's children*.

There are many persons who are, or think they are, of a liberal cast of mind and who are desirous of contributing to the welfare of common folk, who nevertheless make no substantial contribution to this end because they have not learned—though some of them may have grown gray in social studies—how to relate cause and effect, clearly and without bias, in the field of economics, or to distinguish significant influences from trifles. Of what use to hold conferences and make social surveys and carry on extended investigations of the evils of farm tenancy when the investigators never by any chance stress the effects of our inept land and taxation policy in producing a high salable value of land and so making ownership as against tenancy,

as difficult for the masses of men as possible? Of what use for students of social affairs of "liberal" persuasion to plume themselves on their support of high taxes on the rich, as such, without distinction as to the sources of their incomes, when such taxes are *in place of* high taxes on land values, and so would leave the salable value of land high, land speculation unchecked, and congestion and tenancy, including farm tenancy, little relieved?

On propositions which farmers do not, as yet, generally understand, and against which large numbers of them are still prejudiced, so-called farm leaders are apt to be of but little help. Like the "leaders" of other groups, they are afraid really to lead, lest they thus lose their popularity and their "leadership," but content themselves instead with eloquent repetitions of what their constituents already believe. Thus, the farmers enjoy too little chance of having placed clearly before them facts most vitally important for the future of agricultural opportunity and for the preservation of the bases of American democracy. If tenancy, heavy mortgage indebtedness, bankruptcy and foreclosures and other related evils are the lot of many American farmers in the decades to come, surely those farm "leaders" and "educators" who do not understand the economic facts or who dare not sponsor their frank presentation, cannot be held entirely without responsibility. *High land values are not to be desired. Rather are they an economic and a social calamity.*

Are there not some men, in positions of prestige and influence with farmers, who will say so in terms that cannot be misunderstood?