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*JUSTICE AND SENSE
IN TAXATION*

By

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CHAPTER III

JUSTICE AND SENSE IN TAXATION

Harry Gunnison Brown

No. 1

The Incomes from Which Taxes May be Drawn

In regard to taxation, as with other matters of government policy, the influence of individual and class interest is powerful. Disinterestedness and objective analysis are encountered far too seldom. The members of each pressure group attempt to convince others that what this group seeks is fair and just to all. And there is ordinarily at least a pretense of reducing the plan or program of the group to a formula. Taxes are to be levied in proportion to total income. Or they are to be levied in proportion to benefit received. Or they are to be levied on the basis of "ability to pay." Each such formula has or has had its proponents whose view is that their particular formula, and their formula alone, meets the requirements of "justice."

Unlike any of the above is the view which takes its effective start from Henry George and has been developed by him and his followers. This view puts emphasis on the difference in the sources of income. It distinguishes sharply among (1) incomes received by virtue of work done, (2) incomes received by virtue of title to a part of the earth, and (3) incomes received from ownership of capital, i.e., such things as livestock, farm buildings, fertility and drainage ditches put into land by men, and also machinery, locomotives, steamships, factories, wholesale and retail stores, etc.

Incomes received by virtue of work done are commonly called wages. But the term "wages" should be understood to include much of what is received by anyone who runs his own business, though this income is not paid to him by an employer. Thus, the greater part of the income of the average working farmer is really wages. Only so much of his income as he could enjoy without working, by leasing his farm together with all improvements, machinery, etc., to another, can be reckoned as anything else.

Income received by virtue of title to a part of the earth is called land rent or (sometimes) economic rent. In the case of city land, especially, it is often called site rent, because location or *situation* is there so obviously a matter of the greatest significance. Land rent, as the term is generally used in economics, includes not only income which an owner receives from land leased to a tenant. It includes, equally, income that the owner receives when he manages his own land. In the latter case, the owner is certainly receiving wages too. But so much of his income as he could get without working and without owning any tools, machinery, buildings or other capital, merely by leasing his *land* to a tenant, is just as much to be regarded as land rent when the owner uses the land and gets the benefit of this use in his own business, as if a tenant used the land and paid the owner an explicit rent.

Income from ownership of capital has been called *interest*. Since capital, unlike land, has to be made or produced by men and has a *cost of production*, the return from it yielded to the owner is naturally thought of as a per cent on this cost. The owner of capital may derive interest by leasing it or by lending to another, or he may use his capital himself and gain from such use of his capital in his own business.

Land and capital are alike thought of as property and most people show no interest in making a distinction between them. Nevertheless, there is a distinction and careful consideration cannot but show that the distinction is important. Land is provided by nature. It may be spoken of as the gift of nature to all men.

The situation advantages of land, e.g., of central business sites in great cities, in so far as these situation advantages are not the result of geological forces such as those which formed New York Harbor, are almost altogether a by-product of the way millions of people have settled, of where streets and roads have been built, etc. The rent a particular piece of land yields to its owner is not, therefore, a measure of *his worth* to society but of how much he can require men to pay him for *permission* to make use of advantages due to the past operation of geological forces and to the growth and development of the community.

Capital, on the other hand, is the result of production directed to the specific end of bringing capital into existence. And capital can come into existence only as there is saving. Those who produce capital, unless they do so only in extra time beyond that required to produce the necessities of life for themselves and their families, must be provided with these necessities through the saving of others. Only so can they possibly afford to spend their time constructing barns, factories, office buildings, ships, stores, locomotives and trucks, planting trees, and producing other kinds of capital. For all such capital, though it will aid, eventually, in the production of food, clothing and other consumable goods, cannot itself be eaten or worn. Thus, those who save and who invest their savings in the construction of capital, make such construction possible. And thereby they make possible the greater output of industry which this additional capital produces.

No. 2

Land and the Rent of Land

Henry George distinguished insistently—and properly—between capital and land. Thus, he pointed out that:¹

“A house and the lot on which it stands are alike property, as being the subject of ownership, and are alike

¹ *Progress and Poverty*, Book VII, Chapter I.

classed by the lawyers as real estate. Yet in nature and relations they differ widely. The one is produced by labor and belongs to the class in political economy styled wealth. The other is a part of nature and belongs to the class in political economy styled land.

"The essential character of the one class of things is that they embody labor, are brought into being by human exertion, their existence or non-existence, their increase or diminution, depending on man. The essential character of the other class of things is that they do not embody labor, and exist irrespective of human exertion and irrespective of man; they are the field or environment in which man finds himself; the storehouse from which his needs must be supplied, the raw material upon which, and the forces with which alone his labor can act. . . .

"The equal right of all men to the use of land is as clear as their equal right to breathe the air—it is a right proclaimed by the fact of their existence. For we cannot suppose that some men have a right to be in this world and others no right."

But Henry George did not at all propose to abolish land titles. What he proposed, rather, was to proceed step by step with the substitution of taxes on land values for other taxes until most or all of the privately received rent and royalties from land was taken as public revenue.

In this view of taxation, great emphasis is placed on the *source* of income. Wages are received for work, hence for a personal contribution to the production of desired goods. Interest on capital is received as a reward for making possible (through work and saving) the construction of capital by means of which we can produce more of desired goods than we could without such capital. Both of these incomes are, normally, *earned* incomes. The rent of land, in and of itself, is paid to the owner of land, not because he brought the land into existence, and not because he gave it the situation advantages due to community development. It is paid to him, as has already been pointed out, only because

he is in a strategic position (under our present property and tax system) to charge others for his *permission* to make use of advantages for which *he is not responsible*. Thus, land rent is an *unearned* income. Henry George's proposal was that we use this *unearned* income—through a land-value tax—in place of *earned* incomes, for the support of government.

Henry George believed there was enough of this unearned income to meet all the needs of government,—presumably in times of peace. But *whether it is sufficient or not is irrelevant to the main question*. Even if it should prove quite insufficient, it ought still to be the *first source* of revenue and be drawn on for *substantially all it can be made to yield*.

In this connection it is appropriate to quote from Henry George's *Progress and Poverty*:²

"Take now . . . some hard-headed business man, who has no theories, but knows how to make money. Say to him: 'Here is a little village; in ten years it will be a great city—in ten years the railroad will have taken the place of the stage coach, the electric light of the candle; it will abound with all the machinery and improvements that so enormously multiply the effective power of labor. Will, in ten years, interest be any higher?' He will tell you, 'No.'

" 'Will the wages of common labor be any higher; will it be easier for a man who has nothing but his labor to make an independent living?' He will tell you, 'No; the wages of common labor will not be any higher; on the contrary, all the chances are that they will be lower; it will not be easier for the mere laborer to make an independent living; the chances are that it will be harder.'

" 'What, then, will be higher?'

" 'Rent; the value of land. Go, get yourself a piece of ground, and hold possession.'

"And if, under such circumstances, you take his advice, you need do nothing more. You may sit down and smoke your pipe; you may lie around like the *lazzaroni* of Naples or the *leperos* of Mexico; you may go up in a

² In Book V, Chapter II.

balloon, or down a hole in the ground; and without doing one stroke of work, without adding one iota to the wealth of the community, in ten years you will be rich! In the new city you may have a luxurious mansion; but among its public buildings will be an almshouse."

And elsewhere in his *Progress and Poverty*,³ commenting on subsoil deposits, the same author says:

"It is a well provisioned ship, this on which we sail through space. If the bread and beef above decks seem to grow scarce, we but open a hatch and there is a new supply, of which before we never dreamed. And very great command over the services of others comes to those who as the hatches are opened are permitted to say, 'This is mine!'"

No. 3

A Common Confusion

But it can hardly be pointed out too often that the proposal to take by taxation the annual rental value of land, or most of it, is utterly different from any proposal to tax only *future* "increments" of land value. Indeed, some conservative economists oppose even this inadequate measure. These argue that no increase in land value can be regarded as unearned unless its recipient has gained, *in relation to the price he paid for the land*, more than the current rate of interest. They further argue that the owner took a *risk* of his land *decreasing* in value—or, even, of its increasing by *less* than enough to yield him the *current interest rate* on the price he paid for his land—and that the lucky increases must be regarded as offsets against the unlucky losses. As a number of writers have expressed it, there is not uniformly an "unearned increment"; there is, in many cases, an "unearned decrement." And some of these writers raise the question whether, if a tax is laid on any increment, there should not be compensation awarded in the case of a decrement.

³ In Book IV, Chapter II.

Such objections indicate that those who make them do not really understand the economic philosophy on which the land-value tax program is based. For the complaint of those who would make the rental value of land the first and principal source of public revenue is not at all about the "unearned increment" in the sense that some land will now bring a higher price than the present owners paid for it.

To illustrate, let us compare the land problem in this regard with the problem of slavery. Those who have opposed human slavery have not put their opposition on the ground that some slave owners may find their slaves worth more than these owners paid for them or may be able to sell them for more than the price at which they bought them. For example, suppose that Smith has bought a young slave for \$2,000 that he is able to sell later for \$2,900. The real exploitation involved is surely not to be measured by the *increase* of \$900 in the sale value of the slave. Though the total value of any slave or of all slaves may indeed be an indication of the amount of exploitation going on, the question whether slaves are *becoming* more valuable—or *less valuable*—than at some previous date has little or no relevancy. The real question is not whether Smith has got more from Jones than he formerly paid in purchase price to White. The question concerning injustice is rather, aside from the matter of deprivation of personal liberty, whether Smith is getting more *from the slave* than he pays *to the slave*.

The principle involved is the same in the case of land. Whether a particular piece of land, or land in general, has now a higher sale value than it had at some specific date in the past, is definitely not the important question. The truly important question is whether some must pay rent to others for the latter's *permission* to work on and live on the earth in those locations which geological forces and community development have made relatively productive and livable. It is, expressed in reverse, whether a part of the people shall have the exclusive privilege of collecting this rent. The sale

price of a piece of land or a site—as distinguished from any improvements on it or in it—is but the capitalization of the expected future rent to the owner. And, therefore, *any sale price at all*, even though it be lower than some previous sale price, so that there is what some economists call a *decrement*, nevertheless indicates an expectation that the private owner of the land may still collect tribute merely for giving his *permission* to make use of advantages due not at all to his efforts but to geological forces and to community development.

No. 4

Taxation According to Ability to Pay

The ultra conservative—whom some would call “reactionaries”—are generally partial to taxes on expenditures or consumption, such as retail sales tax. In some cases they assert categorically that taxes ought to be levied *at the same rate on all incomes, regardless of either source or amount*.

The attitude which seems to be most common among “liberals”, however, is that taxation should be based on the amount of income from all sources received by the taxpayer and that the larger incomes should be taxed at a higher *rate* than the smaller incomes.

When, therefore, it is proposed that the annual rental value of land, geologically produced and socially produced, be drawn on first for public revenue and that earned incomes be correspondingly relieved of tax burden, not a few of those who think of themselves as sympathetic towards common folk and as “liberal”, place themselves in opposition. For they contend that such land-value taxation would operate to the relief of owners of capital, such as buildings, and to the relief of recipients of large salaries, and that both classes “ought” to be required to pay appreciable—even large—sums in taxes.

Before discussing at length the major principles involved, it may properly be pointed out that to appropriate most of the rent

of land to community needs does *not* necessarily mean the abolition of all other taxes. We can, therefore, combine with such heavy land-value taxation, *if we want to*, especially heavy taxes on the largest salaries, even though these are fairly earned by skill and hard work, and similar heavy taxes on the capital (or the income from it) of those who have a great deal of capital, regardless of how hard they may have worked to acquire it. We can use the revenue from an increased land-value tax, *if we want to*, for the purpose of lightening the tax burden only on the incomes of those who earn *low* wages (or "salaries") on the capital of those who have but *little* capital and on commodities (*e.g.*, cigarettes and goods subject to a general retail sales tax) which are bought in considerable degree by the comparatively poor.

Nevertheless, it is highly important to emphasize the fact that the economic philosophy of these objectors is altogether different from that of advocates of the public appropriation, by increased taxes, of land and site rent. These objectors to the land-value tax program are little interested—indeed, one is inclined to believe that most of them are not at all interested—in the *source* from which the taxpayer's income is derived. They are much more concerned with taxing heavily *large* incomes, however fully and fairly earned by service given to those from whom the incomes, in the last analysis, are received than they are concerned with taxing incomes which are not earned at all by any service rendered in return. That some should be able to derive incomes by charging others for *permission* to work on and live on the earth, in those locations where work is relatively effective and life relatively pleasant, does not especially disturb them. What disturbs them is, rather, that some persons have appreciably *larger* incomes than other persons. And this appears to disturb them just as much when such larger incomes are received in return for equivalent service rendered as when they are purely exploitative.

Perhaps it will help to bring home to the reader the principle involved in this controversy if we suppose a country where there

is private ownership of seas, rivers, lakes and air and where, therefore, a large part of the people have to pay rent to the owners of such "property" for the *permission* of the latter to *transport* goods on—and to row, fish or swim in—the seas, rivers and lakes and to *breathe* the air. Suppose, then, an effort to bring it about that the rents paid to use seas, rivers, lakes and air—which the "owners" never themselves brought into existence—should be the first source of public revenue and, therefore, used for the benefit of all. Immediately it is objected that this arrangement might relieve of taxation some persons whose incomes, though fully earned by the rendering of equivalent service in return, may nevertheless be larger than the incomes received by some of the poorer owners of sections of seas, lakes or rivers or some of the owners of small amounts of the country's air or some not very prosperous owners of very small lakes!

Such concern over the inequality of income resulting from inequality of contribution, together with comparative indifference to the problem of exploitation, is nearly identical with the attitude of those who urge charity to aid the poor but have no interest in *justice*. If, having understanding minds as well as sympathetic hearts, we were willing really to establish substantial justice—in the sense that incomes were received henceforth for services rendered and not through chicanery, monopoly, slavery or charging men for *permission* to use the earth—there would certainly be much less need for charity.

Those who express such great concern lest sizable *earned* incomes be somewhat relieved of taxation by making the rent of land the first source of public revenue are probably, in general, adherents of the "ability theory" of taxation. They believe that taxes "ought" to be levied on a basis of "ability to pay."

The idea of basing taxes on ability to pay grows out of the fact that a dollar has less significance to a person who has many dollars than to one who has few. To a person whose income is already large an additional dollar means only the ability to buy

some inconsequential luxury. In the case of a person whose income is very small, on the other hand, the lack of a single dollar of it may mean deprivation of sufficient food, clothing or other necessity. The contention is made, therefore, that taxes on the larger incomes involve less "sacrifice" from the taxpayer than taxes of similar amounts on the smaller incomes and that taxes on the larger incomes should be greater.

No. 5

Equal Sacrifice and Least Sacrifice

But how much greater? So far, the notion that taxes should be based on "ability to pay" is vague. How much more "ability to pay" goes with a \$50,000 income than with a \$2,000 income?

Here we need to consider two somewhat divergent branches of the "ability" idea. One is that taxes "ought" to be so levied as to impose "equal sacrifice" on the different taxpayers. The other is that taxes should be so levied as to impose the *least aggregate* or *total* sacrifice.

Individuals differ in needs, tastes and desires, and so we cannot be certain that two persons of equal incomes will be undergoing equal sacrifice if they are equally taxed. However, it is evidently assumed by those who hold the "equal sacrifice" philosophy that for practical purposes we are not to bother with individual tastes and habits but only with differences of income and of relatively necessary expense (such as the expense imposed by dependents). Then, presumably, a rough guess would be made regarding "equality" of sacrifice. Such a guess might be, for example, that an annual tax contribution of \$15,000 from a person with a \$50,000 income involves a sacrifice "equal to" that imposed on the recipient of a \$2,000 income by an annual tax of \$10!

But the question inevitably obtrudes itself whether anyone, anywhere, at any time, has worked out or could possibly work out cogent evidence to show what *would* be "equality" of sacrifice.

Might it *possibly* be the case that the phrase "equality of sacrifice" is just a slogan used to persuade an unanalytical public to accept the policy of those who use the expression?

But why should we want taxes levied so as to make the "sacrifice" of different taxpayers precisely *equal*? Is the word "equal," in this connection, anything more than a euphemism? Why not claim that the *amount* contributed by different taxpayers should be "equal"? Or that each should contribute an "equal" per cent? Is there any reason from the point of view of logic, ethics or the welfare of the social group why the thing to be made "equal" in the case of different taxpayers should be their "sacrifice"? Indeed, why not make the "sacrifice" very *unequal* in order that the magic word "equal" may be applied to the net income remaining to taxpayers after tax contributions are subtracted? Is there, in short, any really *convincing* argument for having the word "equal" apply to sacrifice rather than to *amount of tax contribution* or *per cent of income taken* or *amount of income left* for individual spending, *except* that some economists *intuitively feel* that way about it? Are not some of our mentors, in fact, giving us a mumbo-jumbo economics?

If there is nevertheless some sort of case for taxing the larger incomes more heavily so that sacrifice between different taxpayers is "equal," may there not be a still more plausible case for so levying taxes as to produce the *least possible aggregate* sacrifice? In this view, if \$15,000 has been taken in taxation from a \$50,000 income and still more revenue is needed, whether \$10 more or \$100 more or even \$32,000 more, this additional amount should still be taken from the \$50,000 income *before anything at all* is taken from the \$2,000 income. Indeed, even if \$47,000 (\$15,000 plus \$32,000) has been taken in taxation from the \$50,000 income, there still remains \$3,000, and so a dollar still has less utility (or importance) to such a taxpayer than to the recipient of an annual income of \$2,000. Therefore, if (say) another \$900 is needed by government, there will be *less sacrifice* imposed in the

aggregate if this, too, is taken from the \$50,000 income, bringing the recipient's net income down to \$2,100, than if it is taken from the \$2,000 income. And likewise if still another \$99 or even \$100 is needed by government, less aggregate sacrifice will be imposed by taking it also from the larger income, reducing this to a net of \$2,001 or \$2,000, than by taking it from the smaller income of \$2,000 and so reducing the smaller income to a net of only \$1,901 or \$1,900.

But what if the expenses of government do not require so much revenue and such high taxes as we have just been assuming? And what if, therefore, the recipients of the initially larger incomes still have more left, *even though they pay all of the taxes*, than have the recipients of smaller incomes?

The logical answer, from the point of view of one who favors taxation to impose least aggregate sacrifice, would be that, since additional wealth has greater utility to the recipients of the smaller incomes than to those whose incomes are large, *i.e.*, since their *need* is greater, therefore government should increase its levy on the larger incomes and spend the resulting additional funds mostly in providing services gratis for the needy. In other words, the only logical stopping place for the advocate of taxation according to least aggregate sacrifice is the communistic terminus of equal incomes for all,—or, perhaps, “from each according to his capacity, to each according to his need.”

No. 6

Considerations Overlooked by Ability Theorists

But any such scheme of taxation and public expenditure, it will be said, would largely weaken the motive to efficiency. If the more competent and efficient worker, who earns more by virtue of his superior efficiency, is to have all—or even the major part—of such additional earnings taken from him, is it equally likely that he will work thus efficiently? And is it equally likely that he will

spend the time and effort to become thus competent? If the benefit of his extra effort is to flow, not to those of his own family, for whom his affection is presumably the strongest, but to the entire community in larger tax revenues, is it humanly likely that he will feel the same incentive to effort? If to undergo an extended period of training for a difficult profession is to add little or nothing to the trainee's income, can we be confident that men will be as eager as now to undergo such training? Under the direction of Nicolai Lenin, even the communistically-minded Russian Bolsheviks abandoned their earlier communistic ideal of equality of incomes and began to pay more to the skilled and efficient than to the inefficient, the unskilled and the untrained.

But to say all this is to admit that "ability" or "sacrifice" should, at most, not be our only basis for the apportionment of taxes. And we may find, as we go on with our inquiry, that not only the matter of incentive to efficiency but also other important considerations have been and constantly are being overlooked or ignored by the tax theorists who prate so earnestly of comparative "sacrifice" and of "ability to pay."

One consideration which certainly ought not to be overlooked is the possible effect of taxation on saving and, therefore, on the available total of capital. Inadequate capital means less and poorer equipment for a country's working force. It means lower productivity of labor. And so, other things equal, it means lower wages.

If capital is very heavily taxed or if the income which it yields is very heavily taxed, there is at least some basis for doubting whether the amount of saving and, therefore, the amount of capital equipment will not be less. Certainly this possibility should not be completely ignored in planning a system of public revenue. If those who save are allowed to gain but a tiny share of the extra wealth the capital they have saved makes possible, they may have less motive for saving. And certainly the ability to continue to

save and to save increasing amounts, on the part of those who have acquired the habit of saving, is lessened by such a tax.

But even if we refuse to admit that taxation of capital may tend to reduce saving and investment and thus involve a decreased total amount of capital, there is still the question of the effect such taxation may have in reducing the available amount of capital in a particular state or nation. For if in one jurisdiction or state, capital is very heavily taxed, whereas in another jurisdiction it is taxed less or not at all, investors will certainly prefer, with other conditions anything like equally favorable, to send their savings for investment into the jurisdiction where capital is not taxed or is taxed but lightly. (If necessary to avoid future taxation on the income from such investment, they may themselves move.) For investors, like other men, *prefer more to less!* Thus the people in the state or jurisdiction where capital is heavily taxed may come to be less well provided with the capital needed for effective production.

What sort of economic "science" is it which bases its tax theory on intuitive slogans such as "equal sacrifice," which ignores the possible effect of taxation on thrift and the aggregate amount of capital, which ignores the effect of taxation in any given community in causing those whose saving makes capital possible to invest in *other* communities, and which ignores entirely any bearing taxation may have on the incentive to efficiency?

But this is not all. Everyone who is acquainted with the facts knows that very considerable quantities of land are held wastefully vacant for years in the hope of a rise in the price at which the land can be sold or, sometimes, in the determination not to sell for less than the potential seller has paid. This tends to crowding and slums in the cities, to lower productiveness of labor (*e.g.*, because much land near cities and, therefore, well located for truck farming and dairying, remains vacant and unused awaiting a hoped-for suburban residential use which may be delayed for decades or never materialize at all)⁴ and to various other

⁴ For a fuller discussion of this problem, see my book on "The Economic Basis of Tax Reform," Columbia, Mo., Lucas Brothers, 1932, Chapter IV, § 3.

wastes. Taxation according to "ability to pay" or according to any system of equal or least sacrifice means that these considerations also are altogether ignored. In fact, there is a tendency to commiserate with the speculative holder of vacant land and assess his property for taxation at a relatively lower per cent of its actual value than other property, despite his being a cause of waste and of loss to the community. "Poor chap!" it is said. "He certainly shouldn't be taxed much on his vacant land since he isn't making anything on it. He hasn't really much 'ability' to pay taxes on it."

But taxes ought to be levied with a view to *promoting the common welfare*. And a heavy land-value tax, as a result of which men *could not afford* to keep others—by high rents or prices for land—from using land they themselves do not use, would definitely promote the common welfare.

Not rightly to be ignored, either, is the question of tenancy. High land-value taxation would make the price of land low. It would make possible great reduction in the burden of other taxes as well as increased productivity of labor and higher wages. The would-be owner of his home or farm could earn more, save faster and buy land far more cheaply. His rise from tenancy to independent ownership would be far easier. *And the social consequences of this might well be profound.*

Yet all this is entirely ignored by those who, when questions are raised regarding taxation and the tax burden, are able merely to mouth such phrases as "ability to pay" and "equal sacrifice."

"The educated classes," said a distinguished sociologist of an earlier generation,⁵ "are victims of the phrase. Phrases are rhetorical flourishes. They are artifices of suggestion. They are the same old tricks of the medicine man adapted to an age of literature and common schools."

The one tax which can be urged most consistently with a defense of "capitalism" (the system of free enterprise) is a tax which ap-

⁵ William Graham Sumner, "Folkways," Boston, Ginn, 1907, p. 179.

appropriates practically all of the annual rental value of land. Such a tax does *not* discourage efficiency. It does *not* penalize thrift and the construction of capital. It does *not* impose a burden on so-called "venture capital." It penalizes only the *interference* with production which comes from holding good land out of use. It takes for the use of the public only the geologically-produced and community-produced rental value of land.

No. 7

The Threat of Regimentation

Why is not this tax enthusiastically supported by all those proponents of the system of free private enterprise who vociferously claim to dislike communism and all its works? Is it, perchance, because many men who pretend to desire a system of free enterprise are primarily interested—or only interested—in their own gains and so are more eager to preserve incomes utterly *inconsistent* with the principles they pretend to appeal to than they are to establish a fair and decent "capitalism"?

Business leaders as individuals, and business men's organizations and their committees, may sometimes comment adversely to heavy tax penalties on efficiency, thrift and enterprise, much as has been done herein. But when they do so it is seldom if ever that they suggest, as an alternative, the taxation of the geologically-produced and community-produced rent of land. On the contrary, they are likely to be found urging an extension of the general sales tax or the levy of other taxes which rest heavily on common folks, which definitely increase the tax burdens of men who have but small incomes and incomes that they truly earn by hard work. Reformers of that stripe have not the slightest interest in removing or reducing taxes on production as such or on the contributions of capital and of labor as such. Their only interest is in removing taxes from the larger incomes (and, therefore, their own incomes

or the incomes of the class with which they are closely associated) and putting them, instead, on the smaller incomes. What wonder if their pretense of being interested in efficiency and thrift and productive contribution is sometimes greeted with lifted eyebrows!

It may possibly turn out, in the end, that the stresses in our economic system induced by such features as the fact that some must pay others for *permission* to use the earth, will, if the system be not reformed consistently with freedom, bring us to regimentation and socialism. Reform of the economic system along the line of keeping it a system of free enterprise, requires intelligent understanding. If trained economists and business leaders cannot understand or, because of prejudice or self interest, will not help in this *most fundamental* of reforms—to establish the right to work on and live on the earth—changes may be made, blunderingly, along lines utterly different. That has been the trend in Europe and, recently, in America too.

Perhaps the outstanding economic phenomenon of our time is the almost complete socialization of industry in Russia. And Russia's military might in the last and greatest war of all history has certainly helped give prestige to her economic system. Who can say how many of the unpropertied workers in countries to the west of Russia and her satellites have been exultant, either openly or secretly, at the spread of Russia's influence and of her economic system and theories?

The "system of free private enterprise," *if so reformed as to make it consistent with the principles on the basis of which it is commonly defended*, would be definitely preferable, I believe, to any system of regimented socialism. But the adoption of a socialistic economy seems *less unlikely* than it did only a few decades ago. And I am inclined to think that this is, in part at least, because most protagonists of our so-called free enterprise system do not really understand it and do not see—even when they are not unwilling to see—how it must be reformed if it is to operate really

as in their defenses of it they say it does. Land-value taxation is, indeed, not the only reform needed. All forms of monopoly and monopolistic conspiracy must be adequately dealt with. Our monetary and banking system must be such as to make for stability in the general price level, to the end that inflation shall not enrich borrowers at the expense of lenders nor deflation bring ruin to borrowers and widespread unemployment to wage earners. But unless our reforms encompass land-value taxation, and, therefore, a practical recognition of the right of all to use the earth, they will not be enough.

No. 8

Inheritance Taxation

Other than land-value taxation, perhaps the most favorable case can be made for the taxation of inheritances. The recipient of wealth by inheritance has not generally himself earned the wealth, although it may have been earned by a parent who was largely motivated by the desire to provide for his children. Furthermore, our past inept economic policies have in various ways permitted, and even promoted, exploitation and so have operated to make some rich and others poor, utterly regardless of their proportionate contributions to production. Something is to be said, therefore, in favor of inheritance taxation as a means of mitigating this unjustified inequality.

On the other hand, it is logically no more justifiable to deprive parents of the privilege of making gifts or leaving property to their children than it would be to seek to prevent any child from gaining advantage in life, physically or culturally, over others, by virtue of the affection, care, effort and intelligence of his parents. To bring it about that all children shall have absolutely equal opportunities—if this could possibly be done—would certainly require the abolition of the family as an institution, the making of all children wards of the state from birth, and the providing for all of them of identical institutional care.

Even if it is argued, therefore, that inheritances going to *distant relatives* of the deceased and to *non relatives* ought to be heavily taxed, and even if it is contended that, in any case, the inheritance of *excessive fortunes* should be heavily taxed, there can be no justification for anything approximating abolition of the right of inheritance.

And inheritance taxation, whatever advantages it may appear to have, should under no circumstances be substituted for taxation of the annual rental value of land or be used as a means or excuse for making land-value taxation low. Inheritance taxation does not prevent the waste that results from speculation in vacant and near vacant (grossly underimproved) land. It does not, therefore, tend to increase the productivity of labor and raise wages. It does not, as land-value taxation does, greatly lower the sale value of land and thereby facilitate the transition from tenancy to ownership of land by those who are using it or wish to use it. And inheritance taxation, if unduly heavy on moderate inheritances going to direct descendants for whose benefit the saving was done, discourages such saving and tends to keep down the amount of available capital; while land-value taxation does nothing to weaken the motive to save.

No. 9

Fundamental Reform of Taxation Can Be Imperceptible

In Chapter II of Book VI of "Progress and Poverty," Henry George says that, as "the remedy for the unjust and unequal distribution of wealth apparent in modern civilization, and for all the evils which flow from it:

"We must make land common property."

Here at once is a challenge to nearly all conservatives. "Surely," they are likely to think, "this is a most revolutionary proposal containing a most vicious element of communism or of other alien and wicked 'isms.'"

Yet it appears on careful examination that the one specific change in policy which Henry George sought was the substitution of a land value tax for other taxes and the taking, thus, *by taxation*, of all or nearly all land rent. This, to be sure, may be said to amount to making land "common property," on the ground that if the rent of land goes mostly to the public, the land is, in effect, owned mostly by the public. But *if* the conservative critics of Henry George *take that tack*, they must logically admit that buildings, ships, trucks, orchards, livestock, machinery and other capital (as distinct from land) *are right now partly owned by the public*, since they are taxed and since, therefore, much of *their* annual yield goes to the public. If for the public to take, in taxation of such property, a large proportion of its income does not make this property in *some* degree "common property," then how can anyone logically claim that to take, instead, most of the rent of land in taxation, makes *land* "common property"?

Conservative opponents of Henry George's proposal must therefore admit, it would seem, that *only* if this proposal is put into effect and taxation is removed from the things men make, such as trucks, buildings, ships, etc., can it be said that these items of *capital* are *truly* and *solely* owned by individuals. In short, if these conservatives reason at all consistently, they must admit that Henry George's reform, as regards all the capital that results from individual work and saving, would take us *not towards but away from* the socialistic and communistic ideal of *common ownership* and socialized operation.

Furthermore, of all the seemingly radical reforms the advocacy of which has aroused the bitter and determined, albeit uncomprehending, opposition of conservatives, perhaps *none is capable of being realized more imperceptibly* than the reform of our land and taxation system as proposed by Henry George.

Suppose we take note, in this connection, of the case of a localized and partial application of the land-value tax policy in the United States. When, in 1913, the Pennsylvania legislature estab-

lished the Pittsburgh (and Scranton) graded tax system, it provided that the city tax rate on buildings should become, in 1914, only 90 per cent of the rate on land; that in 1916 it should be 80 per cent; in 1919, 70 per cent; in 1922, 60 per cent; and in 1925, 50 per cent. This meant that to get the same revenue for the city, the tax on land values had to be gradually raised. If this gradual change had been continued by corresponding stages until 1940 and applied also to the taxes levied by other taxing authorities, such as the County and the School District, all taxes on buildings in Pittsburgh (and Scranton) would have been then done away with, and the land value tax rate would presumably be high enough by now to absorb for public use by far the greater part of the situation rent of land.

Are we to conclude that, if such a change in the tax system can be shown to be conducive to efficient production and favorable to the common welfare, society ought to be stopped from introducing it?

Whether we regard it as desirable that such a reform as that proposed by Henry George be realized fully right away or only after a lapse of years, we should recognize that its sudden, complete and immediate adoption is hardly possible politically. Short of revolution, certainly—and even revolution, if directed toward a specific reform, can come only after years of agitation and of growing desire for change—such a reform must almost inevitably be gradual, or else not be realized at all. In the case of land-value taxation, as in the case of other significant reforms, the slower the process of adoption the longer delayed are the full benefits which may be fairly anticipated from it. Nevertheless, significant reform, in a democratic society, can come only as rapidly as mass opinion and sentiment permit.

No. 10

Who, If Anyone, Should Be Compensated for Tax Reform?

With some who oppose the land value tax reform, especial objec-

tion is made to the fact that its proponents intend to introduce it without "compensation." And this objection is made despite the complete or almost complete lack of *any precedent* for "compensating" those who are *disadvantaged by tax changes*! So let us give a little attention to the "compensation" idea.

There is a very real sense in which, should we adopt the land-value tax system, most landowners would automatically enjoy compensation. For most owners of land are owners of capital, too—factories, machinery, trucks, livestock, planted fruit trees, stores, houses, etc. And these it is proposed *not to tax at all*. Is not such relief from taxes on capital a very valuable compensation for higher taxes on one's land?

In his description of "Pittsburgh's Graded Tax in Full Operation,"⁶ Percy R. Williams tells us that, in "a typical residential district," this plan of taxing land more heavily than improvements involved a *lower* tax burden on 99.2 per cent of the homes than if the city had raised the same amount of revenue by taxing land and buildings at the same rate. The owners of homes in this district, it would appear, were definitely benefited. *Should they, in addition, have received other compensation?*

It is true that a land value tax system tends to lower the sale price of land, so that even a home owner whose total taxes have been reduced might contend that, in case he wished to sell his property and use up the monetary proceeds, he would be a loser by the reduction in its sale price. Should he then receive some special "compensation" because of such a *contingent* loss?

Of course, too, if a land value tax system is introduced, it does not automatically provide "compensation" for all land-owners. Owners of valuable unimproved land (*e.g.*, vacant lots) and of valuable land which is but slightly improved, will not generally gain through their relief from other taxes as much as they will lose from the heavier tax on land values; but since other taxes are

⁶ *National Municipal Review*, Vol. XIV, No. 12, December, 1925.

many and rest on different taxpayers with very unequal weight and since the vacant land of some is worth more than that of others, we cannot say categorically that all owners even of vacant land will suffer a net loss.

But if the owners of vacant land would, in general, suffer a net loss, it is also true that the holding of good land out of use involves economic loss to the community. How can we effectively prevent the waste and loss from this speculative holding, if we are determined that neither through our tax system nor in any other way shall we visit upon those who thus hold land from use, any convincingly substantial penalty?

If a community is tormented by a superfluity of dogs and imposes a dog license tax as a discouragement to dog owners, "compensation" is not customarily demanded. *Should it be?* Ought "society" to make no such change in its municipal regulations without first "compensating" all who may have acquired dogs prior to and without specific warning of such regulations!

The very heavy tax on cigarettes certainly discriminates against smokers relatively to coffee drinkers, motion picture addicts, *et al.* Yet the conservative economists who are so ready to snipe at land value taxation without "compensation," as causing discriminatory loss to landowners have never, any of them, so far as I am aware, offered the faintest suggestion that smokers should be "compensated" because of the discrimination against them in the cigarette tax or in the various increases of it. Why do they not insist, at the very least, that all persons who learned to smoke prior to and not anticipating the tax—or prior to and not anticipating any particular *increase* of the tax—ought to have been or ought now to be "compensated"! *Why* is such protest so much more vocal for—or reserved solely for—changes in taxation which affect *landowners*!

No. 11

The Doctrine of an Implied Pledge by "Society"

But the objection which seems to be most commonly urged by economists is that, even though the introduction of land value taxation be not sudden but gradual, even though many landowners gain by it, even though no landowner suffer great and sudden loss and even though the change is demonstrably for the common welfare, nevertheless it involves unfair ("unethical") infringement on the *vested rights* of landowners. Since, however long the prior period of growing favorable public opinion and however gradually the reform is put into effect, some landowners will become poorer than if the change were never made at all, the change is held to involve an "injustice." "Society," it is said, would thus violate an implied "*pledge*" of *permanence* in existing arrangements.

Just what *is* this "society" which, in a world of continued change, has impliedly pledged that there will be no change in the tax system such as to increase even slightly the taxes on owners of land in comparison with taxes on others? And is "society" similarly stopped from making changes of policy detrimental to any other class?

What, after all, does it mean to say that a particular change in policy—*e.g.*, a change in taxation—cannot be fairly made because "society" has impliedly "pledged" that the existing set-up will continue? Just who (or what) constitute "society"?

Human affairs are full of complexities. Policies may be determined by a king and some advisors, by a king or an emperor with his mind on the danger of antagonizing a feudal aristocracy, by a Fascist party subject to a tight discipline and (perhaps) limited in numbers, by a "democratic" parliament which in turn is swayed especially by the most selfishly alert and blatant pressure groups, and so on. And often—one is tempted to say *always*—some members of "society" disapprove of institutions and policies that others

favor. Does the fact that those who disapprove of slavery, monopolistic extortion, tariff restrictions on exchange, or other such economic policies, have long been in the minority or, for some other reason, out of the seats of power, mean that if and when they get into power it is a *sin* for them to abolish these evils against which they have been protesting, unless they *buy* ("compensate") from those who derive income therefrom the "right" to abolish the evils!

If part of "society" is being exploited by another part—by monopolists, slave owners, owners of the earth who can charge others for permission to work on it and live on it, or by any other privileged class—how *can* such exploitation be ended *without* taking *something* away from *somebody* and so making "society" violate an implied "pledge"! How, for example, can slaves be freed without such a "violation of good faith"! If they are freed directly by means of an emancipation proclamation, property value is certainly taken from the owners. If the owners are fully compensated, something has certainly to be taken from others *who might similarly claim* that "society" has been guilty of "bad faith" toward them!

Will our conservative friends, then, be frank enough to say, without equivocation, that if slaves are to be freed, not only must their owners be fully compensated but that this compensation *must rightly come chiefly or only from the slaves*?

If "society" is under a moral obligation, by virtue of an implied "pledge," not to change any existing and long continued economic institution or tax system without full "compensation," are the *victims* of that institution or tax system properly to be regarded as a part of that "society"? If, for example, in a slave state, the slaves are thus to be regarded as part of the "society" and so morally responsible for "society's" implied "pledges," and if the slaves eventually become numerous enough and strong enough, or get enough sympathizers to help them, so as to be thereafter the *dominant force* in the "society," what are their "rights"? Are they guilty of a *sinful act* in case they stage a revolution, estab-

lish a new government and become free *without* contributing anything in future taxes to "compensate" their former owners?

In precisely what sense are the victims of the present land system "responsible" for it so that they *ought* to insist *either* on its continuance in perpetuity *or* on being themselves taxed to provide "compensation" for the to-be-henceforth-more-heavily-taxed landowners? Has the present land system been *agreed to*, consciously and understandingly, by its victims? Are we to conclude that they have vicariously—and hence bindingly!—agreed to it if any of their ancestors have ever approved it? What shall be said of the fact that, throughout the history of landlordism, the rich and influential have mostly favored it, that arguments against it and in favor of the socialization of land rent have rarely appeared in the public press, that university professors of economics have *mostly* either ignored it in their textbooks or have *attempted to discredit it* while giving *only cursory attention* to the case for it, and that the victims of the present system have, therefore, had very little chance to know the basic cause of their unhappy predicament? If interested groups, with the aid of ignorance and prejudice, succeed in establishing institutions that exploit the masses, must we conclude that the longer these masses have suffered, the more they are under an ethical obligation to continue to suffer?

The fact is that the notion of any "pledge" by "society," making it a "violation of good faith" to change the tax system, is fundamentally preposterous. The implied "pledge," if it could be said to have any reality, would be nothing more than a long continued economic policy or custom, a sort of community habit. But taxation has changed in such numerous ways as to suggest, rather, the *lack* of any consistent taxation policy or custom and to give the notion of an implied "pledge" very much the appearance of a *myth*!

Tariffs on trade between countries have been subject to alternating increases and decreases. Taxes on the production of specific commodities have been successively introduced, increased, decreased, abolished and again introduced. Property taxes have been

the main source of revenue, have been then supplemented by other taxes, have been increased and have been decreased. Federal income taxes have been introduced, abolished (by decision of the Supreme Court), reintroduced, increased, decreased and again increased. States which had previously taxed property but not incomes as such have added income taxes. These income taxes have been levied at a fixed per cent (above exemptions) and at graduated per cents according to the amount of the income taxed. Our Federal income tax has at one time been levied at the same rate on incomes of a given size, regardless of source and at another time has been levied at a higher rate on income from property than on income from labor. Taxes on inheritances and bequests have been introduced and raised to very high levels after long immunity from such taxation had given the impression to accumulators of property that all of this property could be bequeathed to and be enjoyed by their heirs. The Federal government and the various state governments have levied excise taxes on specific articles, such as intoxicating beverages, cigarettes and gasoline and, later, many of the states have introduced, also, the general retail sales tax. One state legislature, that of Pennsylvania, has enacted the "graded tax law" applying to cities of the "second class" in Pennsylvania and providing for higher rates of taxation on land than on the buildings thereon. This is the system described above in this paper in connection with Pittsburgh. In various other sections of the United States campaigns have been waged and—sometimes—a substantial number of votes have been cast for a land value tax system. Not a few cities in Australia, Northwestern Canada and New Zealand tax sites and not improvements on them, or tax sites at a higher rate than improvements. Steps have been taken toward this system in Denmark and in British South Africa and the policy has been debated at length in Great Britain where a good many cities, through their local governments, have formally requested Parliament to make possible for them the system of (as they express it) "rating on land values."

Surely, then, those who insist that "society" has made even an *implied* "pledge" not to change the tax system *or* not to change it in any particular direction *or* not to change it in *this* particular direction, are the gullible victims—though gullible, probably, largely because of their prejudices—of a fatuous myth.

Indeed, in many of our economic policies other than taxation, change has been frequent and, therefore, is reasonably to be expected. We first allow the manufacture of intoxicating beverages, then prohibit it, then allow it again. We allow monopolistic businesses to be free of prosecutions and of regulation and subsequently apply one or both of these devices. We permit young men to spend years of apprenticeship mastering a trade and later set up trade schools, or curricula in the regular public schools, in which we train other young men to compete with them. We establish a monetary system through which the general price level sometimes rises and at other times falls. Some of our policies have been, indeed, unwise and unfair but, if so, it is because they are intrinsically bad and lead to bad results and not because they violate an implied "pledge" to make no changes. In the world in which we live, it is more accurate to say with the poet, Longfellow,⁷ that

All things must change
To something new, to something strange:
Nothing that is can pause or stay:
The moon will wax, the moon will wane,
The mist and cloud will turn to rain,
The rain to mist and cloud again,
Tomorrow be today.

In such a world of constant change, *including change in social and economic policies*, surely it is a *ridiculous* assumption that human beings are committing a *sin* when they try to change one particular line of policy—involving land rent and its taxation—of which they feel many are victims. Surely it is reasonable to pre-

⁷ In *Keramos*.

sume, rather, that men purchase their property or make their other commitments *knowing that tax policies and taxed objects have changed*, do change and are likely again to change, and *assuming this risk* when they purchase.

Each substantial effort to educate the electorate to the advantages of the public appropriation, by taxation, of the major part of the rent of land, is a notice to landowners that they may not always be able—or that the next generation of owners may not be able—to live on the rent of land. Each step in substituting land-value taxation for various other and relatively undesirable taxes constitutes a notice to owners of land to prepare for a time when they can no longer live by charging others for *permission* to work on those parts of the earth where work is relatively productive or for *permission* to live on those parts of the earth where life is relatively pleasant or for *permission* to draw from the earth sub-soil deposits placed there by geological forces.

Yet most of the text-books in the “principles” of economics, whose authors deign to give any attention at all to land-value taxation, conclude on the note of its “wrongfulness,” on the note that “society” would be guilty, in making such a change, of “injustice,” of an act of “bad faith,” of “changing the rules of the game while the game is in progress.” Such considerations in reply as have been presented above are not even mentioned. They are not mentioned even where the author makes a pretense of giving both sides of every “controversial subject” or says he means to be “meticulously objective” on such subjects. They are not mentioned even to express disapproval of them. The student, if he follows his text-book, is left with the definite impression that no reply can be made and that, therefore, the land-value-tax reform need not be taken seriously.

Perhaps this is one reason why those college graduates who are oppressed by the realization of the poverty and inequality that they see all about them, and who are inclined to social idealism, have tended to be influenced by socialist and communist ideology.

For there has been too little in the college teaching of economics to give them the vision of what an economic system based on free markets and free enterprise might be, if so reformed as to make it consistent with the principles on which it is commonly defended. For then incomes would be received for *contributing* to production and not at all for *permitting* others to use the earth.

No. 12

Explanation of Economic Consequences of a Fundamental Reform in Taxation

A careful study of the economics of land-value taxation leads inevitably to certain important conclusions regarding the effects to be expected from a land-value-tax policy. And experience in those parts of Australia, New Zealand, Northwestern Canada and South Africa which have enjoyed a limited application of the policy, is consistent with these conclusions.⁸

The conscientious and unbiased student cannot but see, therefore, that

- (1) A land-value-tax system makes it unprofitable to hold good land out of use. (It is not generally recognized how much good land—often a third or more of the building lots in a large city—is held wastefully out of use, whether in agriculture, manufacture or trade, for years and even for decades.)
- (2) By thus putting pressure on speculative holders of vacant land to get their land used, such a system *brings land rents down*.

⁸ See in regard to Australia, *Public Charges Upon Land Values*, published for the Land Values Research Group by the Henry George Foundation of Australia, Melbourne, 1945. Note especially sections 2, 3, 4, 5, 8, 9, 11. This booklet is commented upon in the bibliography at the end of this chapter, under Land Values Research Group.

See also, article on Municipal Real Estate Taxation as an Instrument for Community Planning, prepared under the direction of the editors of The Yale Law Journal, by Leon Silverman and published in the December, 1947, issue of that journal.

- (3) With* more good land available for use (labor now better provided with land—more good land per worker) labor becomes more productive and the real wages of labor tend upward.
- (4) With the reduction or abolition of taxes on commodities and services, the net enjoyable real wages of workers are still further increased.
- (5) For these reasons (2, 3 and 4 above), the worker who wishes to save is able to save more easily.
- (6) The reduction or abolition of taxes on capital gives the worker who does save, a higher net per cent return on what he saves and thus makes further saving easier.
- (7) Capital and the savings that enable capital to be constructed flow from other jurisdictions into the jurisdiction where capital is thus untaxed and where, thus, the net yield on capital to the investor is a larger per cent.
- (8) The increase of capital in the land-value-taxing jurisdiction or area means that the productivity of labor there is still further increased — because of its being better equipped—and this tends to a further increase of wages.
- (9) The sale prices of land are reduced for three reasons, viz.,
 - (a) because forcing speculatively held land into use *lowers the rent* of land;
 - (b) because most of this reduced rent is absorbed as tax and the sale price of a piece of land depends on the net rent anticipated by the private owner and by would-be owners who contemplate purchase;
 - (c) because the net interest rate (after subtracting taxes on capital) which is used in capitalizing the net rent of land into a sale price, is higher when capital is taxed less or not at all.

- (10) With sale prices of land thus greatly reduced and with workers' incomes increased in the ways indicated above (in 3, 4, 5, 6 and 8), it becomes far easier for a worker to acquire title to land for a home, a farm or any other purpose,—and it becomes easier for cities to acquire land for children's playgrounds and for parks.

Thus a taxation system that uses the annual rental value of land as the first and chief source of public revenue is in every way most favorable to thrift and capital accumulation, to productive efficiency and to the common welfare. Those who would levy taxation on incomes without regard to source and would burden heavily all the larger incomes regardless whether these be earned or unearned—thinking of themselves as “liberals” because of this emphasis on taxing those whose incomes are *large*—are definitely *not* doing the best for the poor, however strongly their program may appeal to the prejudices of the poor. On the contrary, any thorough analysis of cause and effect relations points unequivocally to the fact that the most drastically progressive taxation of incomes, even though it leave the propertyless worker of low income paying no direct tax at all and even though it involve no tax whatever on any goods he would consume, nevertheless leaves him poorer and more handicapped in life than would a land-value-tax system. The effort to substitute drastically progressive taxation of earned incomes for the simple justice of land-value taxation not only tends to discourage thrift and efficiency. It not only deprives of a proportionately reasonable compensation those who have earned it by efficient service. It is not even best for the propertyless poor. And neither is any other taxation which may be chosen for any reason as a substitute for taxation of land values, best for them or for the prosperity and progress of the community or of society as a whole.

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WALKER, PINKNEY C.: "A Neglected Factor in the Housing Problem," *American Journal of Economics and Sociology*, Vol. 7, no. 3 (April, 1948). Discusses the various influences tending to make housing expensive, indicating the primary importance of the price of land and pointing out that most writers on the subject persistently ignore this aspect of the matter and its relation to tax policy.

Yale Law Journal, *Municipal Real Estate Taxation as an Instrument for Community Planning*, an article prepared under the direction of the editors by Leon Silverman and published in the December, 1947 issue of that journal. It has been republished with the permission of the Journal, by the Robert Schalkenbach Foundation, 1948. This is a well documented and judicious study, discussing briefly experience with land-value taxation in Australia, Western Canada, and Pittsburg, Pa. Emphasis is put on the desirability of the adoption of a land-value tax policy for municipalities.

YOUNG, ARTHUR NICHOLS: *The Single Tax Movement in the United States*, Princeton, N. J. (Princeton University Press), 1916. An interesting account of the efforts to introduce land-value taxation in the United States, both during the life of Henry George and after.