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by James R. Brown

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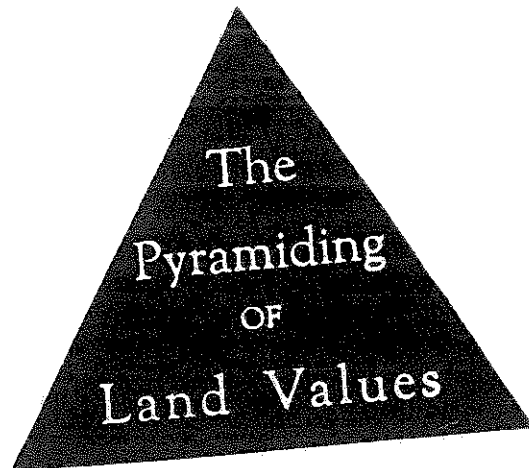
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Land value is not the value of land at all but the value of social service, the more service the greater the value, the less service the lower the value.

* * *

Land is one thing, land value is something else.

* * *

Economic rent is the only and the true measure of the value of the services and advantages created by the community and enjoyed by the citizen and constitutes the only just basis of a tax bill.

* * *

There is an answer to every question; there is a solution for every problem. There is a right way, and the right way is always an easy way to do any necessary thing.

* * *

It is only the way of the transgressor that is hard; the transgressor is the fellow who refuses to conform to natural law in his human activities.

The Pyramiding of Land Values

How Land Values Pyramid
and Why They Pyramid

WHAT is the force that keeps shoving the selling price of land up and up beyond the clouds, as it were.

I know of no better example, I know of no better illustration, than that of Manhattan Island. The assessed value of the land on Manhattan Island today is over \$5,000,000,000. This includes the ordinary building lots and land either in lots or plots owned by corporations, but does not include a great deal of our most valuable land, water fronts owned by the city, nor any franchise values, which are after all, in the last analysis, nothing but land values. Nor for that matter does the assessed value come anywhere near the selling price or the asking value of land, and the asking price of land is, after all, the embargo on production.

A little while ago a plot was sold on Fifth Avenue for \$7,000,000. This same plot was assessed at \$2,500,000 and it would not surprise me, if we could get at the exact facts, to discover that the selling price of Manhattan Island alone would amount to \$10,000,000,000.

I want to make two or three statements that to the ordinary assessor will be most astonishing, and the pseudo-economist will hardly understand. One statement is that the assessed value of land pays no taxes whatever and is the greatest liability carried by production.

As there is no production cost in land, the selling price must have a genesis and nature different from the selling price that attaches to a labor product, which rests upon the cost of production.

The selling price or the assessed value of land is that part of economic rent or annual use value that is not collected by taxation, capitalized into selling price. The more we collect or

take by taxation of economic rent, the lower the selling price of land must be, as there is less economic rent left to capitalize.

If no tax at all were levied upon economic rent or annual land value, the selling price of land would reach the maximum. For instance, if the economic rent of a lot were \$100.00 and by taxation we collected \$50.00, leaving net rent uncollected of \$50.00, the selling price of that lot would be \$1,000.00, provided we live in a 5 per cent. money market. If we collected \$100.00 the selling price would be zero. But if we did not collect any economic rent, the selling price would be \$2,000.00. There is a vast and important difference between annual land value or economic rent and selling price. The selling price could disappear, and the economic rent remain the same.

The above statement does not mean that New York City collects no economic rent or annual social service value from Manhattan Island. As a

years ago from the Indians at a price of \$24.

Manhattan Island is twenty-one square miles in area; the latest and best information is that the Lord made it and gave it to the race, free of charge. We must admit though, that there is quite a large number of us very busy trying to correct that oversight and apparently with great success, for an acre on Manhattan Island will bring in the open market \$40,000,000, and this acre did not cost one cent to produce. There is no production cost in land. It is well for us to make a very careful note of that fact.

It is interesting to reflect how white men deal with the red man, the black man, the pink man or the yellow man. When the poor guileless native meets with the white man, that is his finish. I often think how fitting it is that the white man, moved by generous and noble impulses, will send missionaries to these poor natives to teach them the way to heaven. It is indeed proper that he should do so, for there is no

other place left for the native to go to when the white man gets through with him, and I can understand the joy and the satisfaction that our missionary society organizers must have in the thought of the good they are doing Mr. Primitive Man, after they have robbed him of everything and dispossessed him from the Land of his Fathers.

We will suppose that the day after Peter Minuit bought the Island from the Indians, another white man came to him and wanted to buy the Island, but Peter says, "No, I will not sell." "Well, what are you going to do with it," asks this other white man. "Nothing. I have got a hunch that a lot of people will be coming this way soon and will settle on the Island and I will be able to get back more than my \$24." "Well," said the man, "I would like to rent it from you." "Oh, all right, you can rent it." "How much do you want?" "Well, I paid \$24 for it and money is worth 10 per cent., so I ought to get at least \$2.40 a year for the use of my Island." That

would be the economic rent of Manhattan Island about three hundred years ago.

Well, Peter wouldn't get a very fat living out of that, would he? If that were all the income he had, he certainly would have to go to work, but really what he gave his tenant was nothing but his permission to use an Island that God made and that had acquired at that date a selling price of \$24, or an annual rental value of \$2.40.

Let us suppose that Peter continued through these three hundred years to be the sole and exclusive owner of Manhattan Island. As a matter of fact, there are a wonderfully small number of people who do own any part of Manhattan Island, less than 2 per cent. of the population. On the Island there are about 2,500,000 people and the Register's Office doesn't record as owners in fee simple of Manhattan Island 50,000 people. So the Peter Minuits of today are less than 2 per cent. of the population, and the

condition of the tenantry of the Island wouldn't be any better or any worse for that matter than if one man were the sole and exclusive owner of Manhattan Island.

Well the Island has not grown any larger; it is about the same size except for here and there a little filling in and may be here and there a little cutting off, but what could Peter Minuit or his heirs or assigns collect today as economic rent for the yearly use of Manhattan Island, for the mere permission to use an Island twenty-one square miles in area, that God made and the inhabitants thereof made valuable? For even though a very large percentage of the inhabitants thereof are boneheads, yet they produce the wealth, and their presence adds to the site value. According to the figures of the Department of Taxes and Assessments the uncollected rent is at least \$250,000,000 a year, for the assessed value of the land only is over \$5,000,000,000, and as I have already stated, this does not include all of the

land values by a good deal, nor is it by a wide margin the actual asking price of the land, that is, what labor and capital are asked to pay if they desire to use the Island of Manhattan. To my mind it is not an exaggeration to say that if anyone, and it would make no difference if it were one or multiplied by many, if one man owned the Island, then instead of collecting \$2.40 a year as they did three hundred years ago, they would be able to collect \$500,000,000 a year from the users, the wealth producers of Manhattan Island.

So within the short period of three hundred years the selling price of Manhattan Island has pyramided from \$24 to a fabulous amount of about \$10,000,000,000 if you include all land values of Manhattan Island, and this amount is steadily going up. It is the greatest liability that industry has to carry.

Let us imagine for a moment that the people of Manhattan Island were to become twice as smart as they are.

Considering how clever we are now, that would be quite a stretch on one's imagination. But suppose they would be able to double their capacity to produce wealth, would wages rise, would the lot of the business man become easier, would anybody who carries on in life's great industrial scheme without a privilege, find his lot easier, his burden lighter? One would naturally think it ought to be, but it would not. This is the tragedy of life, this is the despair of our civilization. "Ye build and ye build, but ye enter not in, like the tribes whom the deserts devoured in their sin."

Who, then, would benefit from the tremendous increase in productivity? The principal beneficiary would be the Peter Minuits who would be able to get not \$500,000,000 a year for permission to use their Island; they would get \$1,000,000,000 a year. Rent would go up and overtake the increase in productivity of both labor and capital, so that the grind of life would continue as today, the increase in economic

he get through with that job? Never, because the more he digs the more he has to dig, the more he works the more he will have to work, his efforts through the misplacement of the spare dirt only adding to the difficulties of the task. And so we in our lack of understanding of what economic rent is, in our very foolish treatment of it, that is, in giving it to private individuals who have rendered no service and who have delivered no goods, we artificially create a selling price for land that becomes the greatest liability carried by industry. To put this economic rent in the exchequer of the community would relieve industry from the enormous payments it now has to make for permission to use the earth to begin with, and in addition to which we come back a second time to industry and ask it or industry to pay for the support of government. Both these burdens have of late years rapidly increased to such a degree that any form of industry, without a monopoly, has indeed a poor outlook, and the cost of living upon the

whole, while it should be lower today than in any period of the world's history, because we produce wealth easier today than in any period heretofore, is higher than it ever has been.

We are guilty, through our ignorance, of three wicked things. We have given to some men vast amounts of wealth, for which they have rendered no service and delivered no goods. We have loaded upon the back of industry vast burdens that will result in destroying industry, and we are setting at naught the divine and omnipotent purpose that nature had in giving to man the creative instinct, that enables him to produce things with less and less trouble, that satisfy desire and make for the growth and development of the individual.

Great praise and credit are due the venturesome souls who have in late years put up so many magnificent buildings, such as the Chrysler, on Manhattan Island, and it is a real tragedy that between the high price they

paid for the land and the heavy taxes that will be laid upon the building, it is doubtful in the run of thirty years if they can break even with the open market price of money on their investments. The stubborn economic truth is that no capital invested in a free competitive industry can pay taxes twice and interest once.



The Manhattan Single Tax Club

Founded by Henry George

The Manhattan Single Tax Club was founded by Henry George and is the oldest Single Tax organization in the world. Our work is purely educational, non-political and non-partisan. We believe, when we have created sufficient Single Tax sentiment, our tax laws will be amended to conform to an advanced public conception of what taxation really is and how it should be applied.

As correct thought must precede correct action, our concern is not how people vote, but how people think. Educational work is irresistible because it is unresisted. We aim to present taxation in a simple and practical manner to be easily understood by any thoughtful man, without the necessity of a thorough course in the Science of Political Economy; also to present it untrammelled by complex or abstruse reasoning, void of offense and unweighted by rabid or foolish utterances.

The gist of our gospel is that Taxation is Payment for Social Service and Advantage, and that Land value is the only true and just measure of the value of the Services and Advantages, that Society gives to the individual citizen.

Presented after this manner taxation becomes an understandable subject full of vital interest to everybody.

We respond freely to all requests for literature or lectures; we make no demands for money; if the local people can pay expenses, well and good; but if not we go just as cheerfully. This attitude enables us to light lamps in many dark places.

We maintain a well equipped office that is always open. We keep a good stock of books and tracts. We distribute a vast amount of literature yearly, and are always on the alert for opportunities to explain what taxation really is and how it should be applied.

WE WOULD LIKE TO ADD YOUR NAME
TO OUR MEMBERSHIP

Come and join with us in the superb task of making the world a fit place to live in, by relieving production from unjust, restrictive and stupid taxes, and also by using the taxing power to pry open and keep open natural opportunities to labor and to capital.