

CHAPTER VIII

GEORGE'S INFLUENCE

THERE may be some value in concluding this whole discussion of the varying contacts that Henry George and his work have had with other movements and other thinkers by pointing out very briefly the influence of his doctrines. That influence will be found not merely in the specific legislative acts of various countries that have sought for tax reform in the direction suggested by George, but also, and perhaps of more importance, the effects of his work may be seen in that more intangible realm of opinion as it is expressed in the writings and words of the exponents of ideas. This tracing of George's influence will be confined within very narrow limits, chiefly because of the difficulties of determining accurately just how significant has been the part that his work has played and of disentangling his proposals from parallel and independent movements of land value taxation. In addition, there is clearly recognized the danger of overestimating (perhaps, too, of underestimating) the imponderable effect of George upon later thinkers. For example, it is quite true, as single taxers will point out, that his work has been recommended, at least in part, by almost every important figure in subsequent liberal social thought, but to what degree that appreciation has been casual, or how much it has been sincere and significant, is not an easy question to answer. And the question is made more difficult because of the fact that many former professed followers of George in political and economic circles have since wandered very far from his concepts.

It may be best to discuss first George's influence upon the definite land value taxation proposals that have been introduced throughout the world. This point will, at the same time, bring forward perhaps the most serious difficulty in estimating the effects of George's work, i. e., the difficulty of dissociating his "single tax" doctrines from similar but independent schemes of land value taxation. That problem is stated most forcibly in the comprehensive volume of Miss Yetta Scheftel.¹ Her consistent attempt to handle land value taxation as merely a fiscal scheme and not as a social reform program,² and therefore her intense efforts, especially in the opening chapter of the book, to effect a complete divorce between a "single tax" and a simple tax on land values, necessarily make George's work of negligible significance in her history of land value taxation. In fact, there is no indication at all throughout the treatise that there has been any real influence of *Progress and Poverty* upon the more than fifty years of land value taxation experiments that have followed its appearance.

Now, it will be admitted at the very outset of this discussion that the systems of land value taxation of various countries seem to have arisen spontaneously rather than as a result of doctrine or theory, that they have appeared to be adaptations which have followed local conditions instead of examples of a deliberate social program. And it is recognized also that, in at least two instances, land value taxes were discussed and introduced some years before George's work appeared. Furthermore, there will be no attempt to suggest here that there has been disclosed any new data that would indicate a direct influence of George's teachings upon the proposals

¹ *The Taxation of Land Value* (Boston, Houghton Mifflin, 1916).

² The conclusion of her most negative chapter on "The Tax as a Social Reform" states that "not as a panacea, then, for all social evils and economic maladjustment, although its influence may be beneficial with regard to these, but as a tax must the expediency of the tax on land value be determined." (P. 421.)

which are to be presented. Despite rather careful investigation, it must be admitted that, with a few exceptions, one cannot find definite, "scientific" evidence connecting George in any overt way with much of the land value tax legislation.

To argue, however, that these admissions justify a neglect of George's influence upon such legislation seems to suggest a serious lack of a sense of proportion. The absence of tangible proof of the inspiration of *Progress and Poverty* may be unfortunate from the scholar's point of view (although it may be pointed out that the very nature and drafting of fiscal acts would permit little inclusion of doctrinal origins, and also that the pioneers who were responsible for much of the work were not always articulate or concerned with indicating sources), but, as with most negations, it must not be taken too seriously or the investigator may fall into a variation of the "scholar's error." More specifically, the nonexistence—at least, the nondiscovery—of testimonials to George's influence by early legislators can in no way preclude consideration of the imponderable force of his work, especially since the few notices that we do have of acquaintance with *Progress and Poverty* on the part of the land value taxationists show that the book was a living inspiration. For example, to believe seriously that, in the English-speaking colonies, where in the decade following the publication of George's book there was a remarkable interest in land value taxation, no effect was registered of the tremendous circulation of *Progress and Poverty* or of George's own widely attended lectures in the British Isles and the British dominions, would indicate a serious prejudice against Henry George or else a curious interpretation of what is meant by the word influence.

But should the researcher be unduly insistent, or should he become quite scornful of any suggestion that George played a

rôle in the development of land value taxation,³ then this point might well be made: Henry George must be considered as part of a great liberal tradition, a tradition that extends far in the past and includes in its ranks many great names. That tradition is more important than the work of any one man. Whether consciously or not, George borrowed from and contributed to that stream of thought; he has become an integral part of it.⁴ Therefore, unless one is overconcerned with the difficult questions of originality and influence, it perhaps does not matter too much just what place the individual, Henry George, did occupy in that history of land value taxation. That is to say, the collection of land values for social purposes, no matter how opportunistic or locally conditioned it appears, cannot be divorced from social and economic theory, cannot be entirely cut off from the whole great concept of "unearned increment." The researcher may be quite justified in considering the fiscal measures he is handling *as if* they were autonomous and self-generating; he is indeed correct also in stating that he is unable very often to locate the doctrinal background of such legislative acts. Yet a conclusion to the effect that theory plays no part in the formulation of a land value tax would seem to disclose much too narrow an "opportunistic" approach. The belief, e. g., that land value taxes in Canada and Australasia were in no essential way connected with the whole English economic tradition of the "unearned increment" seems a little far-fetched. Granted that the investigator may find no tangible manifestation of such a tradition in the early legislatures of New South Wales or of Alberta, and granted even that most of the settlers had never read a line of Locke or Smith or Mill, still it would be indeed a rash scholar who could

³ Miss Scheffel exhibits such scorn in several places; see especially *op. cit.*, pp. 266-267.

⁴ For this whole point consult *supra*, Chap. IV.

glibly set aside the formative influence of a large section of English social philosophy.

This is not to develop into a labored account of function-of-theory truisms. The only point that is being suggested is that George must be considered as one of the determining forces in that tradition which has centered its attention upon land values, and that as part of such a movement he can be slighted only with great danger in a discussion dealing with any phase of that topic. The progress of land value taxation, whether or not it can always be directly connected with his inspiration, must nevertheless be included within an exposition of Henry George's work; any other procedure would amount to both a betrayal of his tremendous efforts and also to a handling of land value taxation that was without vision or horizons. Such, at least, would be an answer to the land value tax researcher who should prove a vigorous skeptic in this matter of the significance of George's influence.

Of course that answer would hardly satisfy any one vitally interested in the work of George. It would seem far too apologetic; it would lean over backward in its deference to "scholarship." But this danger of being accused of either minimizing or of exaggerating historical influence is one that cannot very well be dissociated from the discussion of any controversial theme. It attaches itself inevitably to attempts that seek to trace developments, and therefore perhaps the best policy is to proceed with an historical exposition, trusting that its course will avoid the snares both of belittling and of overstatement.

AUSTRALASIA

This brief account of the progress of land value taxation⁵ may more or less arbitrarily open with a consideration of the

⁵ A word may be mentioned here as to the procedure of this chapter. Since it is to be a brief exposition of material that is readily available, and

development of such revenues in the English-speaking nations, more specifically, for the present purpose, in Australasia, Canada, Great Britain and the United States itself. The land value tax in Australasia⁶ will be handled first, not only because some of the very earliest of the taxes originated in that great laboratory of social experiments, but also because its development there has been perhaps more consistent and of greater extent than in any other country.

The first significant attempt to levy a tax upon the economic value of land in Australasia was in 1878,⁷ a year before the appearance of *Progress and Poverty*. In 1877 the Liberal government of Sir George Grey had come into power in New Zealand and it had pledged itself to attack the large landed estates that were becoming so conspicuous and menacing a

since it presents no new data, extensive documentation is not believed necessary. The information has been taken largely from the works mentioned throughout, so it will be only for rather significant or possibly controversial material that specific notes will be used. It is felt that a short, running account will meet the present purpose better than an ambitious attempt to repeat work that has been already very satisfactorily done.

⁶ Perhaps the best bibliography on the history of land value taxation will be found in Scheftel (*op. cit.*), pp. 461-483. For bibliography on Australasian taxes see *ibid.*, pp. 478-480.

For material on Australasian taxes consult: *Ibid.*, Chaps. II and III; Miller, *Single Tax Year Book* (New York, 1917), pp. 122-141; E. J. Craigie, "The Taxation of Land Values in South Australia," a series of articles beginning in *The Single Tax Review* of January-February, 1915; W. P. Reeves, *Land Taxes and Rates and the Valuation of Land in New Zealand* (London, Allen and Unwin, 1923; 2 vols.); pamphlets printed by the Fourth International Conference to Promote Land Value Taxation and Free Trade, Edinburgh, 1929: by A. G. Huie, "Progress of the Henry George Movement in New South Wales"; by P. J. O'Regan, "The Progress of the Henry George Movement in New Zealand," and by E. J. Craigie, "Land Value Taxation in Australia for Federal, State and Local Purposes." See also articles by W. P. Reeves on "Land Taxes in Australasia," in *The Economic Journal*, December, 1911, Vol. XXI, pp. 513-526, and by Professor Seligman on the new tax movements in Australasia in *The Political Science Quarterly*, March, 1913, Vol. XXVIII, pp. 71-94. The files of the various single tax periodicals, e. g., *Land and Freedom*—formerly *The Single Tax Review*—(New York); *Land and Liberty* (London); *The Public* (Chicago—no longer in existence), will give historical accounts from the single tax interpretation. For more specific works see especially the lists of Australasian government publications mentioned in Scheftel.

⁷ In 1875 a progressive land tax was proposed in Victoria but was withdrawn. Two years later in the same province there was passed a land tax, but it was not levied on the unimproved value. (Cf. Scheftel, p. 24.)

factor in the development of the province. Grey's interest in the land problem may be traced both to a theoretical background and, perhaps of more importance, to the peculiar agrarian situation in New Zealand and in the rest of Australasia. He had behind him the great British Liberal political tradition and he himself was a devoted student of John Stuart Mill, but it was the fact of the serious alienation of the land and its concentration in the hands of a few owners,⁸ and also of the spectacular and directly perceptible increase in land values, that provided the immediate demand for a land value tax. The colonists, moreover, were spared the hoary tradition of vested landed property that had sent its roots so deeply into British politics, and so the rapid appreciation of economic rent disclosed to them more readily its social origin and implications.⁹

This earliest levy upon land value, the Land Tax Act of 1878, was a very modest start. It provided for a tax of a half-penny in the pound on the unimproved value of land, i. e., the land minus the value of the improvements.¹⁰ Moreover, it allowed an exemption of £500. Yet the opposition that it aroused among the landowning class was so strong that the Grey government fell immediately and the act was revoked by the following ministry. In fact, the tax was removed before it was even collected, and it was nearly twelve

⁸ For figures relating to this concentration of land in Australasia, see Scheffel, pp. 20 ff.

⁹ *Ibid.*, 19-20.

¹⁰ "Capital value," or selling value, implies the value of land plus the improvements. For purposes of land value taxation, the taxable value of land is this "capital value" minus the value of the improvements, thus giving the "unimproved capital value." (For the difficulties involved in this point, see Scheffel, pp. 70 ff.) In England the phrase "capital value" is sometimes loosely used, even when denoting unimproved value, in order to distinguish such value from the traditional English use of the annual "rental" value (i. e., land value being determined by the annual rent of land—the ordinary, not economic, rent). Capital value in this connection, as it is defined, e. g., in the English Finance Act of 1931, is held to be determined largely by selling price (but, of course, for the purpose of the Snowden land value tax it is a selling value which assumes the absence of all improvements).

years before a Liberal Cabinet introduced the tax again. Henry George knew of this early work of Grey and when *Progress and Poverty* appeared he sent Grey a copy which drew from the Liberal leader a most flattering response.¹¹ There is no evidence to show that the New Zealander knew anything of George's earlier work, *Our Land and Land Policy*, which was published in 1871.¹²

In 1890, under the leadership of John Ballance, who had been treasurer in the Grey government, and who was responsible for much of the land value tax agitation in 1877 and 1878, the Liberal party again came into power and forced through another land tax measure, the Land and Income Assessment Act of 1891. This act raised the tax to 1d. in the pound but retained the £500 exemption, and also limited the exemption of improvements to £3,000. On the other hand, the principle of land value taxation was strengthened by an additional graduated tax on land valued at £5,000 or more. This graduated scale, which has since been revised many times, was aimed directly at the large estates, an attack upon landed property that is not found throughout the rest of Australasia with the possible exception of Tasmania.¹³ In 1893 the £3,000 limit of improvement-exemption was removed, and the act was further amended in 1900, 1903, 1907 and 1912, but with no significant changes.

¹¹ See *supra*, p. 53.

¹² However, there is this to be said concerning George's possible influence upon the Australasian measures: Not only *Our Land and Land Policy*, but also the vigorous editorial and political campaigns that George carried on throughout the early '70s, were directed to attacking large land holdings, an attack that was the subject of much popular discussion in California. It was this particular phase of land monopoly that was the object of the early legislation in New Zealand (and also in British Columbia). Now, it must be remembered that communication between California and Australia was by no means difficult; the two were much closer, of course, than Australia and England. In fact, San Francisco was really more accessible to Australia than it was to many American cities at this time. George knew something of the work in Australia (see *infra*, p. 406, n. 60), and it is by no means outside the realm of possibility that the dominion knew of his California agitation and was influenced by it.

¹³ Scheftel, p. 41. For details of this graduated scale see *ibid.*, p. 38.

Two important additions to New Zealand's policy were made in 1896. In that year a Government Valuation of Land Act was passed which provided for the separate valuation of land and improvements and which also established a series of periodic revaluations.¹⁴ It is obvious that when the principle of land value taxation is accepted the necessity for approximately accurate land valuation presents itself, and one of the great difficulties that the proponents of such taxation must meet is the ludicrously incorrect report of land values that is so often found where there has been no attempt to separate improvements from land for purposes of valuation. The other significant addition to New Zealand's efforts was the Rating on Unimproved Values Act.¹⁵

The rating on land values in Australasia does not start with this New Zealand act of 1896. In fact, with the exception of the short-lived Grey budget, local taxation of land values preceded provincial ones; they may be traced back to 1878 in Queensland. Rating is different from State and Federal revenue not merely because of its local nature; its very purpose is distinct. It is clear that the national and provincial land value taxes are almost insignificant as far as revenue is concerned. Their purpose is largely social and is directed toward reducing if not disintegrating the large landed estates. On the other hand, the local rates are levied to gain revenue,¹⁶ and consequently are of a much higher percentage, rising, e. g., in the city of Wellington, New Zealand, to 7¼d. in the pound, and to as much as a shilling in the pound—at least as a possible maximum—in Queensland.¹⁷

¹⁴ For the technique and difficulties of land valuation consult Scheffel, pp. 61-78. See also "Government Valuation of Land in New Zealand," by C. H. Nightingale; pamphlet printed for the Fourth International Conference to Promote Land Value Taxation and Free Trade, Edinburgh, 1929.

¹⁵ In Australasia, as in Great Britain, the term "rating" is applied to local taxation, "tax" being usually reserved to describe Parliamentary imposts.

¹⁶ Scheffel, pp. 78-79.

¹⁷ See pamphlets by O'Regan and Craigie mentioned before.

For the same reason, i. e., to gain revenue, exemptions and graduations are ordinarily absent in rating as contrasted with the government tax. Finally, rating on land values is the nearest approach to a "single tax," since in the various Australasian districts and municipalities that have adopted it there are practically no other sources of revenue.¹⁸

A number of amendments were added to the original act of 1896 and the whole was incorporated as part of the general Rating Act of 1925. The rating on land values depends upon rating polls, and thus far in New Zealand about 40 per cent of local governing bodies¹⁹ (132 out of 290 taxing districts, which include 77 out of 119 boroughs, and 55 out of 124 counties; town boards and road districts also make up taxing districts) have adopted land value rating, the large cities of Wellington and Christchurch being included.

Turning to Australia itself we find that there is a three-fold tax on land values, the Federal, the State, and local rating. The Federal Land Tax was passed in November, 1910, and all six provinces (Queensland, New South Wales, South Australia, Western Australia, Victoria, and Tasmania) have State land taxes, the earliest being that in South Australia in 1884. With the exception of Tasmania all of the provinces have local rating on unimproved land values. As was mentioned before, the Federal tax is a low one and has been aimed directly, as it was phrased, at "bursting up big estates." It contains also specific penalties for absentee owners. The State taxes generally incorporate the graduated feature, which also strikes at large land holdings, laying a high tax upon the greater concentrations of land and imposing only a minimal rate upon small holdings.

Queensland was the first province to rate locally upon land values but the last to have a provincial tax. As early

¹⁸ Scheffel, pp. 48-55. See also *infra*, following pages.

¹⁹ O'Regan, *op. cit.*

as 1878 rating was in vogue and in 1879 the Division Boards Act definitely legalized the exemption of certain improvements from rating. More improvements were exempted in 1887, and the Valuation and Rating Act of 1890 excluded all improvements and personal property from local taxation. In 1902 there was passed a general consolidation act, that of the Local Authorities of Queensland, which, while imposing certain limits on the local authorities, made it obligatory for all rating to be based on the unimproved value of the land²⁰ This 1902 act set the maximum rate at 3d. in the pound, and also provided for revaluation every three years. However, 1921 and 1924 saw important additions, the Amending Act of the former year raising the maximum rate to 1s. in the pound, and the Greater Brisbane Act of the latter year increasing rating power in that municipality.

It was not until 1915 that Queensland inaugurated a State land tax.²¹ Like other provincial imposts it was graduated, a tax of 1d. in the pound if the land were valued at less than £500 and rising gradually to a rate of 6d. on £75,000 or more of land values. In addition, the following year found another specific tax placed on undeveloped land, 1d. in the pound in 1916, an additional half-penny the next year, and 2d. from 1918 on.²²

South Australia began the taxation of land values with the State Taxation Act of 1884, which went into effect the following year. As in the rest of Australasia the early colonial reports were struck by the phenomenal increase in land values, and Treasurer Rounsevell of the Colton Ministry in-

²⁰ Scheffel, p. 49.

²¹ Miss Scheffel's book appeared in 1916 and therefore was still able to point out that this State had not yet adopted the principle of provincial land value taxation. (See p. 34.)

²² "It is interesting to note that since 1st January, 1917, freehold title to land in Queensland is unobtainable, excepting for land acquired before that date. Under the Crown Lands Act, 1910-1918, land can only be obtained from the Crown on lease. A pastoral lease may not exceed thirty years, the term for agricultural farms is twenty years, other leases are in perpetuity." E. J. Craigie, in "Land Value Taxation in Australia" (*op. cit.*, p. 4).

roduced in 1884 his bill, aimed against the appropriation of such values by the owners of large estates. A tax of a half-penny in the pound upon the unimproved value of land was first levied; certain exemptions were made of park, church, university lands and the like. There was also a provision for periodic assessments. In 1895 an additional half-penny was placed upon values above £5,000, and absentee owners were penalized another 20 per cent. Several changes were made in 1903, increasing the general rate to $\frac{3}{4}$ d. in the pound and amending also the absentee rates, but since 1906 the rates reverted to the ones operating prior to 1903.

Rating in South Australia began in 1893, although the act of that year was generally unsatisfactory.²³ The act was amended in 1900, 1910, and 1914, and in December, 1926, rating on land values was introduced for district councils; the former rating had been for municipalities. While rating is optional in South Australia, sixteen municipalities, including the city of Adelaide, and six district councils rate entirely on unimproved land values.

Following the election of 1894 in New South Wales the Reid government came into power pledged to an attack upon the protective tariff and to the support of land value taxation. The ministry, however, met with stubborn opposition from the upper house—the Legislative Council—in its efforts to tax land values, and it was only after another general election that the Land and Income Tax Assessment Act of 1895 became law. It has been maintained that Henry George's important lecture trip of 1890 in Australasia²⁴ was of particular influence in this legislation of New South Wales.²⁵ The act provided for the usual levy of 1d. in the pound, after a deduction of £240 of land values had been made. In 1902 the act was amended so as to clarify the relation between the

²³ *Single Tax Year Book, op. cit.*, p. 130.

²⁴ See *Supra*, p. 71.

²⁵ *Single Tax Year Book*, p. 136.

owner and the lessee of land. The revenue derived from the act amounted to as high as £345,497²⁶ for the financial year of 1906-1907, but in that year the Local Government Act was passed, introducing local rating, and the State revenues began falling steadily, reaching £2800 in 1926-1927.²⁷

Rating in New South Wales²⁸ contains both the obligatory feature of Queensland's rating and also the optional privilege of the New Zealand act; general shire and municipal rates must be only on the unimproved value of land, whereas special shire or municipal rates, or additional municipal rates, may be either on unimproved or improved value. In 1916 a very significant step in local rating was taken when the city of Sydney voted to exempt all personal property and improvements and to place all rating upon unimproved land value. Sydney, which has a population of more than 900,000, is thus the largest city in the world to derive all its revenue from a "single tax" on land values. In addition, the new bridge across Sydney harbor, the North Shore Bridge, has been paid for to the extent of one-third out of a rate on the increased land values which have accompanied its building.

It will not be necessary to present in detail the history of land value taxation throughout the rest of Australia. Western Australia began State land taxation in 1907 and local rating in 1902. There was also passed a special City of Perth Endowment Lands Act in 1920. Tasmania, which has no local rating, inaugurated its graduated provincial tax in 1905. Victoria had State levies in 1910 but did not have optional local rating until 1914.

A word, however, must be mentioned concerning the land

²⁶ *Ibid.*, p. 137.

²⁷ Craigie pamphlet, p. 1. In fact, for all intents and purposes the State land tax in New South Wales stands suspended. (Scheftel, p. 55.)

²⁸ The introduction of rating under the Carruthers government is also held to be the direct result of the agitation of George's followers in the province. (See the Huie pamphlet, *op. cit.*, p. 2.)

policy in the new Federal capital district of Yass-Canberra, which, while it does not involve the taxation of land values, certainly is evidence of a most advanced handling of land ownership. In 1911 New South Wales donated some 900 square miles of territory for a Federal district, and two years later work was begun on the new Australian capital. The war interrupted the building and it was not until 1920 that construction of a provisional capital really began. The provisional Parliament House was begun in 1924 and opened three years later. Canberra is governed by three commissioners,²⁹ the commission form of government having been established by the Seat of Government Administration Act of July 23, 1924.

The land policy of the capital territory is completely in terms of leases; there is no outright private ownership of land, all land being rented from the Government. Lots are leased at public sale, the terms being twenty-five years for agricultural land and ninety-nine years for urban land. The rent is set at five per cent of the capital unimproved value (i. e., the approximate economic rent of land), and after a term of twenty years, thereafter every ten years, the rentals are revalued. Moreover, the lessee must begin to build within two years after receiving the lease, and must complete his improvement within three years. Here, then, seems to be an approach to what Henry George had in mind: land being "owned" by the State but used and improved by private individuals, with the economic rent going into the public treasury to supply public needs.³⁰

²⁹ Material on Yass-Canberra may be found in any of the official Australian government publications. See also the Craigie pamphlet, and articles by Percy R. Meggy in *Land and Freedom*, especially in the issue of May-June, 1931, and *Enclaves of Economic Rent for 1930* (Fiske Warren, Harvard, Mass., 1931), pp. 258-263.

³⁰ In connection with land value taxation in Australasia it may be in place to point out that in South Africa since 1916 there has likewise been a similar policy. Assessments there all distinguish, for one thing, between land and improvement value, and in the province of the Transvaal all municipalities and

What have been the results of land value taxation in Australasia, and to what degree may the policy be attributed to the influence of Henry George? Miss Scheftel, whose book, as has been pointed out, is generally most negative in its appraisal of George's work and most tepid and detached in its appreciation of the principle (rather concept) of land value taxation, is yet quite gracious in recognizing George's influence in Australasia, and quite confident that such taxation, at least fiscally, has proven successful. There can be no attempt made here to present in a detailed fashion any of the fiscal results of the tax. That may be very readily found in Miss Scheftel's work. All that will be mentioned by way of conclusion are some of the results which she permits to be drawn from her scientific analysis.

It may be well to quote the concluding paragraphs of the chapters on land value taxation in Australasia:

Summary: In so far as the efficacy of the land tax can be gauged at all, the results of the levy have been more or less beneficial economically and socially. Housing conditions continue to improve in the colonies in spite of the increase in population. Had the rates of taxes been considerably higher the effects on land speculation, perhaps too on rents, would have been more notable. To what extent the exemption of business premises from heavy taxes has in turn stimulated business can only be inferred.

In conclusion, two significant facts are to be noted. First, in no case has there been a repeal of the tax except to extend its operation; in other words, after its adoption, however great the opposition may previously have been, the levy of the tax ceased to be a party measure. Indeed, the opponents of the tax seem to have become reconciled to its existence; at best they have attempted merely to disprove the beneficent results predicted by

district councils are required to levy a rate on land values of at least 1d. in the pound, although improvements are also taxed. Pretoria and Johannesburg rate only on land values. Kroonstad in the Orange Free State, where land value rating is optional, taxes land values, and Durban in Natal, and East London in the Cape province both rate much higher on land values than upon improvements.

the sanguine supporters of the land tax. Secondly, the adoption of the tax by one State after another, by the local bodies, and recently by the Federal Government of Australia, argues in its favor and for its expediency in that country.³¹

Miss Scheftel is more sure of the "fiscal" benefits³² of the tax than of the "social" ones. The disintegration of large estates, the lowering of rent, the shifting of the burden of taxation upon the recipients of the "unearned increment," in general, the predictions of the more radical land value tax-ationists as to a redirection of the social order itself, are not found by her to be corollaries of the tax, and so "the experience with the tax for over two decades (1916) has both allayed the anxiety of its adversaries and dissipated the extravagant hopes of its most ardent adherents."³³ Of course Miss Scheftel does not, and cannot, take such conclusions very seriously. With the exception of a few municipalities there has been but a pointing in the direction of a "single tax"; consequently the hopes of a Henry George cannot yet be tested in Australasia. For example, in connection with the disintegration of large estates, it is pointed out that, except in New Zealand, the low rates, evasions, and inaccurate valuation systems have nullified any significant effect that the land tax may have had upon the large landed holdings.³⁴ And in the paragraphs quoted above it is suggested quite clearly why there have been only negligible effects upon rent or land speculation. Yet the fact that there have been any social advantages at all would seem to indicate that instead of Miss Scheftel's rather negative conclusion, there might be an interpretation which would see in the admitted partial benefits of a small tax upon land values a forecasting of greater changes when the "social" in addition to the "fiscal" purposes of such a measure were brought into prominence.

As a background of the land value taxation movement in

³¹ Scheftel, pp. 119-120.

³² Pp. 95-96.

³³ P. 106.

³⁴ Pp. 96 ff.

Australasia, Miss Scheftel admits the significance of George's writings, of his trip to the islands in 1890, and of the unremitting activity of his followers, especially immediately after his visit.⁸⁵ On the other hand, she is also certain that such taxation has had a spontaneous growth in Australasia, being in operation, for example, even before the appearance of *Progress and Poverty*, and she argues, in addition, that there is almost no analogy between George's "single tax" and Australasia's land value taxation.⁸⁶ The first point is unquestionably correct and all that the follower of George can do is to suggest, as was mentioned a few pages back, that George must be considered as part of a great theoretic tradition, a tradition that lies at the root of all movements to capture for society any part of the unearned increment of land values. Her second argument does not seem as plausible. For instance, she writes: "The numerous exemptions, low rates, progressive scales, surely do not reflect the striving of the single taxers to make the land tax the sole tax. In fact, since the enactment of the taxes, no attempts have been made, as was predicted, to tighten the screw or to approach anything like the confiscation or the nationalization of the land."⁸⁷ Ignoring for the moment the perhaps unwise use of the term "confiscation" or even "nationalization" as applied to the proposals of George, it cannot be legitimately argued that because land value taxation is not the single tax that therefore the two have almost nothing in common. Single taxers were unable to remove exemptions or to raise rates, but that surely is not evidence that no close analogy exists between a low, qualified tax on land value and a high, unqualified one. There are very few followers of George who would not agree that any attempt to introduce his suggestions must originate in some such gradual manner. This is not to say, of course, that Australasia has taken but the first step toward the ulti-

⁸⁵ Pp. 31-32.

⁸⁶ Pp. 33-34.

⁸⁷ P. 33.

mate realization of the single tax. Such a statement would be rash indeed. But it would perhaps be no more unjustified than the contention that land value taxation is completely parochial, that, in other words, it is a step in no direction.

CANADA

There is a very close analogy between land value taxation in Australasia and in the western provinces of Canada.³⁸ Both regions, at the time of the inauguration of the tax, were in an undeveloped pioneer condition, sparsely populated and with great tracts of undeveloped land. In both there was the same striking phenomenon of rapidly increasing land values as population grew, of feverish land speculation, of unimproved land held out of use for further appreciation of value, of absentee landowners. Moreover, there was the same pioneer psychology, the same disregard for the property traditions of the older country and the same determination to settle local problems without too much reliance upon the

³⁸ For material on Canadian land value taxation see: Scheftel, Chap. VI (bibliography, pp. 481-483); Professor R. M. Haig's report on "The Exemption of Improvements from Taxation in Canada and the United States," prepared in 1915 for the Committee on Taxation of the City of New York; (see also the same author's article on "The New Unearned Increment Tax in Alberta," *The American Economic Review*, September, 1914, Vol. IV, No. 3, pp. 716-718); *Single Tax Year Book*, pp. 81-95; *The Taxation of Land Values in Western Canada*, Archibald Stalker, McGill University (master's thesis), Montreal, 1914; Professor S. Vineberg's *Provincial and Local Taxation in Canada*, Columbia Studies in History, Economics, and Public Law, Vol. LII, No. 1, 1912; "Home Rule in Taxation in Western Canada," California League for Home Rule in Taxation, San Francisco, 1915 (pamphlet); report on "The Financial Condition of Victoria" by Dr. Adam Shortt, Victoria, 1922 (pamphlet, attacks land value taxation); "The Progress of Henry George Thought in Canada," by A. C. Thompson and A. W. Roebuck, paper prepared for the Fourth International Conference to Promote Land Value Taxation and Free Trade, Edinburgh, 1929; F. J. Dixon, "The Progress of Land Value Taxation in Canada," Winnipeg (pamphlet); see also special articles in *The Single Tax Review*, Vancouver special number, May-June, 1911; Edmonton and Grain Growers special number, September-October, 1911; also articles by Schuyler Arnold starting in January-February, 1915, number. Government reports will be found mentioned in Scheftel.

English heritage.³⁹ As early as 1873 in British Columbia and Manitoba, six years before *Progress and Poverty* was published, there was imposed a "wild land" tax which sought to discourage holding land out of use on the part of absentee owners, at least outside of the limits of incorporated cities, towns and villages. Manitoba also put a special tax on land speculators. A year later British Columbia took another important step when the city of Nanaimo, the coaling station on Vancouver Island, exempted improvements from taxation. In 1876 the province passed an Assessment Act which amended the wild land tax provision but which still discriminated against unoccupied land.

The year 1891 marked perhaps the beginning of the most significant phase of land value taxation in western Canada, the operation of local option in separating land from improvements as far as valuation and exemption were concerned. In that year British Columbia empowered its municipalities, both city and district, to rate improvements at a lower value than the land and made it possible, furthermore, to exempt improvements altogether from taxation.⁴⁰ The following year exemption of at least one-half of improvement value was made mandatory upon the municipalities. By 1895 such an exemption was operating in Vancouver. In 1906 the assessment upon improvements was reduced to 25 per cent, and in 1910 improvements were entirely exempted from taxation in that city. Vancouver also levied various types of license fees and similar local taxes, but by 1911 more

³⁹ For example, in the '50s Upper Canada broke away from the English system of basing assessments upon the rental value of land (which, of course, discriminated in favor of unused land) and turned to land value itself, determining that the economic rent, which was set at 6 per cent of the full capitalized value, be the measure of land value. Ontario followed suit in 1869, and at present the city of Quebec alone rates on the annual rental. This breaking from the English system, moreover, was in the east, where there was less of the pioneer spirit. (See Scheftel, p. 252.)

⁴⁰ *Ibid.*, p. 261.

than 75 per cent of its revenue was derived from a tax on land values. However, during the war, Vancouver, along with other cities of the Dominion, was forced to resort to heavy taxation, with the result that improvements were again taxed up to the provincial limit, 50 per cent of their valuation. Much has been made of this "failure" of land value taxation in Vancouver, the opponents of such taxation pointing out that it breaks down when confronted by serious emergencies, the supporters arguing that the low rate on land values could not prevent the inevitable speculation that followed the city's building boom. In any case, the abnormal war situation, following the prewar "depression" in western Canada, would make any attempt at impartial judgment very difficult indeed. Victoria, along with Vancouver, also returned to 50 per cent exemption. It had inaugurated local option the same year as Vancouver and by 1911 had exempted all improvements from taxation. Up to the outbreak of the war, twenty-six of the city and district municipalities of British Columbia had totally exempted improvements from taxation; in eleven, improvements were taxed from one-tenth to one-third of their value, land, of course, being assessed at full value, whether used or not; the remaining twenty-five municipalities did not exceed the provincial minimum of 50 per cent exemption. Since the war the figures have changed to: Total exemption of improvements in twelve cities and towns (the district municipalities are not included in these figures), New Westminster, North Vancouver, Nanaimo, Port Moody, Prince Rupert, and Revelstoke being among them; four assess at 25 per cent or under, and twelve at the necessary 50 per cent.⁴¹

In 1894 the territorial government of the Northwest Territories, out of which Saskatchewan and Alberta were formed in 1905, empowered its municipalities to exempt improve-

⁴¹ Thompson and Roebuck pamphlet (*op. cit.*), pp. 5-6.

ments from taxation, although adding certain qualifications,⁴² and when Saskatchewan and Alberta became provinces this system of local option was continued. In Saskatchewan the Village Act of the 1908-1909 session made it possible for all villages to exempt improvements from taxation and to derive all revenue from land values, and in 1912-1913 the Rural Municipalities Act extended that provision to those divisions. This privilege was soon taken advantage of, and by 1914 all the rural municipalities of the province depended solely upon the revenue (with the exception of certain license fees) from land values.⁴³ In the cities, towns and villages of Saskatchewan improvements cannot be taxed at more than 60 per cent of their value, and since 1911 cities and towns can make a gradual exemption of all improvements. The exemption reached by Regina, the capital, amounted to 75 per cent of improvement value.⁴⁴ In 1914 a special surtax was levied by the province upon absentee land owners.

It was in Alberta, however, that perhaps the furthest extension of "municipal single tax" was reached. Edmonton, the capital, obtained its charter in 1904, a year before Alberta became a province, and the charter provided for a general tax upon land values. Business and income taxes were also levied, but later these were dropped, and "municipal single tax," i. e., a tax on land values to meet the requirements of local expenditures, became the revenue system of Edmonton. Alberta, as did Saskatchewan, provided for local option from its very admission as a province, and the Town Act of 1911-1912 required that all improvements be exempt from taxation in towns and villages; cities with separate charters were not included, but of the six cities, Edmonton, Medicine

⁴² Scheffel, p. 263.

⁴³ *Ibid.*, p. 270.

⁴⁴ See *ibid.*, pp. 264-265, for the figures of exemptions in other cities and towns.

Hat, and Red Deer exempted all improvements, while in Calgary 75 per cent, Lethbridge two-thirds, and Wetaskiwin 20 per cent of improvements were exempt from taxation.⁴⁵ As in British Columbia, the war forced taxation upon improvements again, and the cities now have the following scale of exemptions: Red Deer has a 50 per cent exemption, Edmonton and Medicine Hat 40 per cent, Lethbridge one-third, and Calgary a 30 per cent exemption.⁴⁶ In addition, Alberta passed a special unearned increment tax in 1913 which went even further than municipal single tax and showed that the principle of land value taxation was clearly accepted. A tax of 5 per cent was placed upon all increases in land values, and a year later a 1 per cent tax was levied on undeveloped land in the province.

Manitoba did not emphasize land value taxation to as great an extent as the other three western provinces. The "wild land" tax of 1873 has already been mentioned, and some time later the province exempted farm improvements from taxation, first to the extent of \$1,000, then \$1,500, and finally all farm improvements.⁴⁷ The Municipal Assessment Act provided for the valuation of all land in rural municipalities upon the basis of unimproved land value, and permitted a local exemption of one-half of improvement value from taxation.⁴⁸ Winnipeg operates under a separate charter and exempted one-third of improvements from taxation. The other three cities in Manitoba also undervalued improvements but illegally.⁴⁹ Here again, however, the war forced certain added taxes on improvements, yet Winnipeg still finances its water supply, some \$15,000,000, out of a special tax on land values.

⁴⁵ Scheftel, p. 265.

⁴⁶ Thompson and Roebuck pamphlet, p. 5.

⁴⁷ This legislation is held to be due to the influence of George upon a young Manitoba journalist, W. W. Buchanan, who had the ear of the Greenway government. (*Single Tax Year Book*, p. 85.)

⁴⁸ Scheftel, p. 265.

⁴⁹ *Ibid.*

In this connection, one of the most interesting land policy instances in Manitoba has arisen in connection with the recent development of Fort Churchill as an ocean port. This development was begun in August, 1927, and in March, 1929, the control of the land passed from the Dominion to the province of Manitoba, but with the provision that, as in Canberra, Australia, the land was to be leased, not sold, and so kept under public control.⁵⁰

Summarizing these efforts at land value taxation in western Canada⁵¹ offers more difficulties than a similar summary of the Australasian system, the chief perplexity arising because of the reintroduction of some measure of improvement taxation in the war finance period. In 1916 Miss Scheftel could point out that, while perhaps not as successful as the experiments in Australia and New Zealand, the taxation of land values in western Canada was definitely a financial benefit. "As a fiscal measure, the tax has responded adequately to the needs of the communities, since it is not only a productive source of revenue, but also since it is least burdensome to industry and capital. The fact that the adoption of the tax in the western provinces has spread and that, even in the recent dire fiscal stress,⁵² no attempt to rescind the measure has anywhere been made, is further testimony of its expediency."⁵³ The same conclusion, although with many more qualifications, was reached by Professor Haig.⁵⁴ The tax was not condemned as a local measure, but neither was it made the basis

⁵⁰ Thompson and Roebuck, p. 4.

⁵¹ Such taxation has had little success in the older eastern provinces, although there has been a pronounced popular demand for the exemption of improvements. (Scheftel, pp. 300-301.) It may be mentioned that in Toronto the Ontario Legislature permitted the city to exempt houses from taxation on a sliding scale, buildings valued at \$2,000 or less being allowed a 50 per cent exemption. (Thompson and Roebuck, p. 6.)

⁵² Miss Scheftel finds that the severe prewar depression, especially in the western provinces, did not seriously or peculiarly handicap the municipalities taxing land values any more than those which taxed improvements.

⁵³ *Ibid.*, p. 299.

⁵⁴ *Op. cit.*

for any wider extension of the principle of land value taxation.

However, since 1916, the opponents of land value taxation can show retrenchments which, although inspired by war exigencies, have not yet been significantly amended. The question, therefore, that must at least be raised in presenting an account, however brief, of the Canadian experiment is one which would inquire into the seriousness of this partial change of policy. That question obviously cannot be answered here. It will be answered differently, of course, by both the supporters and the attackers of land value taxation, and it may be remarked that perhaps the major difficulty that has been noticed in such answers is one of either a deliberate or an unconscious shifting of the issue. Where successful, land value taxation is hailed many times by the single taxer as an example of the ultimate efficiency of his program; where unsuccessful, it is pointed to as but an incomplete and parochial system that was destined to fail. And the same confusion seems present so often with the critics of any Henry George plan; land value taxation when effective is but a peculiar and isolated local phenomenon, applicable perhaps in the particular situation but arguing nothing for the feasibility of any further extension of the principle. When it seems to suggest a failure it is a warning that any further advance in this direction must be avoided. These perplexing interpretations have helped to complicate the Canadian situation, yet even confining the question to land value taxation—or to “municipal” single tax—there is the additional difficulty, even impossibility, of estimating the financial reports of these western cities dissociated from the tangled fiscal conditions of the past decade and a half. Any such analysis or judgment would be clearly outside the limits and the equipment of the present exposition.

If, however, the fiscal advantages of land value taxation

in western Canada were accepted by Miss Scheftel, at least in 1916, the "social" effects, as was also the case in Australasia, she believes to have been negligible, and in this she is supported by both Professor Haig and Professor Seligman. For example, it is pointed out that land value taxation did not have the effect of lowering rent⁵⁵—which perhaps was to be expected, since its rate was not high enough to have prevented land "booms." Nor did such a tax appear to have had any serious effect upon land speculation or upon the holding of land out of use.⁵⁶ And the admitted spectacular increase in building, and also the rise in wages, in western Canada are held to be only partially, if at all, the result of the exemption of improvements from taxation.⁵⁷ However, one can quarrel with these conclusions only at the risk of falling into the dilemma just mentioned, i. e., of blowing hot and cold—success and failure—with the same breath.

Finally, the influence of Henry George upon these Canadian efforts in tax reform is held to be practically non-existent. Indeed, Miss Scheftel here becomes quite scornful at any suggestion of such a connection.⁵⁸ It is admitted that George made a number of visits to Canada between 1885 and 1890, and also that, at least in eastern Canada, single tax associations had been organized as early as the '80s, but there is the insistence, much more emphatic than in the case of Australasia, that land value taxation in these western provinces was entirely locally conditioned and completely divorced from any setting of theory.⁵⁹ Moreover, as in

⁵⁵ Scheftel, pp. 295 ff.

⁵⁶ *Ibid.*, pp. 296 ff.

⁵⁷ *Ibid.*, pp. 292 ff., and 298 ff.

⁵⁸ *Ibid.*, pp. 266-270.

⁵⁹ Miss Scheftel gives the results of a questionnaire sent to various local authorities inquiring as to the cause of the inauguration of land value taxation (pp. 267-269). The reasons given indeed seem "provincial" enough, with no mention of theory, of George, or of classical political economy. Yet despite this stressing of local fiscal needs, there is nothing in these answers that would preclude an extension of the principle; that is, the reasons given

Australasia, the beginnings of land value taxation anticipated the work of George himself,⁶⁰ and so Miss Scheftel can find little reason for associating the work of Henry George with the experiments in western Canada. To attack such a conclusion with justifiable reasons is not easy, even in the most sympathetic exposition of George's work. The investigations of single taxers themselves into the origins of the Canadian movement can find little direct influence, except that a few of the pioneers in the Canadian enterprise were early followers of George.⁶¹ Therefore all that can be appealed to is the admittedly "unscientific" contention that the tremendous popularity of George's writings and the recognized persuasion of his personal propaganda could not have failed to affect a neighboring country, one which he had visited many times. And likewise, the influence of the English theory of "unearned increment" upon western Canadian legislation can merely be presented as an obvious probability; it cannot, unfortunately, be definitely verified—at least by the present writer.

GREAT BRITAIN

If this discussion of the Australasian and Canadian land value taxation movements has appeared to slight the influence of George's work, such a perhaps apologetic attitude

for the adoption of the tax could all be accepted, notwithstanding their partial character, by at least the more "opportunistic" of single taxers.

⁶⁰ George himself knew something of the work of his Canadian and Australasian anticipators. "In the *Post* (of San Francisco) of April 16, 1874, George quoted the platform of the 'Land Tenure Reform League of Victoria,' as set forth in a tract by Robert Savage. The seventh plank said: 'The allocation of the rents of the soil to the nation is the only possible means by which a just distribution of the created wealth can be effected.' In commenting on this, George claimed originality for his own idea." (Young, *The Single Tax Movement in the United States*, p. 53, n. 39.) Whether by Victoria was meant Australia or British Columbia is not clear, although it was probably the former.

⁶¹ See especially the series of articles in *The Single Tax Review* mentioned at the opening of this section.

must vanish from a consideration of this phase of social reform in Great Britain itself. This is not to say that George was in any unique way responsible for the English movement. But it is to say that the whole tradition of English classical economy, into which George so neatly fitted,⁶² cannot be explained away—as may be possible in Canada and Australasia—as the directing background of the taxation of land values. Neither local conditions nor provincial fiscal needs, but a social reform backed by the greatest names in English political economy, directed the efforts of the land value taxationists.⁶³ And George's work was accepted as almost the inevitable corollary and the logical development of the whole English land reform movement from Locke to Mill and Wallace. His personal success⁶⁴ was relatively—and perhaps absolutely—greater in the British Isles than in the United States, and the same was true of the circulation of his books. Especially in his formative connection with the very beginnings of English socialism⁶⁵ did George become indissolubly a part of the reform tradition in that country.⁶⁶ Therefore, in any consideration of the theory of English land value taxation—and, it must be remembered, the significance of the English movement is largely one of social principle rather than of fiscal exigency—the influence of Henry George can in no way be neglected. From the earliest unsuccessful local rating attempts, through the famous Lloyd George budget, and down to the late spring and early summer of 1931, when (if one is permitted the use of his imagination) for more than two months the shade of Henry George

⁶² See *supra*, p. 196 ff.

⁶³ Even Miss Scheftel admits this; see especially pp. 207-208.

⁶⁴ See *supra*, pp. 55-65.

⁶⁵ See *supra*, p. 230 ff.

⁶⁶ Hobson's statement, mentioned several times before, may again be kept in mind: "Henry George may be considered to have exercised a more directly formative and educative influence over English radicalism of the last fifteen years (1882-1897) than any other man."

stalked the House of Commons, the effect of *Progress and Poverty*, an effect not merely imponderable but recognized and accepted, has been a moving, pregnant force.

It is perhaps not necessary to trace chronologically the history of English land value taxation. For one thing, with the exception of the Finance Act of 1909-1910, the history of such tangible tax efforts has not been a very full one, at least up to 1931. And again, the most spectacular manifestation of land value taxation is also the most recent, the Finance Act of 1931. However, to suggest some type of legislative background it may be helpful to say a word about the earliest attempts and to mention briefly the provisions of the Lloyd George budget.

Despite the fact that land reform had been an integral part of English liberal thought all throughout the nineteenth century, and that it had been incorporated also among the principles of the Liberal Party itself⁶⁷—Cobden and Campbell-Bannerman being particularly sensitive to this phase of social reform—there was no definite land value legislation until 1910.⁶⁸ The chief difficulty, of course, was, and still is, the absence of a system of local option in English taxation, a system such as obtains, at least partially, in practically every other country, including particularly the English dominions themselves.⁶⁹ Consequently every attempt at the local exemption of improvement or rating on land values has had to pass through Parliament, where the House of Lords

⁶⁷ For example, in 1889 at the annual meeting of the National Liberal Federation in Manchester, and again in the famous Newcastle program of the 1891 meeting, the necessity of a tax on land values was made clear.

⁶⁸ For a concise account of these early movements in England, see Schefel, pp. 190-207; for bibliography, pp. 473-478. See also *The Single Tax Review* for January-February, 1913, and the *Single Tax Year Book*, pp. 96-105.

⁶⁹ It is interesting to note that the result of all the agitation for local rating and local exemption of improvements finally resulted not in any provision for a local tax but in a national tax. This was true both in 1910 and 1931, and so English local rating on land values is still to be achieved.

proved always an insuperable obstacle. As early as 1884 (the very year, it will be noticed, when George's early influence in Great Britain was at its highest point) the Parliamentary Housing Committee suggested the expediency of taxing land values.⁷⁰ From 1891 on Parliamentary committees continued the investigation of the question of local option and local rating on land values, but the reports were largely unfavorable. However, there were minority reports in many cases which did sympathize with land value taxation. For example, while the 1892 report of the Select Committee on Town Holdings did not favor taxation of vacant land or the separation of improvements from the land for valuation purposes, the minority Draft Report Committee advised the taxing of land at a higher rate than that on buildings. The same was the case in the report of the Royal Commission in 1901. Land value taxation was rejected but a separate minority report made recommendations similar to the Draft Report, adding that site value rating by localities be made optional.⁷¹ In 1889 and 1893 the London County Council advised rating on site values and even began a preliminary valuation of all the land in London. The same was true in Glasgow in 1891 and 1895.⁷² From 1901 to 1908 there were rather frequent suggestions in Parliament for the separate assessment of land and improvements, and for rating on land values, but all met defeat at the hands of the upper house. This was especially pronounced in the unfavorable reception of the

⁷⁰ Of course there had been "land taxes" all throughout English history, as in every other country too, but these taxes were based on "annual rental value" and not on "unimproved value" or even "capital value." Schedule A of the English income tax, for example, is levied on the gross rental of real property. Moreover, the land valuations in England, which were the basis of these land taxes, were centuries old and completely inaccurate. So, it was not until the '80s and '90s that "land value" taxation became a significant fiscal (if not theoretical) issue.

⁷¹ Scheftel, pp. 197-199.

⁷² *Ibid.* As many as 513 local councils, including many of the largest cities of England and Scotland, followed suit and petitioned Parliament for local rating on land values.

rating bills of 1906 to 1908. Such opposition of the House of Lords was one of the reasons that brought it into the tremendous popular disfavor which almost resulted in its dissolution in the following years.

Then came Part I of the Finance Act of 1909-1910, the result of the famous (or, for the Tory, infamous) Lloyd George budget.⁷³ The unprecedented character of these duties on land value, the wide-reaching political controversy with the House of Lords following its bitter and unrelenting opposition, the general "socialistic" character of this Liberal Parliament with its program of old-age pensions, labor insurance against unemployment and accident, labor exchanges, Irish home rule, and the like, made these political years some of the most interesting that England had seen. To concentrate, however, on the land value duties in the final Finance Act: First of all it must be remembered that these new duties were introduced for social and not for fiscal reasons.⁷⁴ For one thing, the taxes were unprecedented in that they turned to "capital value" instead of "annual rental value." This was not a logical outgrowth of local conditions, as had been the case in the English colonies, but a definite and deliberate break with the English system. There was, in fact, a studied attempt in drafting the duties to make clear their discriminatory, "theoretical" nature.⁷⁵ Moreover, as was true also, for

⁷³ There is naturally a great wealth of material, particularly in the economic periodicals, on the provisions of this Finance Act. The following references, as has been the general policy, are intended merely as samples: Scheffel, Chap. V, bibliography, pp. 473-478; Professor Seligman's article on the new English duties in the *Political Science Quarterly*, Vol. XXVII, September, 1912, pp. 454-469; Professor Davenport's "The Single Tax in the English Budget," in the *Quarterly Journal of Economics*, Vol. XXIV, February, 1910, pp. 279 ff. A most interesting summary and criticism of these land value duties may be found in a pamphlet written by Sir Edgar Harper, who, as Chief Valuer to the Board of Inland Revenues, was responsible for a good share of the valuation and collection procedure; the pamphlet, "The Lloyd George Finance (1909-1910) Act: Its Errors, and How to Correct Them," was prepared for the Fourth International Conference to Promote Land Value Taxation and Free Trade, Edinburgh, 1929.

⁷⁴ Scheffel, pp. 207-208.

⁷⁵ *Ibid.*

example, in most of the provincial land value taxes in Australasia, there was no attempt to justify the duties upon the ground that they would yield an appreciable amount of revenue; they were instead frankly an attempt to translate into the realm of concrete legislation some measure of that theory of social reform which had characterized so much of nineteenth century Liberal politics and Liberal political economy. These duties, in other words, were part of the general reform program of the Liberal group that had come into power in 1906, and therefore this immediate background of Liberalism must be kept in mind, as well as the history of the tangible efforts at local rating and the underlying tradition of English classical economy, in order to understand the final success of the 1909 budget.

Lloyd George introduced his budget on April 29, 1909, but it was exactly a year later before the Finance Act became law. The intervening twelve months witnessed one of the most vituperative, "class" debates in English Parliamentary history, a controversy that precipitated two general elections and resulted finally in the drastic curtailment of the power of the House of Lords. It was not until after January, 1910, that the definite success of the land value duties section of the budget was assured, although even then the exemptions and amendment that were forced into this Part I mutilated and practically nullified, as Lloyd George later admitted, the purpose of the taxes. There were four classes of so-called land value duties,⁷⁶ although in reality two of them were in no essential way levied upon

⁷⁶ Part I of the Finance Act of 1910, which contains the provisions for these land value duties, is a most complicated document, and this sketch of the taxes is a mere oversimplified skeleton. The complexities of this section of the act, especially in the matter of land valuation (there were, for example, no less than five different types of land valuation to be determined—the gross value, full site value, total value, assessable site value, and agricultural value), later proved to be one of the most potent reasons for the collapse of the land value duties. See the Harper pamphlet (*op. cit.*) for a brief and clear account of these difficulties.

the value of land. First, there was the "increment value" duty, which was a 20 per cent levy on the rise in land value, i. e., 20 per cent of the difference between the assessable site value as first determined (on April 30, 1909) and as it was determined at the time of the death of the owner, or the date of sale, at which time the tax was to be paid. The tax was also to be paid when land was leased for more than fourteen years, and was to be paid every fifteen years in the case of land in the possession of corporate or incorporate bodies that did not change hands. Then there was a "reversion" duty which operated in the case of leasehold property, a 10 per cent duty being imposed upon the difference between the total value at the expiration of a lease and the total value at the grant thereof. This was paid upon the occasion of the expiration of the lease. Both of these, it will be seen, are indirect levies.

The other two land value duties were direct annual levies. There was a tax of a half-penny in the pound laid on "undeveloped land," land which "has not been developed by the erection of dwelling houses or of buildings for the purposes of any business, trade, or industry other than agriculture . . . or is not otherwise used *bona fide* for any business, trade or industry other than agriculture. . . ." And, finally, a duty of one shilling in the pound was placed upon "mineral rights," i. e., the rental value of all rights to work minerals and of all mineral wayleaves. This duty met the fiercest criticism. It may be pointed out that this mineral rights duty and also the reversion duty were in no real sense taxes upon land value. The mineral duty was simply a charge upon the quantity of coal, or other mineral, brought to the surface; it was a tax upon production. And since the reversion duty, unlike the increment value levy, was placed upon the total value instead of upon assessable site value, the increase was almost invariably due in large part to the erection of a building, so

that this tax, at least partially, was one upon improvements.⁷⁷

Perhaps the most significant measure in this part of the Finance Act was not these land value duties but the provision for a complete valuation of all the land in the United Kingdom. This was a tremendous undertaking, comparable alone to the Domesday Book of William the Conqueror. Land was to be valued as of April 30, 1909, and every five years thereafter. A separate Valuation Department, under the jurisdiction of the Commissioner of Inland Revenue and in collaboration with the assessors of the income tax, had to be established to value the approximately eleven million hereditaments. However, although an accurate valuation of land was urgently needed and was indeed the very first step in any approach to land value taxation, the provisions of the 1910 act placed almost insurmountable obstacles in the way of the valuers.⁷⁸ In addition to the five different types of value that had to be determined, which of course necessitated the valuation of improvements as well as of the land itself, there was the whole cumbrous matter of appeal and adverse court decisions to hinder the work of the valuation department. These added complications greatly increased the cost and the time of the valuation. Also, there was the fact that the valuation results were not open to public inspection, a striking contrast to all valuation for rating purposes. Yet by 1920 nearly all of the valuations had been made, although many of them were subject to objections and appeal and so had not yet become binding.⁷⁹

The difficulties involved in valuation were not by any means the only obstacle in the way of these land value duties. Each section of Part I, especially that relating to mineral rights, was tremendously, and often needlessly, complicated, and from the very formulation of the taxes there was great

⁷⁷ Harper, *op. cit.*, p. 2.

⁷⁸ *Ibid.*; also Scheftel, pp. 233 ff.

⁷⁹ Harper, p. 2.

dissatisfaction, not merely among the Conservative group but, of much more significance, even among the most eloquent adherents of land value taxation.⁸⁰ The attack on the duties from the standpoint of the landowners was clear enough. It was quite naturally an attack of principle. The small charge on land was in no way distressing, but the precedent of a discriminatory tax upon the capital value of land instead of upon its annual rental value, and the unheralded duty on undeveloped land (a tax, so the opponents argued, on nonincome-bearing land and so contrary to all the canons of taxation!) were felt to augur evil when the Liberals—or, if they could see that far, the Labourites—became more powerful. On the other hand, the attacks of the supporters of land value taxation were directed at the unnecessary complications, the small rates, and, above all, the exemptions that had been included in the act.⁸¹ First of all, agricultural land, or rather land whose value did not exceed the average value of agricultural land, was exempt from the duties. The same was true of small holdings.⁸² Land used for games or recreations, and land held by the Government or by and for the King were likewise exempt; other exemptions were also included. Such exemptions, especially those of agricultural land and of small holdings, were held to be direct violations of the principle of land value taxation, introduced solely for the sake of gaining support for the general measure. Yet despite this intense dissatisfaction on both sides the land value duties remained in operation for ten years. The Finance Act of 1920, section 57, repealed all the duties except that on mineral rights, and so the necessity to complete land valuation ceased. However, as was stated above, most of the

⁸⁰ Harper; Scheffel, p. 243; *Single Tax Year Book*, pp. 106, 121.

⁸¹ For a contrast of these duties with the German taxes on land value, especially in the matter of exemptions, see Scheffel, pp. 212 ff.

⁸² The provisions respecting small holdings may be found most conveniently in Scheffel, p. 216.

valuations had been already completed and were recorded in the offices of the Inland Revenue Department.

It will not be necessary here to bridge the gap between the Finance Act of 1910 and that of 1931. As far as the history of land value taxation in England is concerned, that period was not a very fruitful one. In the budget of May, 1914, it is true, there were proposed by Lloyd George a Revenue Bill aimed at some of the difficulties in the earlier valuation provisions, and, of more importance, a Rating Bill designed to establish some degree of local rating on land values.⁸³ Both bills were "postponed" and, of course, three months later came the war and the end of the proposals. The year 1920 saw the finish of the Lloyd George act, an end in which he himself, realizing the unworkability and complexity of the duties, concurred, and 1928 witnessed the ambitious Conservative budget of Winston Churchill which turned its back upon the whole theory of land value taxation and free trade,⁸⁴ and ultimately precipitated the fall of the Government. Neither will it be necessary here to trace the interest of the Labour Party in land value taxation. From its earliest beginnings and especially because of its heritage of at least the theory of Fabian socialism, there has been a marked concern with the land problem among its adherents. The whole socialist upheaval in the last two decades of the nineteenth century which pre-

⁸³ Even in 1912 there were three unsuccessful attempts in the House of Commons to introduce local rating on land values.

⁸⁴ The land value controversy has embraced two of the most remarkable "apostasies" in English political history. In 1910 Churchill, the great Liberal, was second only to Lloyd George himself in his denunciation of the landed class and in his quoting of arguments from Henry George; in 1928 he was the Tory Chancellor, proposing tariffs and consumption taxes, and exempting land. In this recanting he was soundly berated by Sir John Simon, who virtually led the debate of the Liberals. Then came the Labour budget of 1931, and in the attack upon land value taxation and upon the whole free trade theory Sir John's name led all the rest. Not even Baldwin was more scornful of this "socialistic robbery." The classic onslaught by Lloyd George upon Simon for this alleged treason in the closing days of the budget debate will perhaps remain one of the most bitter and vindictive indictments ever heard in the House of Commons.

pared the background for the organization of a more opportunistic, politically conscious labor group was shot through with land reform; indeed, with the inspiration of Henry George himself.⁸⁵ As is the case with all (theoretical) socialists, the laborite must include the collection of the unearned increment of land values as one of his programs, although, of course, that is pointed to as simply one plank; it is a plank, however, that in England, because of the peculiar appropriateness of the land problem and because of the tradition of English economics, has captured the imagination of socialists to a much greater extent than on the Continent. And it was this harmony of interest on the question of the taxation of land values among both Liberals and Labour that alone made possible the Finance Act of 1931; at least in this one reform (with the addition also of free trade maintenance) Lloyd George and Philip Snowden were sworn allies.

On April 27, 1929, Snowden opened his general election campaign in Albert Hall, London, with the statement that "a Chancellor of the Exchequer who taxes land values will deserve the gratitude of the country. A Labour Chancellor will do this." Two years later, to the day, he introduced into the House his famous budget statement.⁸⁶ Even in his first budget, soon after the election, he had anticipated the taxation of land values, but it was not until 1931 that he kept his election promise and definitely formulated such a taxation program. His proposal, as compared with the Lloyd George land duties, was quite simple. It advised a tax of a penny in

⁸⁵ See *supra*, p. 230 ff.

⁸⁶ For an account of the provisions and the discussion of this Snowden budget the English newspapers and periodicals of the months April to July, 1931, will be most helpful. See also both the English and American economic journals of this period. The official account of the proceedings will, of course, be found in *Parliamentary Debates*, Official Reports, 5th Series, 1931. The May-June and July-August, 1931, issues of *Land and Liberty*, London, contain a succinct and completely accurate summary of the progress of the budget through the House.

the pound on the unimproved capital value of land,⁸⁷ i. e., "the amount which the fee simple might have been expected to realize upon a sale in the open market on the valuation date," assuming, however, that there were no improvements, excepting agricultural, upon the land.⁸⁸ This tax was not to go into effect until the financial year 1933-1934, but since for a bill to be certified as a Money Bill (and so not under the jurisdiction of the House of Lords) the revenue included in the bill must be collected within the same financial year, it was necessary to adopt an enabling resolution setting aside that precedent of the English Constitution. Such a resolution was adopted on the 28th of April, the debate took place on the 4th and 6th of May, and on the latter date the resolution was passed by 289 votes to 230. On Report Stage (the next day) the resolution carried 166 to 94.⁸⁹ The Finance Bill itself was issued on the 13th of May.

While this Finance Bill differed from that of Lloyd George of 1909 in the greater simplicity of its proposed land value duties, a direct annual tax of a penny in the pound on land value instead of the earlier and more complicated fourfold scheme of taxation, it agreed with the Liberal budget in

⁸⁷ In the final draft of the Finance Act, the provision for this tax is found in Part III (which is devoted to the whole matter of the land value tax), Section 10: "Subject to the provisions of this Part of this Act relating to exemptions, there shall, in respect of all land in Great Britain, be charged for the financial year ending the thirty-first day of March, nineteen hundred and thirty-four, and for each subsequent financial year, a tax (to be called 'land value tax' and hereinafter in this Part of this Act referred to as 'the tax') at the rate of one penny for each pound of the land value of every land unit."

⁸⁸ Section 11. (In the original Finance Bill the sections of this part were numbered from 7 to 30. In the final draft they are numbered from 10 to 35. Sections 11-16 deal with valuation, objections and appeals; 17-23 with assessment, recovery and recoupment; 24-25 exemptions and relief; 26-34 supplemental; 35 application of preceding sections to Scotland.) Section 11 gives in detail the various improvements that are not to be considered in determining taxable value. Sections 31 and 32 define the meanings of certain controversial terms and expressions.

⁸⁹ A suggested reason for the ease in getting such an enabling resolution accepted was the Conservative hope of employing a similar procedure in future tariff proposals.

making certain serious exemptions. Agricultural land, for example, was exempt from the necessary valuation and taxation,⁹⁰ as were also small holdings whose land value tax would not exceed ten shillings a year, mineral rights,⁹¹ shooting and fishing rights, public and railway lands, and also, of course, charitable institutions, churches, schools, and the like. These exemptions, with the exception of that of small holdings, were held by the Chancellor not to infringe upon the principle of land value taxation. The chief reason for such exemptions, it was argued, was the difficulty of valuation and the consequent delay in collecting the tax; there was always the fear that the Speaker of the House might not accept the budget as a Money Bill, and so the opportunistic reason for emphasizing the revenue rather than the social nature of the bill was constantly kept to the front.⁹² As

⁹⁰ The provisions for these exemptions will be found in Sections 24-25. (It will be remembered that the numbering of these sections is that of the final Finance Act and not that of the original Finance Bill.)

⁹¹ Chancellor Snowden stated during the early debate, on the 4th of May, that not only difficulties in valuation, but also the hope of future nationalization, accounted for the exemption of mineral rights.

⁹² For this reason, land which is exempt from taxation is not to be valued. Since the Finance Act was ultimately to be certified as a Money Bill, the only excuse for valuing land was for revenue purposes. Thus, land not taxed did not require valuation; such a valuation, although theoretically demanded and necessary, would have been a social or economic measure and not simply a financial one. While agricultural land is exempt from both valuation and taxation, still an attempt is made in the Act (Sections 11 and 19) to distinguish between the actual "land value" and the "cultivation value" of such land. That is, land which has "purely" or "merely" a value for agricultural purposes is to be exempt from both valuation and taxation, while agricultural land which has a value higher than that of ordinary farming land, e. g., land in the vicinity of cities, is to be valued and taxed according to the degree in which its "cultivation value" does not approach its "land" or "building" value. Of course, to determine such an excess some sort of preliminary valuation must be made, but if the commissioners are satisfied that there is no surplus of land value over cultivation value, there is to be no permanent valuation of that land. Such a decision is an arbitrary one, and this whole complicated distinction has drawn down the severe criticism of the supporters of land value taxation.

Section 19 includes the compromise between the Government and the objecting Liberal group over the proposed "double taxation" amendment, and introduces a most intricate plan of subtracting a multiple of the Schedule A "annual value" income tax determiner from the land value assessment, with the provision that the amount deducted should not exceed seven-eighths of the land value tax. ("This means that the minimum charge

with all land value taxation measures, the valuation of the land itself was of prime importance. Therefore the Finance Bill took up the matter of valuation from the point where it was dropped in 1920. Provision was made for the valuation of all land in Great Britain, starting with the original valuation date as of August 1, 1931.⁹⁸ (However, the Finance Act changed this valuation date to January 1, 1932.) Valuations every five years thereafter were to be made, August 1, 1936, 1941, and so on. (The Act did not change the dates of these later valuations.)

The Second Reading of the Finance Bill was carried on May 19th after a motion to reject had lost, 270 votes to 230, and on July 3d, after weeks of bitter and exciting Parliament debate, the Third Reading passed the House of Commons by the unexpectedly large majority of 274 to 222. The Speaker of the House certified the measure as a Money Bill and so it passed into law without any possible interference on the part of the House of Lords. At this writing the future of such a highly important step in the progress of land value taxation in England lies in the hands of the new National Government and its fate seems quite certain. The Conservative party, at least, pledged itself during the debates to wipe the act off the statutes should they be returned to power, and Neville Chamberlain has already (1933) promised the neces-

of land value tax on any land, however much improvement it carries, will be equivalent to one-eighth of a penny on the whole amount of the actual land value. There will therefore be a levy on the land value of all land excepting that which is specially exempted under other provisions; and it will be an 'additional tax' despite the protestations of alleged injustice that gave birth to the original Liberal amendment." *Land and Liberty*, July-August, 1931, p. 121.) This Liberal amendment was really a wrecking one and would possibly have proved fatal to the intentions of the bill had it been adopted. It attacked land value taxation as "double taxation" and proposed therefore to set off the amount of income tax collected under Schedule A against the land value tax. The Government vigorously fought this amendment, and the adoption of the compromise Section 19 was felt to have solved a most crucial difficulty, and one which, for a time, seriously threatened the very fate of the bill itself.

⁹⁸ Sections 11-16; sections 27-28 give special power to the commissioners; valuation dates are in Section 32, on definitions. The valuation is under the jurisdiction of the Commissioners of Inland Revenue.

sary repeal legislation in the next Finance Bill. Valuation has already been discontinued on the grounds of economy (it had been started before the fall of the Labour Government), and there is little doubt that if the present Government remains in power the next general budget bill will eliminate these Snowden land value taxes. However, the 1931 act is a most significant one despite its present melancholy status, and despite the fact that the numerous exemptions and the low rates⁹⁴ are by no means satisfactory to the adherents of land value taxation. For one thing, notwithstanding the exemptions, the principle of a tax on site value remained intact throughout the entire proceeding, and so the British Labour Party became officially identified with the whole policy of land value taxation.⁹⁵ The simplicity of the new

⁹⁴ Under the caption of "Only a Penny," the July-August, 1931, issue of *Land and Liberty*, p. 113, quotes selections from opposition speeches and the opposition press which show very clearly that the low rate of tax was in no way a comfort to the Conservatives; it was the precedent established, the introduction of the entering wedge, that aroused their resentment. Among the quotations are the following: "Don't be deluded by the mention of a penny in the pound . . . you must remember that a penny in the pound which is now spoken of, and which may reach any figure you like, is on the capital value and not on the income . . . I can say one thing about it—that if we get back to power that tax will never see daylight." This was from a speech of Stanley Baldwin at Southampton, reported in the *London Times*, June 15, 1931. "The proposed tax of a penny in the pound might well be raised to a shilling in the pound in the first budget of a Chancellor of the Exchequer enjoying the support of a clear majority in the House of Commons." *Western Mail*, June 1. "The tax is not taken quite seriously . . . But . . . machinery which the Socialists are setting up with Liberal aid is the most potent weapon that those who are the declared enemies of society as it exists to-day could possibly have. The tax as at present proposed is only a penny in the pound; but it establishes a principle which will enable any Socialist Chancellor to tax property owners out of existence with little more than the stroke of a pen." *London Morning Post*, June 18. "Future Socialist Chancellors need do no more than follow the advice of the Single Taxers, and by steadily increasing the penny tax to 20 shillings, the thing is done . . ." *Truth*, May 27. Many similar quotations of the same nature show that while land value taxationists are not satisfied with the penny rate, neither are the landowners! These opposition complaints demonstrate clearly that England realizes that the Snowden act, as far as this measure is concerned, is one of principle and theory, and not simply a revenue scheme.

⁹⁵ At the time of the fourth International Conference to Promote Land Value Taxation and Free Trade, held at Edinburgh in the summer of 1929, more than a hundred members of Parliament, including fifteen Ministers,

tax showed more clearly what had been perhaps obscured by the cumbrous 1910 act, i. e., the direct attack upon land monopoly. Moreover, the adopted program of land valuation can alone prepare the way for the possible future local rating on land values (the Government valuations are certified to the local authorities), a hope which the English land value taxationists always keep before them. Valuation of land irrespective of improvements, and a direct, annual tax levied upon such value, are the very core of land value taxation, and they were present in the Finance Act of 1931.

This whole discussion of land value taxation in Great Britain has emphasized the part played by the theory of such a social venture. It has pointed out that the great English liberal tradition of land reform must be recognized as at least the background of all such fiscal measures. To conclude, then, with what seems to be the clearest expression of such a theory and of such a background, it may be in place to quote some sentences from the speeches of Philip Snowden himself, the financial genius whose temperament is hardly that of the "pure theorist," although that is how his opponents like to picture him. On the 3d of July Snowden concluded the budget debate with these words, words that might have come from the very pages of Henry George, and which, indeed, followed a few seconds after the Chancellor had used the name of the American economist:

The principle underlying this bill is to assert the right of the community to the ownership of the land. I have never made any question about that, nor that that right should be expressed in the

seven of them members of the Cabinet, sent messages of good will and sympathy to the meeting, indicating something of the Liberal and Labour attitude. (See Paper No. 36, published by the conference.) During the budget debate the offices of the United Committee for the Taxation of Land Values, perhaps the strongest Henry George organization in Great Britain, became almost a clearing-house for those Government supporters in the House who sought technical or historical information; the various memoranda issued by the committee, especially in connection with some of the proposed amendments, played an admitted part in the debate.

form of a rent paid by the occupier or rather the owner of the land to the community. As I said just now, this is only the first step in the reform of our land system. The effect of that system has been to place a burden on industry of hundreds of millions a year. It has crowded our people into pestilential slums, and it has driven hundreds of thousands of people from the land into the towns to compete with the town workers, with the result that wages have been depressed and unemployment has been increased. . . .

The party for whom I speak have always put the question of land reform in the forefront of their programme. Although I may not live to see the step that we have taken this afternoon advance still further, at any rate I submit this bill to the House of Commons with the satisfaction that I believe that we have begun a far-reaching reform which some day will liberate the land for the people and abolish once and for all the tyranny under which the people in this country have suffered.⁹⁸

The most fervent follower of Henry George could find nothing to quarrel with in such a sincere and unequivocal statement. And other statements of the Labour Chancellor are no less striking. This is from his opening speech of April 27th:

. . . The scandal of the private appropriation of land values created by the enterprise and industry of the people and by the expenditure of public money has been tolerated far too long. In asserting the right of the community to a share in what has been created by the community, we are taking a step which will be approved not only by the Labour and the Liberal Parties, which have long advocated this reform, but also by a large number of Conservatives, whose sense of justice is outraged by glaring examples of the exploitation of the public by private land monopolists. The present system stands in the way of social and eco-

⁹⁸ The precise text from which these remarks are taken is the account of the debate as it appears in the May-June and July-August, 1931, issues of *Land and Liberty*, London. However, reports of the speeches may be obtained in the periodicals and newspapers of these months, and they appear in *Parliamentary Debates (op. cit.)*. The above statement appears in the July-August issue of *Land and Liberty*, p. 106.

conomic progress, inflicts crushing burdens on industry and hinders municipal development. When we have carried this measure, as I am sure we shall, and as we are determined to do, we shall look back upon the budget of this year as a landmark on the road of social and economic progress, and as one further stage towards the emancipation of the people from the tyranny and the injustice of private land monopoly.⁹⁷

During the debate on May 4th Snowden pointed out that "the revenue from the taxation of land values is not by any means the only advantage that we hope to attain. There is, in my opinion, a more important advantage. It will cheapen land; it will throw land open for use."⁹⁸ And again:

Land differs from all other commodities in several respects. The land was given by the Creator, not for the use of dukes, but for the equal use of all His people. A restriction in the freedom to use land is a restriction on human liberty and freedom. To restrict the use of land by the arbitrary will of its owner, enhances its price, raises rents, hampers industry, and prevents municipal development and the promotion of social amenities. Every increase in population, every expansion of industry, every scientific development, every improvement in transport, all expenditures of public money, indeed, every child born, adds to the rent of land . . .⁹⁹

These are the thoughts, almost the very language, of Henry George, and whether or not there was the specific debt to the American in their formulation, there can be no doubt that at least the tradition to which his name has become attached was responsible for their expression. But one can be more bold. The name of George himself was frequently heard during the debates—a fact made much of by the American newspapers—and, indeed, each side occasionally chided the other for its failure to comprehend or to state accurately the propositions of *Progress and*

⁹⁷ *Ibid.*, May-June issue, p. 82.

⁹⁸ *Ibid.*, p. 84.

⁹⁹ *Ibid.*, p. 83.

Poverty.¹⁰⁰ Snowden's own personal interest in George is well attested.¹⁰¹ Therefore it is no "unscientific" assumption to present George's influence upon the English movement of land value taxation. As with any other example of ideational influence, it would of course be palpably impossible to trace a "chapter and verse" dependency, but there is no difficulty in grasping the fact that both the tradition of land reform and also the more specific and concentrated phrasing of that reform as it is stated in the pages of *Progress and Poverty*, have found a degree of expression in the financial legislation of Great Britain.

THE UNITED STATES

There is little doubt that Henry George's own country affords the most disappointment to his followers. While there has been the most strenuous sort of activity, political, educational, propaganda, opportunistic, theoretical, on the part of American single taxers, there has not been, with two or three exceptions, any legislation embodying the significant demands of their program.¹⁰² At least there have been no

¹⁰⁰ In fact, there were times, to any one privileged to hear the debates, when the English House of Commons seemed almost a Henry George convention, or at least a gathering of land value taxation delegates.

¹⁰¹ That interest is expressed in at least two prefaces written by the Chancellor, both of which have been mentioned earlier in different connections; the most recent (1929) is a foreword to an abridged English edition of George's *Protection or Free Trade*, and the other is a preface to a Labour Party pamphlet written by Josiah Wedgwood, "Henry George for Socialists." Snowden has also given many personal expressions of his admiration for George.

¹⁰² The present section can deal only with the tangible, legislative effects of George's work. There has undoubtedly been a great imponderable influence that cannot very well be measured or discussed.

The chief work on the single tax in the United States is, of course, Professor A. N. Young's *The Single Tax Movement in the United States* (Princeton University Press, 1916); Chaps. VIII, IX, X, and XI contain material handled in this section. See also: *Single Tax Year Book*, pp. 26-66; Scheffel, Chap. X, especially pp. 450-459; "The Progress of Henry George Ideas in the U. S. A.," by John J. Murphy, pamphlet prepared for the Fourth International Conference to Promote Land Value Taxation and Free Trade,

tangible results in the United States proportionate in any way to the outlay of money and energy.

The reason is a little difficult to state—that is, unless one succumbs to an evertempting cynicism. Should one allow himself so to be tempted, then it is very simple to answer why neither single tax, nor socialism, nor a labor party, nor, in fact, any organized opposition liberal or radical group has ever had any real success here. That answer would show that the country has been too young and immature and devoid of tradition; or too hard and selfish and (up to the present) too prosperous and healthy; or too ignorant and contented; that, in other words, it has been too unphilosophic to have fostered the theory or even the practice of social reform. The discontented and disillusioned follower of Henry George can very easily sit down with the discontented and disillusioned liberal or radical of any faith, and commiserate with him (and say, perhaps, with John Chamberlain, “farewell to reform”). But it is not polite to be cynical. Neither is it in order to attempt an exposition of conservative America. It is perhaps sufficient to say that the same reasons that have accounted for the failure—at least up to the present—of all forward-looking ambitious political and social programs must be invoked in tracing George's lack of overt influence in this country.

Should one refuse to be cynical, however, it may be more helpful to point out some more specific reasons for the peculiar and conspicuous absence of tangible success in the development of George's doctrines in the United States. To those inclined to sneer at his work, it is the very coupling of his name and of “single tax” with “land value taxation” that has prevented a progress here comparable with that of land value movements throughout the world. Since, for these critics, land value taxation is completely parochial and

Edinburgh, 1929. Other specific works on different aspects of the movement in this country will be mentioned further on.

of only fiscal, not theoretical, significance, and since in this country, unlike other countries, practically every improvement-exemption or land value tax measure has been, if not espoused, at least attacked under the label of George or of single tax, the reason for failure seems clear. Miss Scheftel, for example, can write that "until recent years, the proposal of the tax on land values, confounded with the Single Tax, remained a dead issue in this country . . . It may well be, however, that the Single Tax bugbear will retard rather than promote the adoption of the tax on land value."¹⁰³ And Professor Carver holds, in favoring the inheritance tax over the land value tax:

The inheritance tax, however, has stood on its merit and has not been championed as an engine of social reform. It has had no body of ardent apostles to set up a fiery cross and preach a crusade against a fortunate class. The land tax has been thus handicapped, which may account for its slow progress. In the ardency of reform, arguments are used which ignite certain inflammable spirits but repel all thinking men.¹⁰⁴

On the other hand, the follower of George can find less damaging reasons for his only slight degree of success. He would show, for instance, that under the American taxation system, with its heavy levies on real estate and especially on general property, land is already taxed to a much greater degree than in perhaps any other nation. There is nothing in the United States similar to the traditional English system which made the taxation of vacant land impossible since taxable value was based upon the annual rent. Land in the United States is assessed upon its selling ("capital") value and although, as even Professor Seligman admits,¹⁰⁵ vacant

¹⁰³ Pp. 450-451. (Miss Scheftel, of course, suggests other fiscal reasons for the slighting or inapplicability of such taxation in the United States. See pp. 422-450.)

¹⁰⁴ *Essays in Social Justice*, Cambridge, 1915, p. 304. (Quoted in Young, p. 287.)

¹⁰⁵ *Essays in Taxation*, 1913 ed., pp. 488-489. (Quoted in Young, p. 287.)

lots are generally much under-assessed, still the more spectacular abuses of the older landed property régime in Europe have never been completely present in this country.¹⁰⁶ Due to these heavy taxes on land and to special assessments for local improvements, "it is probably true that a larger percentage of ground-rent is reclaimed by the community through taxation in the states of Massachusetts and New York than in any other territory in the world."¹⁰⁷ At one time in the city of New York 35 per cent of the annual land value was being collected for public purposes.¹⁰⁸ Therefore the already existing heavy taxes on land, even though they bear little resemblance to any theory of unearned increment, offer a serious difficulty to the American advocate for further taxes on land value.

Then, there is the difficulty of the various legislative or constitutional restrictions of the different States which prevent any sweeping national measure of tax reform (the English Finance Act of 1931, for example, would be inconceivable in this country), and also, paradoxically enough, retard the progress of local option.¹⁰⁹ This is one reason, as shall be noted, why in nearly every case movements for local option in taxation have been engineered by single taxers. And again, the emphasis upon the political aspect of land value taxation is another reason given by some single taxers (notably Mr. Fillebrown) for lack of success, although other

¹⁰⁶ Another instance, which will be mentioned a few pages further on, of the advantages of the American system is that from quite early times there has been a separate assessment of land and improvements by the various States.

¹⁰⁷ *Thirty Years of Henry George*, by C. B. Fillebrown (Boston, 1915, 3d ed.), p. 15. Mr. Fillebrown was one of the most successful of the "single tax limited" advocates, and was of particular importance in breaking down the opposition of the more "respectable" citizen.

¹⁰⁸ Murphy, *op. cit.*, p. 3.

¹⁰⁹ "As yet, with the exception of a few isolated instances, reform in local taxation in the United States is still in its infancy. The prospect of the institution of the tax on land value is therefore remote. The momentum of the agitation to introduce the tax will quicken, however, as the fiscal exigencies of the cities assert themselves." (Scheftel, p. 459.)

followers of George maintain that the political medium offers the greatest possibility for their work. It will therefore be an appeal to some reason of this type that will be made by any one sympathetic to the contributions of Henry George, any one, that is, who is attempting to explain not the theoretical causes for the slow progress of the single tax—which is a much larger question—but rather the specific conditions which have prevented an acceleration of the land value taxation movement in the United States.

Since there has been no spectacular or uniquely significant single step in the progress of American land value taxation, perhaps the most acceptable procedure for handling that movement will be a very brief chronological account of the more important attempts to introduce some measure of a levy upon the unimproved value of land or to exempt improvements from taxation.¹¹⁰ It will be noticed that these efforts include tactics that range all the way from the establishing of single tax colonies to the support of seemingly innocuous legislation whose phrasing contains no mention of "single tax" or of Henry George. It will also be noticed that, with the exception of the political interest of George and his early followers in the cause of free trade, the single tax attempts include no national efforts at tax reform; they are limited to State and local measures. The reason, of course, is that Federal financial discussion has taken almost no account of land taxation, but has confined itself largely to tariffs and income taxes.

The first recognized attempt to introduce some measure of land value taxation on the part of single taxers¹¹¹ seems to

¹¹⁰ This account will not include the early political campaigns of George and his immediate followers; these have been mentioned briefly in a preceding chapter on biography. Nor will it include a survey of the various conferences and educational programs of American single taxers. That may be found in the *Single Tax Year Book*, and also in Young.

¹¹¹ It may be remarked that, differing from the case in other countries, nearly every movement for land value taxation or for the exemption of

have been as early as 1892 in the town of Hyattsville, Maryland.¹¹² Due to agitation by the Georgists, personal property had already been exempted from local taxation, and land was (illegally) assessed at a higher rate than improvements; then in 1892 there was secured a charter from the State which permitted the Board of Commissioners to make whatever assessments or exceptions from assessment were thought justified. The board proceeded to exempt improvements wholly from taxation and to levy all the taxes of the town upon land values. In the following year, however, these efforts were declared unconstitutional.

In the neighboring State of Delaware, in 1895, the single taxers made one of the most spectacular campaigns in the history of the movement.¹¹³ An attempt was engineered to capture the State and to use it as a model for their fiscal program. Delaware was selected because of its small size and because one-third of the voters were concentrated in the city of Wilmington; also because of its lack of constitutional restrictions, its proximity to large cities having strong single tax organizations, and its evenly balanced Legislature. The followers of George launched a most colorful and varied crusade, which provoked such excitement that a number of the single taxers found themselves in jail, and the whole question of free speech was added to that of land value taxation. During the campaign a weekly periodical, *Justice*, was published in Wilmington and Philadelphia. However, the outcome of the whole effort was a distinct blow to the hopefulness of George's followers. The election of 1896 found the single taxers with a little more than three per cent of

improvements in the United States has been inaugurated or at least organized by admitted followers of George. The reason seems clear, and may be located in the peculiar conditions (e. g., the existing heavy taxation of land) which have tended to prevent the spontaneous interest in land value taxation that is found elsewhere.

¹¹² Young, pp. 145-147; *Single Tax Year Book*, pp. 56-59; also *New York Times*, March 16, 1893, p. 1.

¹¹³ Young, pp. 147-152; *Single Tax Year Book*, pp. 35-37.

the total vote cast. However, since this vote was not on a referendum tax measure, but was cast for a direct Single Tax third party, its smallness may be thus partially explained.

The next major effort finds the advocates of land value taxation active in Colorado, where from 1899 to 1902 a serious attempt was made to introduce the Australasian system.¹¹⁴ A tax commission, under the chairmanship of Senator James W. Bucklin, had been appointed by the State Senate to investigate State and local revenue laws. Bucklin visited Australia and New Zealand and returned with a most favorable report, strongly advocating the installation of some measure of land value taxation in Colorado. The Legislature agreed to submit the proposal to the voters as a suggested amendment to the State Constitution. In the election of 1902 the proposed amendment was defeated.

It was on the Pacific Coast, however, that the most elaborate single tax campaigns were conducted. Starting in 1908 and lasting until 1914 there was a whole series of proposed amendments, especially in the State of Oregon, that sought to exempt improvements and to tax land values.¹¹⁵ These attempts were financed chiefly by Joseph Fels,¹¹⁶ and were characterized by their refusal to use the term "single tax," except in the earliest campaign, and by their opportunistic appeal to self-interest and to purely fiscal arguments.¹¹⁷ The first Oregon amendment, brought forward in 1908,¹¹⁸

¹¹⁴ Young, pp. 156-159; *Single Tax Year Book*, pp. 27-31.

¹¹⁵ Young, pp. 163-183; *Single Tax Year Book*, pp. 42-46.

¹¹⁶ Joseph Fels was a wealthy soap manufacturer who contributed large amounts of money (some \$173,000 over a period of five years) for the advocacy of the single tax. His concentration upon Oregon was an effort "to put the single tax into effect somewhere in the United States within five years."

¹¹⁷ There is a most interesting repudiation of these tactics by W. S. U'Ren, who was the leader of the single taxers in their efforts in Oregon, in the *Single Tax Year Book*, pp. 44-46.

¹¹⁸ One of the major reasons for selecting the State of Oregon for these attempts was the fact that it had adopted the initiative and referendum system. The same reason applies to the States of Washington and Missouri, where, at about the same time, other single tax proposals were presented.

proposed an exemption from taxation of all manufacturing and farm improvements; strangely enough, personalty and business other than manufacturing were not included in the exemption provision. In this first campaign the single taxers did not hesitate to state that this was a "step in the direction of the single tax." The measure was defeated by a little less than two to one, although in Multnomah County, in which Portland is located, the amendment failed to carry by only 483 votes. A year later began the active coöperation of the Joseph Fels Fund Commission, and in the election of 1910 another amendment was proposed abolishing the poll tax and granting local option in taxation. However, in this election the single tax group did not allow the use of that phrase, although their opponents made it quite clear that what they were attacking was that "step in the direction of the single tax." The amendment was accepted by 44,171 votes to 42,127. From 1910 to 1912 the single tax battle waged very fiercely in Oregon. In addition to proposed measures for exempting personal property and improvements from taxation in three counties, the single taxers drafted an unusual type of amendment to the State Constitution which accepted the theory of progressive taxation; these were put before the people in the 1912 election following the most vigorous campaign that George's followers had yet made anywhere. Great emphasis was placed upon the success of land value taxation across the border in Canada, and appeals were made to the promised increase in Oregon's prosperity. The result was again a keen disappointment to the single taxers, for all the measures they supported were lost, and the home rule section of the 1910 amendment was repealed. In 1914 there was a similar result; two improvement-exemption amendments were defeated by a vote of more than two to one. Professor Young concludes: "The Oregon single tax agitation has thus far brought no indication of results com-

mensurate with the efforts expended. Analysis of the votes shows that the adoption of any part of the single tax program was no nearer in 1914 than in 1908."¹¹⁹

The single tax efforts on the Pacific Coast were not, however, confined to Oregon. In the State of Washington work was begun as early as 1897, and in 1912 one of the few actual adoptions of at least part of the single tax proposal was made by the city of Everett.¹²⁰ From 1897 to 1899 single taxers actively supported a proposed constitutional amendment providing for local option in taxation; in the election of the latter year, however, the amendment was defeated. But in the election of November, 1911, Everett, with a population of about 25,000, amended its charter so that improvements were exempt from taxation. The amendment, which had been labeled "Single Tax," provided for a gradual exemption, starting with 25 per cent in 1911-1912 and reaching a total exemption by 1917. In April, 1912, this single tax clause was defeated, but in November of the same year it was again decisively carried by a vote of nearly two to one, despite the fact that the ballots were clearly marked: "Single Tax; For, Against." "The reasons for Everett's adoption of the amendment seem to have been similar to those which have induced cities of the Canadian west to exempt improvements from taxation, the fact that corporations or absentee owners held a considerable area of unimproved land within the city."¹²¹ But this amendment was never put into effect. After 1912 the State Tax Commission ruled it unconstitutional, the single taxers offered no protest, and the assessors were ordered to ignore it. There were two other important single tax campaigns in Washington in 1912 and 1913, in the city of Seattle. In both years proposals were put forward to

¹¹⁹ Young, p. 182.

¹²⁰ *Ibid.*, pp. 184-191; Scheftel, pp. 451-452; *Single Tax Year Book*, p. 65.

¹²¹ Young, p. 186.

exempt personal property and improvements from municipal taxation, but both were defeated.

In California also there have been a number of significant attempts to introduce home rule or single tax measures; in fact, with the exception of the Oregon campaigns, the votes in the California elections have been regarded as perhaps the most important practical tribute to the efforts of American single taxers. In 1912 and 1914 local option amendments were defeated in California, but in each case home rule was favored by more than 40 per cent of the voters, and in 1916 an outright single tax amendment to the State Constitution was submitted and, although defeated, the affirmative vote was 31 per cent of the total.¹²² This campaign, which was conducted under the leadership of Luke North, was perhaps the first State election for a straight Henry George program. Two years later a similar amendment was proposed and defeated; the affirmative vote was 118,688 out of 479,022, the decrease in the single tax vote being attributed, by many, to the entrance of this country into the war. In 1920 a much more conservative amendment to the State Constitution was offered to the California voters, but again lost, although it was favored by 216,714 of the electorate.

These years appear to have been important ones in single tax activity. In 1912, in addition to the work in Oregon, Washington and California, there was waged in the State of Missouri¹²³ perhaps the most bitter of all single tax battles. A constitutional amendment had been proposed by initiative petition which provided for the gradual exemption from taxation of personal property and improvements, and with the proviso that land be never exempt from taxation. The campaign of 1912 was a most active one, and the opposition, especially that of the "embattled farmers," who felt that

¹²² Young, p. 232; *Single Tax Year Book*, pp. 50-51.

¹²³ Young, pp. 191-197; *Single Tax Year Book*, pp. 38-41.

they were being discriminated against, was so strong that the result was several acts of personal violence against single tax agitators.¹²⁴ At the election the amendment was overwhelmingly defeated.¹²⁵

During this period, however, there were other land value tax measures, both legal and illegal, which helped to remove some of the pessimism among single taxers. The record of almost complete political failure was lightened a little. Starting in 1911, the city of Houston, Texas, inaugurated one of the most interesting experiments in the whole history of American land value taxation.¹²⁶ Under the direction of J. J. Pastoriza, an ardent single taxer who had been elected Finance and Tax Commissioner of the city, there were first introduced the separate valuation of land and improvements and the Somers system of land assessment. Then, public service franchises were assessed and taxed, and finally Pastoriza took a further extralegal step in reducing the assessment of improvements. The policy of assessment in Houston had already laid the precedent of practically ignoring personal property and generally underassessing buildings; the Tax Commissioner continued this policy and extended it so as to assess all improvements at 25 per cent of their value and land at 70 per cent of its value. In addition, he exempted bank deposits, credits, all household goods, and continued to ignore personal property. This "Houston Plan of Taxation," although extralegal, proved to be very popular and its success and general soundness were attested to by even those who were not advocates of land value taxation.¹²⁷

¹²⁴ Young, pp. 195-196.

¹²⁵ However, in 1914 an "anti-Single Tax" constitutional amendment intended to prevent the use of the initiative and referendum for single tax purposes, was submitted, but beaten three to one (*Single Tax Year Book*, p. 41, and Young, pp. 196-197.)

¹²⁶ Young, pp. 197-202; Scheftel, pp. 453-455; *Single Tax Year Book*, pp. 60-61.

¹²⁷ Young, pp. 199-202; Scheftel, pp. 454-455.

In March, 1915, however, an unfavorable court decision ended the experiment.

A more legally valid procedure, and one that is hailed by several groups of George's followers as easily the most significant and promising step in the whole American movement, was inaugurated in 1913 by the passage of the Stein Bill in Pennsylvania.¹²⁸ This act applies to the second class cities of the State, i. e., Pittsburgh and Scranton, and provides for a gradual reduction of the tax rate upon improvements as compared with that on land. That is, the tax rate on improvements shall not exceed the specified percentages of the tax rate on land. The method of reduction was that for the year 1914-1915 the tax rate upon improvements be assessed at 90 per cent of the tax rate on land, to be followed by further cuts of 10 per cent every third fiscal year, until a 50 per cent reduction was reached. Practically, on the 50 per cent basis, this means that the total of all improvement values shall bear one-third of city expenses, and the total of all land values two-thirds. This "Pittsburgh Plan" has already come into full effect, the opposition has been slight,¹²⁹ and its adherents have pictured the striking results of its operation.¹³⁰ The success of the tax reduction upon improvements in Pittsburgh and Scranton has started a movement for the ap-

¹²⁸ Young, pp. 210-215; Scheftel, pp. 455-456; *Single Tax Year Book*, pp. 62-65.

¹²⁹ This exemption measure was, of course, not labeled "single tax" in any way, and was supported by various civic commissions and non-partisan bodies. During the legislative proceedings leading up to the passage of the act, the city of Scranton was not heard from at all, indicating the lack of an organized opposition. The most serious attack upon the act was in 1915, when a repeal of this reduced building taxation was pushed through both houses of the Legislature; it was, however, vetoed by Governor Brumbaugh.

¹³⁰ See especially "The Pittsburgh Plan," a pamphlet published by the Allied Boards of Trade of Allegheny County, 1925. This includes, among other statements, a collection of quotations from the more important business and manufacturing enterprises in Pittsburgh. See also "Pittsburgh's Graded Tax in Full Operation," by Percy H. Williams, *National Municipal Review*, December, 1925; and the 1929 *Proceedings of the National Tax Association*, which contains a pro and con discussion.

plication of the law to third-class cities, and even to Philadelphia itself, while in Pittsburgh an effort is under way to lower the percentage further until there will be no tax on improvements.¹⁸¹

New York City has witnessed a most interesting struggle for improvement-exemption and the taxation of land values. Starting as early as 1891 with the work of Thomas G. Shearman, one of George's associates and perhaps the leading taxation authority of the whole early movement, and the organization of his New York Tax Reform Association, there was a determined attempt to enact into legislation at least a degree of the single tax proposals.¹⁸² This, of course, was in addition to and even partially independent of George's own work and campaigns in New York City.¹⁸³ The first tangible result of the agitation of this association, and chiefly through the work of Lawson Purdy, was in the years 1903-1904, during the administration of Mayor Seth Low, when the State Legislature directed the city to assess separately the value of land,¹⁸⁴ to publish the assessments in printed lists, and so prepared the way for the full valuation of land. In 1911 the Legislature directed other cities of the State to assess separately the value of land. The question of the exemption of improvements from taxation in New York City has been widely discussed since 1908. Under Mayor Gaynor, some years later, two important commissions were appointed to investigate the congestion of population and to ascertain

¹⁸¹ The Pittsburgh legislation is significant as a general trend in policy, since, unlike most American cities, merchandise and similar property, and, more recently, machinery, have been exempted from taxation. Moreover, there are no substitute taxes, so that the real estate tax is the substantial source of municipal revenue in Pittsburgh.

¹⁸² Young, pp. 215-229; Scheftel, pp. 457-458; *Single Tax Year Book*, p. 19; Murphy, *op. cit.*

¹⁸³ See *supra*, pp. 66-69, 75-77.

¹⁸⁴ It has been noted before that in the United States the policy of separating the improvements from the land itself had an early origin. It has been estimated that more than twenty billion dollars of land values are separately assessed in this country. (Murphy, p. 4.)

new sources of revenue. The Congestion Committee was appointed in 1910 and made its report a year later, recommending the halving of the tax rate upon buildings, and hinting also at the possibility of a land value increment tax. The New-Sources-of-Revenue Committee was appointed in 1911 and reported in 1913. Its chief suggestion was a 1 per cent increment tax to be based upon the increase (as determined annually) over the 1912 valuation. Unlike the European increment taxes, this was to be collected annually. Legislative bills based upon the recommendations of these commissions were introduced at Albany as early as March, 1911. The Sullivan-Short Bill of that year, proposing halving the tax rate on buildings, the reduction to extend over a period of five years, was not allowed to come to a vote. This bill was reintroduced unsuccessfully several times after its first defeat. The same fate overtook the widely discussed Herrick-Schaap Bill in 1914. This was a proposal suggesting an amendment to the New York City Charter and was based largely upon the Pittsburgh Plan of the preceding year; improved land was to be valued at 90 per cent as compared with a 100 per cent valuation of unimproved land, with a 10 per cent reduction every year, until a 50 per cent valuation was reached. Controversy over the bill lasted for several months and numerous hearings were held, but the opposition was too strong. In 1915 a similar bill was likewise killed in committee.

Further discussion of land value taxation in New York City was stimulated in 1914 when Mayor Mitchel appointed the Committee on Taxation of the City of New York, a body consisting of twenty-five members, including men such as Professor Seligman and Frederic C. Howe. Two important reports were prepared for the committee by Professor Robert Murray Haig of Columbia University, one on "The Exemption of Improvements from Taxation in Canada and the

United States,"¹⁸⁵ and the other on "Some Probable Effects of the Exemption of Improvements from Taxation in the City of New York." After a number of public hearings¹⁸⁶ the committee presented its final report in January, 1916. It did not favor the exemption of buildings, nor a "supertax" on land values, but it did propose another 1 per cent land value increment tax, just as had the Gaynor report of 1913. A minority report of seven members favored the exemption of improvements. Despite the interest aroused by these committees and the resulting discussion, there was a decided lull in the New York City movement after this report of 1916, and it was not until four years later that any tangible step was realized. The legislation of 1920, however, may be traceable directly to the great housing shortage and the abnormally high rents of the post-war years; it was only incidentally an outcome of the earlier agitation. In September, 1920, the State Legislature permitted the exemption of new dwelling-houses from taxation for a period of ten years. New York City, along with six other cities in the State, immediately took advantage of that privilege.¹⁸⁷ There is little doubt that the tremendous building boom in the years immediately following 1920 was a direct result of that exemption. In 1927 the New York City authorities also voted to exempt for twenty years dwellings built by limited dividend companies under the State housing law. This emergency im-

¹⁸⁵ This report (which contains perhaps the best account of the Canadian movement) has been mentioned before in connection with Canadian land value taxation.

¹⁸⁶ One of the most earnest advocates for the exemption of buildings was Benjamin C. Marsh of the Society to Lower Rents and Reduce Taxes on Homes. Mr. Marsh, however, did not consider himself an outright "single taxer."

¹⁸⁷ The exemption was limited to \$1,000 per room, and \$5,000 per house or apartment; later, to a maximum of \$15,000 per building. At this time also there were passed the emergency rent laws placing certain limits on the power of landlords to raise rents. This exemption of new buildings expired after the ten year exemption period, and such improvements are now assessed for taxation purposes.

provement-exemption measure was one of the very few legislative steps in the whole American movement, but it was, however, the product of local conditions rather than the embodiment of any theory.

There may be mentioned, for the sake of completeness, several other interesting incidents of land value taxation and improvement exemption in the United States. From 1913 to 1915 in Colorado, the seat of the earlier agitation of 1899-1902, the single taxers made active efforts to capture the votes of three cities.¹⁸⁸ Colorado is exceptional in granting extensive home rule power to its cities, and so in Pueblo in 1913, and in Denver and Colorado Springs in 1915, improvement-exemption amendments were proposed. The amendments were defeated in the latter two, but Pueblo accepted a measure providing for a 50 per cent exemption of improvements from municipal taxation in 1914 and a 99 per cent exemption for 1915. After being put into effect in 1914, the amendment was repealed by popular vote in November, 1915.

California inaugurated an experiment in land value taxation in 1909, when the State Legislature provided for the financing of new irrigation districts by means of a special levy on land values alone.¹⁸⁹ Two of the older districts also adopted the plan, Modesto in 1911 and Turlock in 1915, both of them in the San Joaquin Valley. The four new irrigation districts which operate under this system are Oakdale and South San Joaquin, also in the valley, Anderson-Cottonwood in the northern part of the State, and Imperial, near the Mexican border.

One further interesting, although unsuccessful, attempt to introduce special taxation of land value is found in Wisconsin. In 1921 there was proposed in the State Assembly the Grimstad Bill, drafted and supported by Professor John

¹⁸⁸ Young, pp. 202-208; *Single Tax Year Book*, pp. 31-34.

¹⁸⁹ Young, p. 208; *Single Tax Year Book*, pp. 52-56.

R. Commons and others.¹⁴⁰ The bill provided for a "surtax" on land values over \$10,000; such values were to be subject to a graduated tax starting with a levy of one-half of 1 per cent to 1 per cent, and rising from that minimum rate. (Compare this with the Ralston-Nolan Bill in Congress.) While improvements which were already subject to existing taxes were not affected, land valued at less than \$10,000 together with the timber and fertility value of land were to be exempted. Fertility was arbitrarily set at one-half the value of farm land, this being an attempt to equalize the determination of rural and urban land values. At the same time as the drafting of the Grimstad Bill, the Miller Bill in the Assembly and the Johnson Bill in the Senate proposed similar homestead exemptions.¹⁴¹ Perhaps the most interesting aspect of the discussion over this bill was the supporting argument of Professor Commons before the special Assembly committee.¹⁴² Although he declared himself not to be a single taxer, he stated that the chief aim of the bill was to transfer the burden of taxation from labor products and improvements to land values; in addition, these surtaxes on land value would help to abolish unearned income, to open opportunity for employment, and to attack farm renting. Professor Commons further argued that while there was a natural right to labor products, there could be no such right to social values, and that land values were essentially an illegitimate surplus "allowed to owners over and above the amount of real wealth that they or their predecessors have added to the wealth of the State." On the contrary, the taxation of improvements was unjustified, since the owners of improved land "are adding to the wealth of the State in the

¹⁴⁰ For an account of the drafting and discussion of this bill see especially the following newspaper accounts: *The Capital Times* of Madison for April 20, 1921, and June 14, 1923, and the *Milwaukee Journal* for March 22, 1923.

¹⁴¹ See the *Journal* article.

¹⁴² An account of Professor Commons's speech may be found in the April 20 issue of the *Capital Times*.

same proportion that they are becoming wealthy themselves." Professor Commons continued with an attack upon speculation and holding land out of use, and concluded with the statement that the crux of the whole problem was whether the increasing burden of taxation was to be laid upon "property whose value results only from an increased demand of the public for something that cannot be increased in supply by labor or by an increase of savings" or upon the improvements of labor. He also argued that the Grimstad Bill was not directed at the farmer, but was devised largely to hit the owners of vacant city lots. However, despite the support of Professor Commons and of other economists and agricultural experts, the Grimstad Bill was defeated in the Assembly in June of 1923 by a vote of 46 to 37. Nothing since has been proposed in Wisconsin in the way of taxing land values peculiarly, except that in 1926 during the gubernatorial campaign Fred R. Zimmerman, who was elected Governor, advocated the repeal of personal property taxes, although nothing was done after the election. In Wisconsin there has been an increasing tendency to reduce the number of classes of taxable personal property, but these exemptions have all been for particular reasons.¹⁴³

Before leaving this discussion of American land value taxa-

¹⁴³ There are a number of other minor taxation acts that may be briefly mentioned here in passing: In the State of North Dakota, during the Non-Partisan League activities during the war and in the years immediately afterward, there was a pronounced move in the direction of improvement exemption. In 1917, for example, farm improvements were assessed at only one-sixth of the rate for land, land being assessed at 30 per cent of its value, and farm improvements at 5 per cent. This classification was made possible by a constitutional amendment of 1914. In 1919 farm improvements were totally exempt from taxation, city dwelling buildings were exempted 50 per cent, while land, railroads, utilities, and business buildings were assessed at a 100 per cent valuation. This classification, however, has been somewhat changed since. In Minnesota, starting as early as 1897, the land value of the rich iron mines was taxed, and in 1921 a further tax was placed upon ore value. The Tax Act of 1912 in Rhode Island, in addition to separating land from improvement value, placed a very low rate for its municipalities upon intangible personal property.

tion, it is necessary to say a word concerning the single tax colonies, or, as they are termed, "enclaves of economic rent," in the United States.¹⁴⁴ These social experiments are attempts to establish small societies based upon an approximation to single tax principles. There are at present fifteen such colonies,¹⁴⁵ ten of which are located in this country,¹⁴⁶ the first being founded as early as 1895 and the last in 1932. The tradition of the Owenite communities and of the "phalansteries" of Fourier may be considered to have prepared some type of historical background for such coöperative enterprises in the United States. "All the enclaves are identical in the principle of taking the economic rent and using it for the payment of taxes; in all of them, therefore, improvements are exempt; thus, in essence, the Single Tax prevails; but, on the other hand, in no one of them has there been any attempt to pay either the customs or the excise or the national

¹⁴⁴ The best discussion of these "enclaves" is found in *Enclaves of Economic Rent*, an annual publication starting in 1921 and appearing every year since (Harvard, Mass.). It is a collection largely of legal documents, published by Fiske Warren, with an historical description by Charles White Huntington. See also: *Single Tax Year Book*, pp. 66-80; Young, pp. 250-256. In addition, there have appeared a number of newspaper and periodical accounts of these colonies, especially of Fairhope, Alabama, the earliest and largest of the enclaves; some of these are: J. Bellangee, "Fairhope the Fore-runner," *Twentieth Century Magazine*, September, 1911, Vol. IV, No. 24, pp. 483-492; and also an article by the same writer in the May-June, 1913, issue of the *Single Tax Review*; an account by E. M. Elgin in the *New York Evening Post*, "A Single Tax Town," Saturday, Dec. 8, 1900, p. 38; "Fairhope, a Single Tax Colony," by Helen C. Bennett in *Collier's*, Vol. XLIX, No. 26, pp. 24, 44-46 (Sept. 14, 1912). See also *American Communities and Coöperative Colonies* (Chicago, 1908), pp. 505-512; and a short bibliography in Young, pp. 250-251, n. 74.

¹⁴⁵ The five enclaves not in the United States are those of Saint Jordi in the Republic of Andorra in the Pyrenees which was formed in 1916; Liéfra, which began its economic career in 1928 in France near Les Fosses in the department of Aube and not far from Clairvaux; Labuan, begun in 1920, on the Island by that name ten miles from the nearest coast of Borneo; Eden, founded in 1932 in Oranienburg near Berlin, Germany, and Canberra, already mentioned, and which also may be included as an enclave.

¹⁴⁶ There is actually a distinction in the enclaves between those which are and those which are not "colonies." The former attracts settlers to the land, while the latter is based upon an extension of territory for those already living in the settlement. (See Fiske Warren in the *Single Tax Year Book*, p. 66.)

income tax, or to atone to enclavians for the artificial increment in the prices of domestic goods due to the 'protective' policy."¹⁴⁷ The first of these enclaves was established on the shores of Mobile Bay sixteen miles from the city of Mobile, in Baldwin County, Alabama, and was called Fairhope. It was begun in 1895 (although it was incorporated in 1904 and the town itself was not actually founded until 1907) by a group of single taxers and socialists who had formed an Industrial Association the year previous in Des Moines, Iowa. The group consisted of members from Iowa, Minnesota, Ohio, Pennsylvania, and British Columbia, five families in all, who purchased the land and established the Fairhope Single Tax Corporation, which became the landlord of the settlement. It now has nearly 4,000 acres of land, the town of Fairhope itself covering about 1,100 acres; the population of the corporation land is at present about seven hundred, that of the town itself about six hundred. Originally there were a number of socialistic enterprises connected with Fairhope but they have now largely disappeared.¹⁴⁸ The corporation holds the land of the colony as a trustee for the entire membership, land valuations and rentals are determined annually and the land is leased by the corporation to its members accordingly (transfer of leases and the sale of improvements are quite common), and the rentals thus obtained constitute a fund from which are paid "all taxes levied by the State, county or township on the property of the corporation or any of its members held within its jurisdiction, moneys and credits excepted."¹⁴⁹ Road and poll taxes are also paid thus by the corporation. Fairhope is largely a winter resort town, and it seems to have prospered,¹⁵⁰ despite the fact of some discontent

¹⁴⁷ *Ibid.*

¹⁴⁸ *Ibid.*, p. 69.

¹⁴⁹ From the Fairhope Constitution, 1911, Art. XIV. (Quoted in Young, pp. 252-253.)

¹⁵⁰ Young, p. 255, and *Single Tax Year Book*, p. 72.

among the members, and despite also the unfavorable attitude of even Henry George himself.¹⁵¹

The nine other American enclaves are much smaller but are governed by the same general principles. Arden, Delaware, near the city of Wilmington, was begun in 1900, and was a direct outgrowth of the single tax campaign waged in that State a few years earlier.¹⁵² In 1922 a suburb, Ardentown, was established as a site for future expansion, and developed into a separate colony. Another enclave was formed in 1909 in the town of Harvard, Massachusetts, some thirty miles west of Boston, and was given the name of Tahanto. It started with but two lots, but by 1921 had expanded to about 650 acres. In 1910 Free Acres was founded; it is in the Watchung Mountains of New Jersey, only thirty miles from New York City. Halidon in Maine was established a year later; it is near the city of Westbrook. The next enclave founded was near Ayer, Massachusetts, and is contiguous to new land added to Tahanto, in Harvard; it is called Shakerton and was begun in 1921. The last three American enclaves were formed in 1926, 1927 and 1932; they are Gilpin's Point, in Caroline County, Maryland, near Preston, and about one hundred miles from the enclave of Arden; Trapelo, in the town of Weston, Massachusetts, near both Shakerton and Tahanto, and the newest known as Wall Hill in Mississippi. While the success or failure of such small enterprises, based largely upon the ideal of local community coöperation, can argue little for the applicability of the general concepts of land value taxation or of the single tax, still it is interesting to note that, unlike the many early socialistic communities in the United States, these enclaves have been

¹⁵¹ See *The Standard*, November 2, 1889, pp. 2-3, for George's views regarding any such general application locally of the single tax, and the *Single Tax Year Book*, p. 67, for his specific reaction to Fairhope itself.

¹⁵² *Supra*, pp. 420-430.

most vigorous and seem to have had a continued increase of vitality.

In concluding this discussion of George's influence in the United States, one may point out that, fortunately or unfortunately, the American land value taxation movement has been indissolubly connected with that of the "single tax" itself, a relationship that is by no means present in the general history of land value taxation. Indeed, the whole progress of tax reform itself in this country has been definitely bound up with the work of George's followers.¹⁵⁸ This is not to say, of course, that the responsibility for the very slight measure of such reform is to be laid at the door of the single taxer, but, as if to compensate for his own lack of ponderable success, the Georgist has thrown his weight against the anomalies of our very muddled tax system. That there has not been more actual progress in land value taxation in the United States is obviously a keen disappointment to the followers of Henry George. They feel that his work has never received a proper recognition, especially in academic circles, and that the theory of land value taxation has not been appreciated here as, for example, it has in England. Whether the future of the single tax movement in the United States is to lie in separate political action, or in an op-

¹⁵⁸ For example, "home rule" or local option in taxation has always been linked with single tax in this country. "A survey of the movement for local option in taxation shows that it originated with single taxers and that nearly every agitation for home rule has been initiated and backed by them." (Young, pp. 233-234.) "Local option in taxation turns out to mean, in most cases, local option in exemption." (A quotation from Professor Bullock in Young, p. 235.) "We have now come to look on 'local option in taxation' and 'single tax' as terms practically synonymous." (*Ibid.*, p. 234; a quotation from a member of the Oregon State Tax Commission in 1910.) In the attack upon the stupidities of the general property tax, the single taxers, as Professor Seligman admits, have done "yeoman service." The same is true with the separate assessment of land and improvements, although such separation anticipated the work of George himself. Even in the nonfiscal agitation for direct legislation, the initiative and referendum, single taxers have taken a commanding part. (See Young, pp. 239-240.)

portunistic amalgamation with the socialists or with a "third party" group, or in the educational and propaganda field; whether there is to be continuance of a localized interest in tax reform or a more ambitious attempt to present the full program of George's proposals—questions such as these must first be answered before one can outline the further possible effect of George's work in this country.

DENMARK

The very rapid progress of Danish land value taxation in the last decade is one of the most significant developments of the entire movement.¹⁵⁴ It is particularly significant for the present survey, since such a development seems to have been directly connected with the work of George's followers in Denmark, who practically took command of the Danish agrarian agitation and turned it almost completely into land value taxation channels. And the work in that country is of still further importance in that it is one of the few examples of a sympathetic approach to land value taxation on the part of farmers. The agricultural worker is almost universally suspicious of the land value tax (too often because he confuses it with a straight land tax), and therefore the fact that Denmark, primarily an agricultural, dairy country, has incorporated the principle of land value taxa-

¹⁵⁴ Perhaps the best account of the more recent Danish efforts may be found in the files of *Land and Liberty*, London, especially from January, 1925, to May, 1926. The early movement may be traced in the *Single Tax Year Book*, pp. 164-170. See also a collection of papers prepared for the Fourth International Conference to Promote Land Value Taxation and Free Trade, Edinburgh, 1929 (it is interesting to note that the Third Conference, of July, 1926, met at Copenhagen): "The Work for Land Value Taxation and Free Trade in Denmark, 1926 to 1929," by F. Folke and K. J. Kristensen; "Danish Agrarian and Social Evolution and the Influence of Henry George's Ideas Thereon," by Professor Jakob E. Lange; "Social Democrats and the Henry George Policy: The Political Victory in Denmark," by Sophus Berthelsen; and "Land Valuation in Denmark," by K. J. Kristensen. The various economic periodicals also contain current accounts of the Danish movement.

tion into its legislation is at least partial testimony to its applicability in an agricultural society.

A land value tax was definitely made a part of Denmark's revenue system in 1922, but there had been years of active work on the part of George's followers before that time, work which had prepared the way for such legislation. As early as 1886 *Progress and Poverty* was translated into Norwegian by Veggo Ullmann; in the same year *Social Problems* and in the following year *Protection or Free Trade* were also translated into that language. However, it was not in Norway¹⁵⁵ but in Denmark that a single tax agitation was started. The work of Ullmann himself in Denmark, and also of Johan Hansson, a Swedish liberal, and of Professor Jakob E. Lange, Sophus Berthelsen, and Arvid Jarnefelt, early Danish converts, began the movement for land value taxation. In 1889 a Social Reform Union was founded to teach the principles of George, and in 1902 there was formed a Henry George League.

The first significant result of this pioneer work was the now famous Køge resolution of November 8, 1902. This was formulated at a meeting of the Sealand Husmaend ("housemen," or small holders) Society and urged the adoption of complete free trade and of land value taxation. Similar resolutions were passed at other meetings of the "housemen," and it began to be apparent that the ancient Danish agrarian movement was becoming dominated by the principle of land value taxation.¹⁵⁶ The sympathy toward free trade is, of course, readily understood in an agricultural country such as Denmark. A political step was the next important move. Stimulated by donations from the Fels

¹⁵⁵ In Norway and Sweden there has been little success in the direction of land value taxation; there is some single tax activity in these countries (see the *Single Tax Year Book*, pp. 171-175) but nothing definite has as yet resulted.

¹⁵⁶ See Lange, *op. cit.*

Fund in 1909-1910, definite political action was attempted and for a number of years unsuccessful attempts were made in the national legislature to introduce some measure of land value taxation. Finally, at the very end of 1915, the followers of George were successful in pushing through a measure providing for the separation of improvements from land for valuation purposes, and, more important, providing also for the immediate valuation of all the land of Denmark. Provisional valuations were made the following year.¹⁵⁷ In 1920 more acceptable valuation machinery was established, which made a valuation for that year, and also in 1924 and 1927. Valuations are to be made every five years following this last date.¹⁵⁸

This valuation provision gave the land value taxationists a strong foothold and in the succeeding years they managed to influence the Social Democrats, the Danish Marxist political organization, to turn at least a degree in the direction of Henry George.¹⁵⁹ The final result was that on August 7, 1922, the Danish Government enacted a small national land value tax. Its rate was 1.5 per thousand (1.5 mills) on the capital (selling) unimproved value of land; this rate is equivalent, comparing it, for example, with the English Finance Act of 1931, to about $\frac{1}{3}$ d. in the pound. In addition, all improvements under approximately \$2,700 (10,000 kronen) were exempt from taxation, while other improvements were taxed at the old real estate rate of 1.1 per thousand. On March 31, 1926, this national land value tax was supplemented by an act providing for the local taxation of land values at a higher rate than the tax on improvements. The rates of this local land value tax vary from 6 to 35 per thousand in the rural districts, but the rate is not to rise above $7\frac{1}{2}$ per thousand

¹⁵⁷ Trial valuations, however, had already been made in 1911 and 1912.

¹⁵⁸ Kristensen, *op. cit.*

¹⁵⁹ Berthelsen, *op. cit.*

in the city of Copenhagen. Finally, beginning in 1930, there has been a pronounced move in Denmark for a land value increment tax, and also for complete local rating upon land values; nothing, however, has definitely been enacted along this line up to the date of this writing.

It will be seen, therefore, that while the history of actual land value taxation in Denmark covers only a brief period and is limited as yet to two legislative acts, there can be no doubt of the sympathetic reception, in this country of farmers, of the principle elaborated by Henry George. The results of such a fiscal policy have been glowingly portrayed by the adherents of land value taxation,¹⁶⁰ although, considering the very low rate of the tax and the short interval of time involved, such a correlation may seem a little rash.¹⁶¹ However, it cannot be denied that there seems to be little dissatisfaction with the tax in Denmark, and neither can it be denied that the favorable reaction of this rural community appears to contradict some of the stock attacks upon a land value tax. This fact, together with the direct influence of George's work upon the movement, make the Danish land value legislation a notable contribution to the significance of economic theory.

GERMANY

“. . . An increase of the value of land arising without the application of labor or capital to property shall inure to the benefit of the community as a whole.” This statement in the German Weimar Constitution¹⁶² is perhaps the first and only expression of the theory of “unearned increment” to be found

¹⁶⁰ See, for example, an article by Abel Brink in *Land and Freedom*, New York, January-February, 1932.

¹⁶¹ As has been the case throughout, there can be no attempt in this brief exposition to analyze or even present any of the results, favorable or unfavorable, that have been attributed to the land value tax.

¹⁶² Section V, Article 155.

in any national organic law. It is, of course, to be understood as one of the programs of Social Democracy, but it must also be placed against a background of German land reform that anticipates the work of Henry George himself. A discussion of the land value taxation movement in Germany has been reserved for the last because that movement has seemed somewhat independent of the general tradition.¹⁶³ For one thing, the theory of such taxation has received particular development in Germany, and so, although there had been contact with the teachings of the English classical economists, the approach to "unearned increment" and specifically the elaboration of a "benefit" theory of taxation appear to have been largely the work of German theorists themselves. Moreover, the actual local and later the Imperial increment taxes in Germany must be traced not simply to such a theoretical stimulus but also, and perhaps of more importance, to certain peculiar conditions in the development of the German municipalities.

The work of the early German "Bodenreformers," men such as Gossen, Samter and Stamm, has been mentioned in another connection.¹⁶⁴ These anticipators of George definitely prepared a theoretical foundation for German land value taxation. Especially significant was the name of Professor Adolph Wagner, whose work later in the '70s,¹⁶⁵ directed

¹⁶³ For accounts of German land value taxation see: Scheffel, Chap. IV (Bibliography, pp. 468-473, 483); *Single Tax Year Book*, pp. 145-159; *Single Tax Review*, March-April, 1912 (Special Number for Germany); Professor Seligman's article on the German increment taxes in the *Political Science Quarterly*, Vol. XXVII, December, 1912, pp. 577-604; articles by Anna Youngman in the *Quarterly Journal of Economics*, Vol. XXVII, November, 1912, and February, 1913, pp. 151-201 and 329-372; "The Valuation and Taxation of Land in Germany," by Dr. Alex Paletta, a pamphlet prepared for the Fourth International Conference to Promote Land Value Taxation and Free Trade, Edinburgh, 1929. These references, as has been the case in each instance, are merely suggested samples out of a much larger body of material.

¹⁶⁴ See *supra*, pp. 214-215, n. 104.

¹⁶⁵ *Die Abschaffung des privaten Grundeigentums* (Leipzig, 1870) and *Rede über die soziale Frage* (Berlin, 1872) contain the essence of his theory. See also his more ambitious volumes: *Lehr- und Handbuch der Politischen Oekonomie und Grundlagen der Volkswirtschaft*. The work of Alex-

largely to the development of his "socio-political" theory, which argued for the employment of taxation as a means to correct the unequal distribution of wealth, and also for a "social benefit" justification of taxation, was largely responsible for the spread in Germany of the "Umsatzsteuer."¹⁶⁶ As early as 1881 *Progress and Poverty* was translated into German, and the immediate result was the incorporation of George's work into the German tradition and the rise of a new group of Bodenreformers led by Wagner himself, Adolph Damaschke, Michael Flürscheim, and others.¹⁶⁷ There is thus a striking parallel between George's relation to the English classical economists and his contact with the German land reform theorists; in both cases there was an independent development of theory which later, however, developed into an amalgamation, and so made possible the presentation of George's concepts along with a body of existing doctrine.¹⁶⁸

Yet the immediate stimulus for a land value tax in Germany was not so much this theoretical background, although its directive influence cannot be doubted,¹⁶⁹ as it was the enormous appreciation of land value in German cities and the resulting outburst of land speculation.¹⁷⁰ The need for revenue to meet the great municipal budgets and the realization that urban landowners were not contributing a proportionate share, were the motives that were directly responsible for the increasing interest in land value taxation. Germany's "Umsatzsteuer" has already been mentioned, but

ander Meyer also may be mentioned, especially his "Das Princip der Communalsteuern," in *Preussische Jahrbücher*, Vol. XVIII, Berlin, 1866, pp. 166 ff.

¹⁶⁶ This was a levy collected upon the transfer of real property. It may be traced back to the collection of certain ancient fees. (Scheffel, pp. 125-127.)

¹⁶⁷ *Supra*, pp. 214-215, n. 104.

¹⁶⁸ *Supra*, p. 200 ff.

¹⁶⁹ "For popularizing the principles underlying the increment tax, the propaganda of the 'Bodenreformer' (Single Taxers), since their organization in 1898, has exerted a strong influence . . . The widespread influence of the 'Bodenreformer' may be gathered from the fact that in 1910 the number of societies was 542, and the membership about 750,000 persons." (Scheffel, p. 143.)

¹⁷⁰ *Ibid.*, pp. 128 ff.

a much more important move was the unsuccessful attempt by the city of Bremen in 1874 to substitute capital or selling value for productive value in determining land valuation. An act providing for such a change was passed and, although it was repealed four years later because of valuation difficulties, a precedent had been established. Then, in 1893, came "the epoch-making reform in local taxation," the Prussian "Kommunalabgabengesetz." This was an act providing for a measure of local option in taxation, and it prepared the way for land value taxation, negatively, by forbidding the localities to levy income taxes or certain excise duties, and positively, by permitting the levying of special land taxes.¹⁷¹

The next important step did not occur in Germany itself but in the German Chinese colony of Kiao-chau in 1898. Designed to check the inevitable land speculation that followed the marked rise in land value after Germany took possession of the territory the year before, the Kiao-chau land value tax seems to have been purely opportunistic and to have had little connection with any economic theory, much less with the work of Henry George.¹⁷² The tax provisions were threefold: There was to be an annual direct land value tax of 6 per cent. In addition, there was a 33½ per cent increment tax levied when the land was sold; this, however, was a tax on the total increment, or net profit, of the sale and not levied on the land value itself, and therefore a 6 per cent exemption was deducted from the gross increment as an allowance for the improved value. Finally, there was the usual land sales tax or Umsatzsteuer. These taxes, however,

¹⁷¹ Scheffel, pp. 124-125.

¹⁷² However, Dr. W. E. Macklin, an American single taxer residing in China and the translator of *Progress and Poverty* into Chinese, states that through his indirect efforts Dr. W. Schrameier, the first Land Commissioner of Kiao-chau and the man largely responsible for the land taxes, became familiar with George's book, and attempted to put it into partial operation. (*Single Tax Year Book*, p. 192.)

were not successful in checking land speculation, and so in 1906, following an act passed in 1903, the annual land value tax was increased wherever the land remained undeveloped. The increase was to 9 per cent for unimproved land, with an additional 3 per cent increase every three years that the land remained unworked, until a rate of 24 per cent was reached. When land was built upon, the tax reverted to the original 6 per cent.

There is little evidence to show that this colonial experiment in taxation had any direct influence upon the local German increment taxes of the following years.¹⁷³ It is felt rather that the conditions mentioned above, i. e., the rapid industrial expansion of the German municipalities which brought about increased land values, great land speculation, and also the large city budgets, together with the background of economic theory and of the more tangible "Umsatzsteuer" and the "Kommunalabgabengesetz," provided a sufficient stimulus for the levy,¹⁷⁴ beginning in 1904, of the local taxes on land value increment. In that year the city of Frankfurt-am-Main inaugurated the first attempt at such taxation. This first "Zuwachssteuer" was really a combination of three separate taxes. There was the old transfer tax of 2 per cent on the selling price; then an additional progressive transfer tax which discriminated against unimproved land; and thirdly, the more specific tax on value increment.¹⁷⁵ The increment tax was a graduated tax on the difference between the purchase price and the selling price of land, provided that the increment was not less than 15 per cent and also that the land changed hands within twenty years; additions to the

¹⁷³ Scheftel, pp. 134 ff.; 184.

¹⁷⁴ In addition there was the tradition of the long-established German "Erbaurecht," a leasing system resulting from the fact that in Germany much land is owned by the Government itself, i. e., the States and the municipalities; consequently, there has been definite regulation of the use of that land which is leased out to private individuals.

¹⁷⁵ Scheftel, pp. 133-134.

purchase price were made to compensate for permanent improvements and also for any outlay of capital. Thus, while the increment tax was based upon selling price and not upon actual land value, these exemptions for improvements were attempts to place the burden of the tax upon the increment of land value itself.¹⁷⁶ The progressive scale of rates varied from a 2 per cent tax for a 15 to 20 per cent increment to 5 per cent of the increment for a 30 to 35 per cent rise in value, with 1 per cent of tax for every additional 5 per cent of increment after that until the maximum rate of a 25 per cent rate was reached.¹⁷⁷ This "Zuwachssteuer" or "Wertzuwachssteuer" of Frankfurt-am-Main¹⁷⁸ was followed in the next year by similar taxes in Cologne and Gelsenkirchen, and then by increment taxes in Essen, Dortmund, Gross-Lichterfelde, Pankow, and Weissensee in 1906; Breslau, Hessen, and Kiel in 1907; Hamburg (1908), Berlin (1910), and a great number of others, until, by 1911, 652 local German governments, comprising about one-quarter of the population of the Empire, had enacted the principle of land value increment taxation into law.¹⁷⁹

In 1911 there was passed the "Reichszuwachssteuer," or Imperial Increment Tax. This virtually repealed the local taxes and substituted instead a Federal increment tax; the local governments, however, were to receive 40 per cent of the revenue, the Central Government, 50 per cent, and the State 10 per cent, for administering and levying the tax. It will not be necessary to describe the complicated details and also the difficulties of this imperial tax.¹⁸⁰ Perhaps the most interesting part of the Federal law was the very elaborate and com-

¹⁷⁶ "The system of scientific valuation of land apart from improvements has made little progress in Germany, even though the land and house taxes have long been separately assessed." (Scheftel, p. 132.)

¹⁷⁷ *Ibid.*, p. 144.

¹⁷⁸ Oetzsch and Helbersdorf, small communes in Saxony, are believed to have preceded Frankfurt in levying such taxes. (Scheftel, p. 144, n. 1.)

¹⁷⁹ *Ibid.*, p. 144.

¹⁸⁰ *Ibid.*, pp. 146 ff.

plex system of exemptions and compensations directed to separating the increase in value due to the efforts of labor and capital from the "unearned increment"¹⁸¹ of land value.¹⁸² The tax, as was the case with the local levies, was graduated, progressing from a 10 per cent tax if the increment did not exceed 10 per cent of the purchase price to as much as a 30 per cent rate for an increment above 290 per cent. However, after two years of experimenting and because of the great difficulties arising from administering the imperial tax,¹⁸³ the increment tax was relegated again to the localities, a change that is held to be a victory for the "benefit" theory of taxation.¹⁸⁴ The following year brought the war and the end of any further Federal efforts.

Despite the constitutional reference to "unearned increment" mentioned at the opening of this section, there has been no national attempt to introduce any measure of land value taxation in the German republic.¹⁸⁵ According to the Weimar constitution the taxation of land is left to the German States, but the only State that has availed itself of this privilege in order to tax land values is Anhalt.¹⁸⁶ In fact, only Hessen, Lippe, and Lübeck, in addition to Anhalt, use capital value as the sole basis for land taxation. The other States rely upon a value based upon productivity or a mixed system of capital and product value.¹⁸⁷ And the one tangible effort of the German Government in this whole matter, the

¹⁸¹ "The imperial law declares that the tax is to fall on the *unearned* increment ('der ohne Zutun des Eigentümers entstanden ist'); *Reichszuwachssteuergesetz vom 14 Februar, 1911*, Sec. 1. In this connection it is interesting to point out that in the British Parliament the proposal to call the increment *unearned* was promptly dismissed." (*Ibid.*, p. 141, n. 4.)

¹⁸² Scheffel, pp. 146 ff.

¹⁸³ *Ibid.*, pp. 150 ff.

¹⁸⁴ *Ibid.*, p. 178.

¹⁸⁵ It may be noted that in December, 1919, the city of Vienna enacted a land value tax measure, but it was overshadowed and made of negligible importance by the house rent taxes and the indirect taxes which were introduced at the same time.

¹⁸⁶ See Paletta pamphlet (*op. cit.*), pp. 6-7.

¹⁸⁷ *Ibid.*, pp. 3-6.

Imperial Valuation Law of August 10, 1925, paradoxically enough, did not provide for the separation of improvement value from land value itself.

Germany's venture into land value taxation thus presents an interesting example of the fusion of economic theory with the fiscal and social requirements of a specific situation. The tradition of the "unearned increment" concept had occupied an important and largely an original place in German political economy, but it was a more immediate municipal problem that translated such theory into the increment tax legislation.¹⁸⁸ Henry George plays an indirect part in this German experiment. Just as with England, his work was not an original stimulus but instead came to be accepted as an integral part of a rather respectable economic tradition; his writings therefore proved to be an added inspiration, as was again the case in England, for the efforts of the German land reformers.

Before leaving this discussion of the various movements in the direction of land value taxation, a word must be said about the agitation in South America.¹⁸⁹ Because of the recognized trend of South America to the culture of France, it is most interesting to see that there was an early Physiocratic influence upon Latin-American thinkers. The most notable expression of that influence is to be found in Argentina in the work of its first President, Bernardino Rivadavia. His agrarian law in 1826, which was in force for two years, established the principle that public land was not to be sold, but was to be leased, with the rent accruing to the Government. In 1882, Dr. Andres Lamas of Montevideo, "the

¹⁸⁸ The results of this local taxation are held to be approximately the same as those of the Australasian and Canadian experiments. While the promised social effects, e. g., decreased rent or a significant weakening of land speculation, did not seem to materialize, still the tax as a fiscal instrument has been largely approved. (Scheftel, pp. 179-184.)

¹⁸⁹ See *Single Tax Year Book*, pp. 180-187.

South American Henry George," published *The Agrarian Legislation of Rivadavia*, in which he upheld and elaborated the principle of the social collection of land values. There is little doubt that he knew nothing of the work of George. The work of Dr. Herrera y Reissig in 1913, *El Impuesto Territorial*, was perhaps the most important step in popularizing the concepts of Rivadavia and George, and after 1914 there was a decided single tax agitation in Argentina; one of the most important results of that movement was a partial fusion of socialists and single taxers with the socialists emphasizing land value taxation in their programs. As early as 1906, however, the city of Buenos Aires had separated improvements from land for valuation purposes, and the province of Cordoba, in addition, has actually levied a land value tax. However, if Argentina led the way in land value taxation theory, other South American countries have advanced further in the actual practice of such taxation. In Uruguay, with the exception of the city and department of Montevideo, there is a large land value tax, and in Montevideo itself there is a separate assessment of land and improvements. In Brazil there has been a recent revaluation of the land of Rio de Janeiro, and in the city of Garibaldi improvements are exempt from taxation; Garibaldi is in the State of Rio Grande do Sul.¹⁹⁰ The Brazilian State of São Paulo has also investigated favorably the land value taxation of Uruguay.

There is little further to mention, in this exposition, of actual land value taxation in other countries, although the record of other single tax activities throughout the world will be found in the *Single Tax Year Book*. Little can be said about the Soviet approach to the land problem, since it is too inextricably connected with the general theory of communism.

¹⁹⁰ See also the New York *Herald Tribune* of December 6, 1931, Foreign News Section.

GEORGE'S INFLUENCE UPON LATER THINKERS

A discussion of ideational influence must necessarily remain either partially in the realm of conjecture or else be limited to the citing of actual expressions of indebtedness. In presenting George's effect upon later figures in political and economic thought,¹⁹¹ it seems best to choose the latter procedure despite the fact that it may result in nothing but a sketchy catalogue of isolated quotations. The difficulties of attempting any less concrete approach would hardly justify the effort. Those difficulties have already been noted in discussing George's influence upon the various specific measures of land value taxation; it is almost impossible, in most cases, to distinguish the thread of his work from the fabric of economic theory into which it so neatly worked, or to determine the degree of independence and "spontaneous generation" of the different fiscal experiments. To essay, therefore, an exposition not simply of George's effect upon the tangible legislative acts of land value taxation, but upon the much more imponderable "stream of thought" that flowed after him, would seem a little too ambitious for a chapter such as the present one. This is not to say, of course, that no difficulties present themselves in limiting the discussion to the actual mention of George's work by later writers. There is always the danger of attributing too much, or even too little, to such sporadic statements, especially since many of these expressions have been, if not denied, at least somewhat at variance with the more integrated philosophy of their authors. A more technical difficulty is that of verifying such testimonials. There is pamphlet after pamphlet issued by

¹⁹¹ This present section will not repeat a discussion of George's influence upon the English Fabians, or upon socialism in general, or upon the theorists and legislators responsible for the many acts of land value taxation. It will confine itself to those figures, chiefly American, who have not already been mentioned in other connections.

different single tax organizations which contain lists of quotations illustrating the effect of George's concepts upon more recent thinkers, but only a very small percentage of such statements permit corroboration. Single tax writers would perform a very great service to those interested in the work of Henry George if they would indicate more often the source of their quotations. Therefore, while this section may appear entirely too brief and sketchy and even incoherent, still it is felt that the following treatment of George's influence upon the men who have succeeded him may offer the least serious difficulties.

Perhaps the most spectacular and complete example of a Henry George convert was Tolstoi. The direct influence of George's teachings is found all throughout the work of Tolstoi; ¹⁹² there are, however, several specific statements which epitomize his thought. One of the most important of these is to be found in an article which first appeared in the London *Times* of August 1, 1905; it was written the month before by Tolstoi at Yasnaya Poliana. The translation for the *Times* was the work of V. Tchertkoff and I. F. M., and the article itself was later printed many times in American newspapers

¹⁹² The most complete anthology of Tolstoi's expressions of his indebtedness to George and of his general opinion on the land question may be found in a pamphlet, "Tolstoi on Land and Slavery," issued by the Land Values Publication Department, London (no date). This collection includes unequivocal quotations from the following writings of Tolstoi: *Resurrection* (especially in the speeches of Prince Nekhlúdoff); *The Slavery of our Times*; *Some Social Remedies*; *The Confessions*; *What Shall We Do*; *The One Thing Needful*; *The Fall and Rise of Hell*; *The Root of Evil*; *An Appeal to Russians*; *How Shall We Escape*; *The Kingdom of God*; *What Is Art?* *The Meaning of the Russian Revolution*; *The Only Means*; *Letters on War*; and the Introduction to *George's Social Problems*. In a special letter written for this collection (March 31, 1909, Yasnaya Poliana) Tolstoi states: "Henry George is especially to be appreciated by those who profess Christianity in some sense, for not only are the foundations of his teachings but also his methods truly Christian. . . . In this lies the essence of George's teaching. However those, who need to do so, may endeavor to conceal his teachings, it is so clear and indisputable that it cannot but be recognized by mankind. God help you. On your side are justice, reason, love. On your side is God, and therefore you cannot but be successful."

and journals.¹⁸⁸ "A Great Iniquity" is the title of the essay, and more than four pages out of the thirty-eight are direct quotations from the works of George. Tolstoi's appreciation of the American reformer may be indicated by passages such as these:

Characteristically was this [i. e., neglect] the fate of the activity of the remarkable man who appeared towards the end of the last century—Henry George—who devoted his great mental powers to the elucidation of the injustice and cruelty of landed property and to the indication of the means of correcting this evil by the help of the state of organization now existing amongst all nations. He did this in his books, articles and speeches with such extraordinary power and lucidity that no man without preconceived ideas could, after reading his books, fail to agree with his arguments, and to see that no reforms can improve the condition of the people until this fundamental injustice be destroyed, and that the means he proposes for its abolition are rational, just and expedient . . . (Pp. 15-16.)

The chief weapon against the teaching of Henry George was that which is always used against irrefutable and self-evident truths. This method, which is still being applied in relation to George, was that of hushing up . . . (P. 17.)

People do not argue with the teaching of George, they simply do not know it. And it is impossible to do otherwise with his teaching, for he who becomes acquainted with it cannot but agree . . . (P. 18.)

. . . The method of solving the land problem has been elaborated by Henry George to such a degree of perfection that, *under the existing State organization and compulsory taxation*, it is impossible to invent any other better, more just, practical, and peaceful solution . . . And I think that Henry George is right, that the removal of the sin of landed property is near, that the movement called forth by Henry George was the last birth-throe, and that the birth is on the point of taking place; the liberation of men from the sufferings they have so long borne must now be realized. (Pp. 37-38.)

¹⁸⁸ The text and pages from which these quotations are taken are those of a reprint of the article from *The Public* (Chicago) of August 19, 1905; the reprint is under the auspices of the Joseph Fels International Commission.

It is perhaps not necessary to make any additional quotations from the writings of Tolstoi which deal with the work of George.¹⁹⁴ They all contain the same almost worshipful reverence for Henry George, the same essentially religious interpretation (in this, Tolstoi read the American very correctly), and the same feeling that the single tax offered a compromise, at least as far as present-day social organization was concerned, between the paternalism of political socialism and the ideal of a restrictionless Christian communism. The land problem was the great problem for Tolstoi's Russia, and George, therefore, was for Tolstoi the great economist.

From the Russia of Tolstoi to the China of the republican revolution is a far cry, but this "compromise" appeal of George, the compromise, that is, between outright socialism and the theory of democratic individualism, was one of the directing forces behind the work of Sun Yat Sen. For one thing, he assisted Dr. W. E. Macklin in translating *Progress and Poverty* into Chinese, although his interest in the American economist was of an earlier date, and throughout the program of the first Nationalist Government it was the work of George and not that of the socialists that provided the stimulus for attempted economic reform. This influence of George is recognized very clearly by Wang Ching-wei, formerly the head of the Kuomintang and the direct successor of Dr. Sun Yat Sen himself, in an interview with Paul Blanshard:¹⁹⁵

We are not Communists . . . I want to assure the American public that the Kuomintang and the Communist Party have come to a parting of the ways . . . Sun Yat Sen, as you know, was greatly influenced by your American radical, Henry George, but

¹⁹⁴ There is a good bit of material concerning this influence of George upon Tolstoi; several references that may be mentioned here are: "Tolstoi Looks at America," by Albert Parry in *Asia*, November, 1930, Vol. XXX, No. 11, pp. 772-777; *The Life of Tolstoi*, by Aylmer Maude (New York, Dodd Mead, 1917), Vol. II, pp. 474, 623; articles by Tolstoi in *Land Values* (London), Vol. XXII, pp. 136 ff., and in the *Review of Reviews*, Vol. XVII, (1898), pp. 73-74.

¹⁹⁵ In the *New York Times*, Sunday, September 11, 1927; p. 5 of feature section.

he was never a Communist. His economic program, which is ours, means three things: Henry George's method of assessing land, definite laws against monopoly under private ownership, and Government ownership of large public utilities. We propose to realize this program without violence and without confiscation.

The one-time popularity of Henry George with the American "liberal"¹⁹⁶ of the late nineteenth and early twentieth centuries may definitely be traced to that same fusion of economic radicalism and Jeffersonian democracy that was so characteristic of his thought. It was George's attempt to found a social program of reconstruction upon the "natural rights" and individualism of early American political theory which appealed to that "liberal crowd" described so accurately by Frederic C. Howe.¹⁹⁷ In the general atmosphere of that great liberal reform era of the Bryan and post-Bryan days, George's work was a most welcome visitor, and almost every member of that liberal "crowd," Hamlin Garland, Lincoln Steffens,¹⁹⁸ Brand Whitlock, Clarence Darrow, Newton D. Baker, Herbert Quick, and a host of others, was at least a partial disciple of George.

Howe, of course, was perhaps the most complete and deliberate single taxer of that liberal group; his numerous works on land value taxation¹⁹⁹ and his persistent advocacy of George's principles made him one of the leaders of the single tax movement. But most of the others were equally enthusi-

¹⁹⁶ Further discussion of George's influence upon later thinkers will be confined to the United States, since his most important foreign followers have already been indicated in other places.

¹⁹⁷ *The Confessions of a Reformer* (New York, Scribner's, 1925).

¹⁹⁸ His recent *Autobiography* (New York, Harcourt Brace, 1931) gives perhaps the most vivid and complete picture of this "liberal reform" era. It may be mentioned that Steffens, along with Howe, Mrs. Carrie Chapman Catt, Charles H. Ingersoll, and others, was a member of the Fels Fund Commission. However, in the autobiography Steffens gives little mention to George himself; see Vol. II, p. 475.

¹⁹⁹ See especially: *Privilege and Democracy in America* (New York, Scribner's, 1910); *The High Cost of Living* (New York, Scribner's, 1917); *The City, the Hope of Democracy* (New York, Scribner's, 1905); and *The Modern City and Its Problems* (New York, Scribner's, 1915).

astic Georgists. Brand Whitlock's appreciation of George may be found in several of his works,²⁰⁰ and especially in this report of a conversation with Howe during a walk in Brussels shortly after the war: " 'I have gone through every political philosophy,' he [Whitlock] said. 'I can see nothing in Socialism. The philosophy of Henry George of a free state in which the resources of the earth will be opened up to use is the only political philosophy that has ever commanded my adherence. But the world is not interested in such a simple reform. It wants too much government, too much regulating, too much policing. And it may never change.' " ²⁰¹ This is perhaps the best expression of the appeal that the American liberal found in the writings of George.

It is interesting to remember that the now very public Clarence Darrow was one of these brilliant young liberals, and one of the most sincere admirers of George. In an article in Luke North's *Everyman*,²⁰² Darrow paid this great compliment:

. . . He [George] wrote a good book, a profound book, the first book on political economy—and I think I am safe in saying the last book on political economy—that people may ever read . . . Henry George did believe in 'natural rights' but his great arguments are based upon the great law which permeates all life—expediency . . . Henry George was one of the real prophets of the world; one of the seers of the world . . . I won't mention them all—Moses, Jesus, Goethe, Henry George . . . [They] were not the wisest men of the age; they were men with an ideal and with a purpose; they were men filled with the divine spark which alone can illumine the world . . . Henry George's work was the work

²⁰⁰ See especially *On the Enforcement of Law in Cities* (Indianapolis, Bobbs Merrill, 1913), and *Forty Years of It* (New York, Appleton, 1925.)

²⁰¹ *Confessions of a Reformer*, p. 189.

²⁰² September-October, 1913, Vol. IX, Nos. 7-8, pp. 20 ff. (This was the report of an address delivered by Darrow before the Chicago Single Tax Club, September 19, 1913.) However, Darrow's recent autobiography gives little sympathetic attention to George; in this it agrees with that of Lincoln Steffens.

of the philosopher, of the dreamer, of the author, of the prophet, and those men never are and never can be politicians. And I think no one knew it better than he . . . Before Henry George learned to write or to speak he had something to say, and he had that something clearly in his own mind so he could make himself understand it before he tried to make any one else understand it . . .

Another of the "crowd" was Newton D. Baker, who received his reform education at the hands of Cleveland's beloved Tom L. Johnson,²⁰³ the city's famous mayor and congressman. As late as 1914, Baker avowed himself a firm single taxer, and hoped that he "might some day see with the vision of his master, Tom L. Johnson."²⁰⁴ Hamlin Garland and Herbert Quick represented in literature this individualistic, liberal approach, and both were complete exponents of the proposals of George.²⁰⁵ Bryan himself con-

²⁰³ Men such as Tom L. Johnson and Louis F. Post do not have to be discussed in an exposition such as this. Their work with Henry George, their love and reverence for him, their lifelong efforts to promote the adoption of some measure of the single tax, are perhaps so well known that it would be indeed out of place to treat them as figures "influenced" by George. For an example of the attitude with which they approached George, see particularly Johnson's *My Story* (New York, Huebsch, 1911).

²⁰⁴ Quoted from a statement by Baker at the fourth Annual Fels Commission and Single Tax Conference, Washington, January, 1914; see *Single Tax Year Book*, p. 25.

A number of Woodrow Wilson's Cabinet members, particularly Franklin K. Lane and William B. Wilson, were at times unambiguous Georgist converts. Woodrow Wilson himself stated: "All the country needs is a new and sincere body of thought in politics, coherently, distinctly, and boldly uttered by men who are sure of their ground. The power of men like Henry George seems to me to mean that; and why should not men who have sane purposes avail themselves of this thirst and enthusiasm for better, higher, more hopeful purposes in politics than either of the present moribund parties can give?" (From *Life and Letters* by Ray Stannard Baker; New York, Doubleday Page, 1927-1931.) Judge Samuel Seabury, now very much in the public eye in New York City, was one of the fervent young men that George gathered about him; he ran for office several times in New York, always receiving the whole-hearted support of single taxers.

²⁰⁵ See especially Hamlin Garland's article "Memories of Henry George" in *The Libertarian*, Vol. V, 1925, pp. 279-283; here he tells of his conversion to George's principles and of his complete acceptance of them; and the conclusion of Herbert Quick's autobiography, *One Man's Life* (Indianapolis, Bobbs, Merrill, 1925; pp. 400 ff.), in which he points to George as "the

tinually professed his admiration for George, and stated upon one occasion that "it has been said that it marks an epoch in history when God lets loose a thinker in the world. And such a thinker was Henry George . . ." ²⁰⁸

This "liberal" movement of the early twentieth century contained many other figures appreciative of the work of Henry George. The George dinner just mentioned, at which William Jennings Bryan spoke, included, among others, speakers such as Ernest Thompson Seton, Edwin Markham ²⁰⁷ and William Lloyd Garrison, the younger, ²⁰⁸ and provoked expressions of sympathy from men like Norman Hapgood, Bird S. Coler, George Harvey, Richard Le Gallienne and Albert Shaw. Samuel Gompers, ²⁰⁹ Poultney Bigelow, ²¹⁰ Charles Francis Adams, ²¹¹ Lyman Abbott, Elbert Hubbard, Justice Brandeis, Felix Adler, former Governor L. F. C. Garvin of Rhode Island, John Moody and William Marion Reedy might also be cited as products of that background which welcomed the work of George. ²¹² Even the Progressive movement of

mind which will make a success" of our civilization, and states that on every vital point he agrees with him. (P. 407.)

²⁰⁶ *The Public*, February 4, 1905, No. 357, pp. 202-204; from a speech by Bryan, "Equal Opportunity and Moral Truth," at a *Progress and Poverty* anniversary dinner, Hotel Astor, New York City, January 24, 1905.

²⁰⁷ Markham, along with Garland and Quick, and also Bliss Carman, Luke North and the late Edmund Vance Cooke, represent the "democratic" acceptance of George by the liberal "crowd's" literary figures.

²⁰⁸ Garrison, like Tom Johnson and Louis F. Post, was so intimate a follower of George that he perhaps should not be included so casually along with other less earnest single taxers.

²⁰⁹ See his appreciation of George in *Seventy Years of Life and Labor* (New York, Dutton, 1925).

²¹⁰ See his *Seventy Summers* (New York, Longmans Green, 1925).

²¹¹ See especially an article in the *Outlook*, Vol. LXVI, No. 16, December 15, 1900, pp. 911 ff.

²¹² The only names that are being used here are, of course, those which in some degree have been verified as at least partial sympathizers of George. There are many lists of names which are not included because they cannot be substantiated; see especially a pamphlet put out by the Joseph Fels Fund (no date), "Tentative List of Prominent Americans Who Endorse the Single Tax and Those Who Favor the Taxation of Land Values Rather than of Improvements," which contains some four hundred names, most of them in *Who's Who*; and also "Opinions of Public Men on the Life and Work of

a later date still could point to him as an inspiration.²¹³

It is much more difficult to speak of the interest of the contemporary liberal in the work of Henry George. There is no need to point out that, whether for good or for evil, the more recent radical leans to socialism of some complexion and away from the "democracy" and "individualism" that characterized the former American liberal. In fact, the name "liberal" itself is fast becoming a connotation for something old-fashioned. Hence, there has been a corresponding neglect or half-hearted patronizing of George's economic philosophy among the present leaders of social and economic reform, and even where his work has been thoroughly appreciated it is usually given a subordinate position in a larger and more socialistic program; that has been true, for example, with such men as Norman Thomas, John Haynes Holmes, and others. The approach of the *New Republic* and the *Nation* represents the prevailing tendency that refuses to consider men like George as anything but benighted democrats who believed in a mediæval doctrine of natural rights and individual liberty. However, there is a handful of liberal-radicals who, if not single taxers, at least recognize the validity and significance of George's economic program. The former *Freeman*, with men like Francis Neilson, Albert Jay Nock, and the group of brilliant essayists that gathered about them, and then the *New Freeman*, with writers such as Paul Blanshard (although he is a complete socialist), represent this more sympathetic approach to the philosophy of land

Henry George," a pamphlet published by the Dr. Mary D. Hussey Fund, New York (no date).

²¹³ Amos Pinchot, in particular, was sympathetic to the taxation of land values, and this was the opinion of Theodore Roosevelt: "... the burden of taxation should be so shifted as to put the weight of land taxation upon the unearned rise in value of the land itself rather than upon the improvements, the buildings; the effort being to prevent the undue rise of rent." (From an article, "The Progressive Party," in *The Century*, October, 1913, Vol. LXXXVI (n. s., Vol. LXIV), pp. 834-835.) In this article Roosevelt also favored municipal self-government in taxation.

value taxation. Of course it is not being suggested that, outside of the ranks of single taxers themselves, there is any strong affection for George among contemporary radicals. The fact seems to be, instead, that perhaps the most momentous question that the single taxer will have to answer within the very near future is whether he should continue to make his appeal to the traditional "liberal," who has up to now supplied the bulk of his strength in this country, or whether he should throw in his lot, at least for opportunistic reasons, with the gathering strength of a more organized "opposition" group.

In the academic world of political economy the work of George has been received with little favor. Too often there has been a rather pronounced neglect of the implications of his thought, but even when they have been appreciated it has been seldom with sympathy. This attitude, however, holds only for George's "single tax" proposals; the concept of taxing land values has itself met with little opposition, and George's well-formulated attacks upon the anomalies of our present tax system have been gratefully received even by such a severe critic as Professor Seligman. Complete single taxers among academic economists are very few; Professor Harry Gunnison Brown of the University of Missouri is perhaps the most important figure of such a group.²¹⁴ But advocates of some degree of land value taxation include many of the most important figures in American economics. The statements of the late Professor Davenport have been mentioned before.²¹⁵ Professor Irving Fisher writes:

²¹⁴ Others who may be mentioned are: Professor Glenn E. Hoover of Mills College, Dean William H. Dinkins of Selma University, and Professor Joseph M. Klamon of Washington University. Outside of the field of economics itself, Professor Frederick W. Roman, formerly of New York University, may be mentioned. There are, of course, a number of other complete single taxers among academic economists, but it is perhaps not in order to list them, especially since verification is not always available.

²¹⁵ *Supra*, pp. 105, n. 30; 107, n. 33; 156-157.

I cannot agree that land value should be the sole source of public revenue. Nevertheless, premising that so important a change should not be made abruptly, I favor the gradual reduction so far as possible of taxes on the products of labor and taking instead the economic rent of bare land.²¹⁶

Professor T. N. Carver of Harvard: "I favor a special tax on land values in so far as these values are the result of location rather than of fertility . . . Location value seems to me to be a good subject for special taxation."²¹⁷ This statement is from Professor Frank D. Graham of Princeton:

. . . The real unearned income is that which accrues to an individual without his having done anything which contributes to production. Of the several types of such income the most important is that which issues from the site-value of land. The recipient of such an income does nothing to earn it; he merely sits tight while the growth of the community about the land to which he holds title brings him an unmerited gain. This gain is at the expense of all true producers or investors in industrial equipment. The taxation of this gain can do nothing to deprive the community of any service since the donee is rendering none. The land will be there for the use of society whether the return from it is taxed or free. Society creates the value and should secure it by taxation . . . The approach to scientific taxation involves a shifting of the burden from productive industry, where it now lies, to such incomes as these which are in truth unearned. Like many other reforms, this must be accomplished only step by step, but the path along which we ought to move lies clearly within our sight.²¹⁸

²¹⁶ From the Appendix to *Significant Paragraphs from Progress and Poverty*, edited by Professor Brown (with an introduction by John Dewey) (New York, Doubleday, Doran, 1928), p. 77. This appendix consists of a collection of answers to questions sent out by the American Association for Scientific Taxation. Some sympathetic expressions pointing in the direction of land value taxation are, of course, present in the general writings of these economists, but this appendix is perhaps the most concise and specific statement of their views on this question.

The present writer has heard Professor Fisher state that he was "90 per cent a single taxer." His chief objection to George, he stated, was the "metaphysics" of the single tax system, i. e., its absolutism.

²¹⁷ *Ibid.*, p. 78.

²¹⁸ *Ibid.*

Professor John R. Commons feels that:

. . . this portion [on improvements] of his [the farmer's] taxes should be greatly reduced and even abolished, on the part amounting to more than 60 per cent of agricultural values; but the bare land value, amounting to 40 per cent, or less, should be taxed at higher rates. By no possible effort or expense can he, as an individual, increase his bare land values. These are increased by the labor, management and thrift of other taxpayers and other industries in the form of highways, railways, schools and profitable markets . . . Bare land values, including the value of mere water-power, are due solely to scarcity, while the value of fertility, improvements, machinery and personal property are due mainly to thrift, good management and labor . . .²¹⁹

And, finally,²²⁰ this expression from Professor Raymond T. Bye of the University of Pennsylvania:

I believe that we should increase the taxation of land, exclusive of improvements, at the same time that we decrease the taxation of the improvements thereon. Such taxation of land should be increased gradually, not suddenly; and if extended over a long enough period of time, it would not be unwise to raise the tax to the point where it would appropriate to the State the greater part, if not the whole of, the economic rent. I do not believe, however, in the Single Tax doctrine that such a land tax should be completely substituted for all other taxes . . .²²¹

This last statement is typical both of the favorable approach to land value taxation on the part of many economists and also of their shunning anything that savors of a "single tax." As Professor Davenport phrases this point: ". . . I do not, however, regard as implicit in the principle of the social retention of land rent [which he favored] the requirement

²¹⁹ *Ibid.*, pp. 78-79. See also *supra*, pp. 439-441.

²²⁰ Similar expressions of opinion were received by the Association from President-Emeritus Arthur T. Hadley of Yale, Professor Paul H. Douglas of the University of Chicago, Professor Tipton R. Snavely of the University of Virginia, and others. The sympathetic approach to land value taxation of the late Professor Seager may also be mentioned here.

²²¹ Appendix, *Significant Paragraphs*, p. 79.

that economic rent should constitute the sole source of public income. Never is any good revenue method rightly discredited by any other."²²² However, there need be no discouragement to the follower of George in such repudiation of a "single tax." It is perhaps not this "singleness," or negative aspect, of his proposals that needs to be emphasized (at least, in presenting an exposition to the economist) so much as the more positive declaration that the incidence of taxation should fall heavily upon the economic rent of land. And the insistence upon gradualness in the taxation of land value, which all economists express, is not merely acceptable to, but indeed demanded by, nearly every follower of Henry George. Thus, while academic economists hold no overt brief for the work of George, yet many of them are advocating, despite judicious qualification, his very concepts.

Outside of the field of economics itself there have been several expressions in the academic world of admiration for George. The statements of Professor Dewey have been given before.²²³ Perhaps the most recent and most articulate statement of such admiration was formulated by President Nicholas Murray Butler, who opened his 1931 Columbia University Commencement address (June 2) by declaring:

It is a full half century since no inconsiderable part of the world was plunged into vigorous and often excited controversy over the thesis and the arguments of a book by Henry George. He called it *Progress and Poverty*. The very title was abundant in challenge, and the argument of the book was more challenging still. Henry George pressed the question as to why it is that with all the vaunted progress that society has made and is making, there should still be so much poverty and want, and such apparently permanent lines of division between the great mass of those who prosper and the great mass of those who do not. While Henry George lived and met the public face to face upon the platform, his vigorous personality gained him many followers and made many advocates

²²² Appendix, *Significant Paragraphs*, p. 77.

²²³ *Supra*, pp. 4-5, n. 2; see also *infra*, p. 562.

of his opinions. The years that have passed have set his economic analysis and economic teaching in due perspective, and enable us now to consider them with a just sense of their permanent importance and with regard to the soundness of their underlying principles.

It may be said at once that so far as Henry George pointed to privilege as an unbecoming, unfair and indeed disastrous accompaniment of progress, his teaching has passed into economic theory everywhere. Sound economists in every land accept and support economic equality and economic opportunity as fundamental . . .²²⁴

President Butler, of course, goes on to state that few economists accept George's concentration upon the land problem as crucial, and that the tendency now is to look for other types of privilege, but his appreciation of the cardinal point in George's social philosophy, the ethical attack upon the paradox of progress and poverty, is a correct and generous one.²²⁵ Even in the realm of natural science there has been testimony to the influence of George, the most outstanding examples being the unequivocal single tax work of Surgeon-

²²⁴ Quoted from the address as it is printed under the auspices of the office of the Secretary of Columbia University (New York, 1931).

²²⁵ Dr. Butler made the very same point a few days later in an address before the American Club of Paris (June 10, 1931). He began his talk by taking the title of "Progress and Poverty" from Henry George, and he asked why George's great question concerning the mischievous relation of the two had never been satisfactorily answered. "Why is it that with all the progress which the world is making in so many directions—science, letters, fine arts, every form of industry, commerce, transportation—why is it that there still exists so much want, so much of all that which for lack of a better name may be summed up under the single word poverty?"

"Henry George asked that question fifty years ago. Today everywhere in this world, East, West, North, South, Europe, America, Asia, Africa, that question is being asked—why is it that, with all that man has accomplished to his great satisfaction and pride in this last generation or two, why is it that the world today is in the grasp of the greatest economic, financial, social and political series of problems which have ever faced it in history? Why is it?"

Dr. Butler evidently implies agreement with Henry George's warning that "Not to answer means to be destroyed." (Quoted from the *New York Times* of June 11.) These statements of President Butler may also be found in his recent volume of collected essays and speeches, *Looking Forward* (New York, Scribner, 1932), pp. 35, 279-284.

General William C. Gorgas, of Panama Canal fame, and of Professor Lewis Jerome Johnson of the Harvard Graduate School of Applied Science.²²⁶

It would be very easy to multiply such a list of sympathetic readers of Henry George. However, it is felt that this brief summary may be sufficient to indicate a sample of the approach to his work. The foregoing section in no way professes to be a complete catalogue, and therefore many important figures in the United States and in other countries have been omitted; some of them are known, but their statements have not been verified, while undoubtedly the expressions of many more have just not come to the attention of the present writer. Apologies also may be in order for the possibly inadvertent inclusion of men who no longer consider themselves as sympathizers of George. All that has been attempted in these pages has been a presentation of George's influence in that more vague realm of opinion, and it will perhaps have served its purpose if it has suggested the rather wide effect that his writings have had upon later thinkers.

A conclusion of this treatment of George's influence, and, indeed, a conclusion of this entire first part, might possibly sound a note of complaint. That complaint would be directed largely at the professional world of economics for its apparent neglect of the thought of Henry George. It would insist, for one thing, that there seems to have been, in that seeming neglect, a slighting of the precious historical spirit

²²⁶ These two scientists, complete single taxers, have articles appearing in a Joseph Fels Fund pamphlet (no date), "Two Papers on Public Sanitation and the Single Tax." The pamphlet was sponsored by a group of scientists and sanitation experts, including Jacques Loeb, Dean Victor C. Vaughan of the University of Michigan, Thomas Mott Osborne, and a number of other important figures. See also "Taxation Blunders and Their Remedy," by Professor Johnson, Joseph Fels Fund pamphlet (no date). Even Einstein has evinced interest in George's work. (See letter in *Land and Freedom*, March-April, 1932.)

of economics. That is to say, these last chapters have tried to indicate that George has played a most significant rôle in late nineteenth and early twentieth century thought; they have attempted to trace, at least superficially, a concept that has spread to such culturally discontinuous areas as China, Denmark and Australasia, and that has impressed itself upon the opinions of many thoughtful men. They have tried also to suggest George's pioneer position in economics, a science that in this country, at the time of his work, was not very far removed from the pioneer stage itself. Indeed, George may be said to have been a privileged observer at the quite humble birth of a new civilization; the industrial unrest of the late nineteenth century was made strikingly manifest to him at that last American frontier, the Pacific Coast, and in that unrest of a still young social order he felt that he was watching no mere children's disease, but a cumulative pathological condition arising from a maladjusted distribution of wealth. It was the very appositeness of his conceptions, indigenous as they were to the opening West of Civil War and Reconstruction days, that, if nothing else, should press for historical consideration, and it is not at all necessary for the economist to think of Henry George as the "Prophet of San Francisco" in order to appreciate his place in American thought. In other words, it is sincerely felt that the work of Henry George, and the intimate connections that it has had with other important social and economic movements, cannot without risk be slighted by the historian of economic theory.

Another possible complaint that may be raised here would concern itself with what seems to be the failure of economics to grasp the significance of a "one-idea" philosophy. That is, the apparent exaggeration on the part of George against which economics has directed its heaviest guns, his complete

concentration upon the land problem to the exclusion of anything else, may really be said to contain the very strength of his proposals. It is a truism to state that almost every important ideational contribution that the history of intellectual enterprise has recorded, from a Platonic doctrine of Ideas to a Watsonian behaviorism, has been originally elaborated in an extreme, often bizarre form. Compromise has no place at the initiation of ideas; it enters later, when history has performed its function of erosion. Therefore, while in George's case it may possibly be argued that his refusal to consider any possible economic specific except that of the socialization of rent was not overly pragmatic, still that refusal to compromise must be regarded as one that has cast the brightest kind of focus upon the crucial part played by land in the economic process. That concentrated emphasis upon the operations of land value and rent is essential if the complete functioning of land is to be given exposition, and a thorough treatment of that problem, as it appears in the work of George, is vital if that functioning is to be made familiar to those who are concerned with social problems. The increasing of that familiarity has been one of the major aims of this entire discussion of Henry George.

However, this part should not end upon that note of complaint. It should more suitably close with what may prove a transition to the second section of the present work. Such a transition will introduce again the ethical emphasis that was presented in the opening chapter. George's work must be considered not simply as an economic treatise; it is as much a contribution to ethical theory. President Butler has said that "so far as Henry George pointed to privilege as an unbecoming, unfair and indeed disastrous accompaniment of progress, his teaching has passed into economic theory everywhere." If this statement were expanded so as to include the hope that the recognition of such a "disastrous accom-

paniment of progress" might likewise pass into moral theory, it would perhaps be a complete expression of George's mission and of his contribution. Let us attempt, then, an examination of that ethical emphasis, and particularly of that emphasis as it appears against the background of economics.