

# LAND AND TAXATION

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MR. DAVID DUDLEY FIELD. Will you explain to me how you expect to develop, in practice, your theory of the confiscation of land to the use of the State?

MR. HENRY GEORGE. By abolishing all other taxes and concentrating taxation upon land values.

F. Then suppose A to be the proprietor of a thousand acres of land on the Hudson, chiefly farming land, but at the same time having on it houses, barns, cattle, horses, carriages, furniture; how is he to be dealt with under your theory?

G. He would be taxed upon the value of his land, and not upon the value of his improvements and stock.

F. Whether the value of his land has been increased by his cultivation or not?

G. The value of land is not really increased by cultivation. The value that cultivation adds is a value of improvement, which I would exempt. I would tax the land at its present value, excluding improvements; so that such a proprietor would have no more taxes to pay than the proprietors of one thousand acres of land, equal in capabilities, situation, etc., that remained in a state of nature.

F. But suppose the proprietor of such land to have let it lie waste for many years while the farmer that I speak of has devoted his time and money to increasing the value of his thousand acres, would you tax them exactly alike?

G. Exactly.

F. Let us suppose B, an adjoining proprietor, has land that has never yielded a blade of grass, or any other product than weeds; and that A, a farmer, took his in the same

condition when he purchased, and by his own thrift and expenditure has improved his land, so that now, without buildings, furniture, or stock, it is worth five times as much as B's thousand acres; B is taxed at the rate of a dime an acre; would you tax A at the rate of a dime an acre?

G. I would certainly tax him no more than B, for by the additional value that A has created he has added that much to the common stock of wealth, and he ought to profit by it. The effect of our present system, which taxes a man for values created by his labour and capital, is to put a fine upon industry, and repress improvement. The more houses, the more crops, the more buildings in the country, the better for us all, and we are doing ourselves an injury by imposing taxes upon the production of such things.

F. How are you to ascertain the value of land considered as waste land?

G. By its selling price. The value of land is more easily and certainly ascertained than any other value. Land lies out of doors, everybody can see it, and in every neighbourhood a close idea of its value can be had.

F. Take the case of the owner of a thousand acres in the Adirondack wilderness that have been denuded of trees, and an adjoining thousand acres that have a fine growth of timber. How would you value them?

G. Natural timber is a part of the land; when it has value it adds to the value of the land.

F. The land denuded of timber would then be taxed less than land that has timber?

G. On general principles it would, where the value of the land was therefore lessened. But where, as in the Adirondacks, public policy forbids anything that would hasten the cutting of timber, natural timber might be considered an improvement, like planted timber, which should not add to taxable value.

F. Then suppose a man to have a thousand acres of wild timber land, and to have cut off the timber, and planted the

land, and set up buildings, and generally improved it, would you tax him less than the man that has retained his land with the timber still on it?

G. I would tax the value of his land irrespective of the improvements made by him, whether they consisted in clearing, in ploughing, or in building. In other words, I would tax that value which is created by the growth of the community, not that created by individual effort. Land has no value on account of improvements made upon it, or on account of its natural capabilities. It is as population increases, and society develops, that land values appear, and they rise in proportion to the growth of population and social development. For instance, the value of the land upon which this building stands is now enormously greater than it was years ago, not because of what its owner has done, but because of the growth of New York.

F. I am not speaking of New York City in particular; I am speaking of land generally.

G. The same principle is generally true. Where a settler takes up a quarter section on a western prairie, and improves it, his land has no value so long as other land of the same quality can be had for nothing. The value he creates is merely the value of improvement. But when population comes, then arises a value that attaches to the land itself. That is the value I would tax.

F. Suppose the condition of the surrounding community in the West remained the same; two men go together and purchase two pieces of land of a thousand acres each; one leaves his with a valuable growth of timber, the other cuts off the timber, cultivates the land, and makes a well ordered farm. Would you tax the man that has left the timber upon his land more than you would tax the other man, provided that the surrounding country remained the same?

G. I would tax them both upon the value of the land at the time of taxation. At first, I take it, the clearing of the land would be a valuable improvement. On this, as on the value of his other improvements, I would not have the settler

taxed. Thus taxation upon the two would be the same. In course of time the growth of population might give value to the uncut timber, which, being included in the value of land, would make the taxation upon the man that had left his land in a state of nature heavier than upon the man that had converted his land into a farm.

F. A man that goes into the western country and takes up land, paying the government price, and does nothing to the land ; how is he to be taxed ?

G. As heavily as the man that has taken a like amount of land and improved it. Our present system is unjust and injurious in taxing the improver and letting the mere proprietor go. Settlers take up land, clear it, build houses, and cultivate crops, and for thus adding to the general wealth are immediately punished by taxation upon their improvements. This taxation is escaped by the man that lets his land lie idle, and, in addition to that, he is generally taxed less upon the value of his land than are those who have made their land valuable. All over the country, land in use is taxed more heavily than unused land. This is wrong. The man that holds land and neglects to improve it keeps away somebody that would, and he ought to pay as much for the opportunity he wastes as the man that improves a like opportunity.

F. Then you would tax the farmer whose farm is worth \$1,000 as heavily as you would tax the adjoining proprietor, who, with the same quantity of land, has added improvements worth \$100,000 ; is that your idea ?

G. It is. The improvements made by the capitalist would do no harm to the farmer, and would benefit the whole community, and I would do nothing to discourage them.

F. In whom would you have the title to land vested—in the State, or in the individuals, as now ?

G. I would leave the land titles as at present.

F. Your theory does not touch the title to land, nor the mode of transferring the title, nor the enjoyment of it ; but it is a theory confined altogether to the taxing of it ?

G. In form. Its effect, however, if carried as far as I would like to carry it, would be to make the community the real owner of land, and the various nominal owners virtually tenants, paying ground rent in the shape of taxes.

F. Before we go to the method by which you would effect that result, let me ask you this question: A, a large landlord in New York, owns a hundred houses, each worth say \$25,000 (scattered in different parts of the city); at what rate of valuation would you tax him?

G. On his houses, nothing. I would tax him on the value of the lots.

F. As vacant lots?

G. As if each particular lot were vacant, surrounding improvements remaining the same.

F. If you would have titles as now, then A, who owns a ten thousand dollar house and lot in the city, would still continue to be the owner, as he is at present?

G. He would still continue to be the owner, but as taxes were increased upon land values he would, while still continuing to enjoy the full ownership of the house, derive less and less of the pecuniary benefits of the ownership of the lot, which would go in larger and larger proportions to the State, until, if the taxation of land values were carried to the point of appropriating them entirely the State would derive all those benefits, and, though nominally still the owner, he would become in reality a tenant with assured possession, so long as he continued to pay the tax, which might then become in form, as it would be in essence, a ground rent.

F. Now, suppose A to be the owner of a city lot and building, valued at \$500,000; who would give a deed to it to B?

G. A would give the deed.

F. Then supposing A to own twenty lots, with twenty buildings on them, the lots being, as vacant lots, worth each \$1,000, and the buildings being worth \$49,000 each; and B

to own twenty lots of the same value, as vacant lots, without any buildings ; would you tax A and B alike ?

G. I would.

F. Suppose that B, to buy the twenty lots, had borrowed the price and mortgaged them for it ; would you have the tax in that case apportioned ?

G. I would hold the land for it. In cases in which it became necessary to consider the relations of mortgagee and mortgager, I would treat them as joint owners.

F. If A, the owner of a city lot with a house upon it, should sell it to B, do you suppose that the price would be graduated by the value of the improvements alone ?

G. When the tax upon the land had reached the point of taking the full annual value, it would.

F. To illustrate : Suppose A has a city lot, which, as a vacant lot, is worth annually \$10,000, and there is a building upon it worth \$100,000, and he sells them to B ; you think the price would be graduated according to the value of the building ; that is to say, \$100,000, after the taxation had reached the annual value of \$10,000 ?

G. Precisely.

F. To what purpose do you contemplate that the money raised by your scheme of taxation should be applied ?

G. To the ordinary expenses of government, and such purposes as the supplying of water, of light, of power, the running of railways, the maintenance of public parks, libraries, colleges, and kindred institutions, and such other beneficial objects as may from time to time suggest themselves ; to the care of the sick and needy, the support of widows and orphans, and, I am inclined to think, to the payment of a fixed sum to every citizen when he came to a certain age.

F. Do you contemplate that money raised by taxation should be expended for the support of the citizen ?

G. I see no reason why it should not be.

F. Would you have him fed and clothed at the public expense ?

G. Not necessarily ; but I think a payment might well be made to the citizen when he came to the age at which active powers decline that would enable him to feed and clothe himself for the remainder of his life.

F. Let us come to practical results. The rate of taxation now in the city of New York, we will suppose, is 2.30 upon the assessed value. The assessed value is understood to be about sixty per cent. of the real value of property. Land assessed at \$60,000 is really worth \$100,000, and being assessed at 2.30 when valued at \$60,000, should be assessed at about 1.40 on the real value ; you would increase that amount indefinitely, if I understand you, up to the annual rental value of the land ?

G. I would.

F. Which we will suppose to be five per cent.; is that it ?

G. Let us suppose so.

F. Then your scheme contemplates the raising of five per cent. on the true value of all real estate as vacant land, to be used for the purposes you have mentioned. Have you thought of the increase in the army of office-holders that would be required for the collection and disbursement of this enormous sum of money ?

G. I have.

F. What do you say to that ?

G. That as to collection, it would greatly reduce the present army of office-holders. A tax upon land values can be levied and collected with a much smaller force than is now required for our multiplicity of taxes ; and I am inclined to think that, directly and indirectly, the plan I propose would permit the dismissal of three-fifths of the officials needed for the present purposes of government. This simplification of government would do very much to purify our politics ; and I rely largely upon the improvement that the change I contem-

plate would make in social life, by lessening the intensity of the struggle for wealth, to permit the growth of such habits of thought and conduct as would enable us to get for the management of public affairs as much intelligence and as strict integrity as can now be obtained for the management of great private affairs.

F. Supposing it to be true that you would reduce the expense of collection, would you not, for the disbursement of these vast funds, require a much larger number of efficient men than are now required ?

G. Not necessarily. But, whether this be so or not, the full scheme I propose can only be attained gradually. Until, at least, the total amount needed for what are now considered purely governmental purposes were obtained by taxation on land values, there would be a large reduction of office-holders, and no increase.

F. How do you propose to divide the taxation between the State and the municipalities ?

G. As taxes are now divided. As to questions that might arise, there will be time enough to determine them when the principle has been accepted.

F. Your theory contemplates the raising of nearly four times as much revenue in the State of New York as is now raised ; how many office-holders would it require to disburse this enormous sum of money among the various objects that you have mentioned ?

G. My theory does not require that it should be disbursed among the objects I have mentioned, but simply that it should be used for public benefit.

F. Do you not think that the present rate of taxation is more than sufficient for all purposes of government ?

G. Under the state of society that I believe would ensue, it would be much more than sufficient for present purposes of government. We should need far less for expenses of revenue collection, police, penitentiaries, courts, almshouses, etc.



F. Then, to bring the matter down to a point, you propose for the present no change whatever in anything, except that the amount now raised by all methods of taxation should be imposed upon real estate considered as vacant?

G. For a beginning, yes.

F. Well, what do you contemplate as the ending of such a scheme?

G. The taking of the full annual value of land for the benefit of the whole people. I hold that land belongs equally to all, that land values arise from the presence of all, and should be shared among all.

F. And this result you propose to bring about by a tax upon land values, leaving the title, the privilege of sale, of rent, of testament, the same as at present?

G. Yes.

F. Your theory appears to be impracticable. I think that the raising of such an enormous sum of money, placing it in the coffers of the State, to be disbursed by the State in the manner you contemplate, would tend to the corruption of the government beyond all former precedent. The end you contemplate—of bettering the condition of the people—is a worthy one. I believe that we—you and I—who are well-to-do in the world, and others in our condition, do neglect and have neglected our duty to those in a less fortunate condition, and that it is our highest duty to endeavour to relieve, so far as we can, the burdens of those who are now suffering from poverty and want. Therefore, far from deriding or scouting your theory, I examine it with respect and attention, desirous of getting from it whatever I can that may be good, while rejecting what I conceive to be erroneous. Taken altogether, as you have explained it, I do not see that it is a practicable scheme.

G. But your objections to it as impracticable only arise at the point, yet a long distance off, at which the revenues raised from land values would be greater than those now raised. Is there anything impracticable in substituting for

the present corrupt, demoralising, and repressive methods of taxation a single tax upon land values ?

F. I think it possible to concentrate all taxation upon land, if that should be thought the best method. Many economists are of opinion that taxes should be raised from land alone, conceiving that rent is really paid by every consumer, but they include in land everything placed upon it out of which rent comes.

G. Then we could go together for a long while ; and when the point was reached at which we would differ, we might be able to see that a purer government than any we have yet had might be possible. Certainly here is the gist of the whole problem. If men are too selfish, too corrupt, to co-operate for mutual benefit, there must always be poverty and suffering.

F. My theory of government is that its chief function is to keep the peace between individuals and allow each to develop his own nature for his own happiness. I would never raise a dollar from the people except for necessary purposes of government. I believe that the demoralisation of our politics comes from the notion that public offices are spoils for partisans. A large class of men has grown up among us whose living is obtained from the State—that is to say, out of the people. We must get rid of those men, and instead of creating offices we must lessen their number.

G. I agree with you as to government in its repressive feature ; and in no way could we so lessen the number of office-holders and take the temptation of private profit out of public affairs as by raising all public revenues by the tax upon land values, which, easily assessed and collected, does not offer opportunities for evasion or add to prices. Though in form a tax, this would be in reality a rent ; not a taking from the people, but a collecting of their legitimate revenues. The first and most important function of government is to secure the full and equal liberty of individuals ; but the growing complexity of civilised life and the growth of great corporations and combinations, before which the individual is powerless, convince me that government must undertake more than to

keep the peace between man and man—must carry on, when it cannot regulate, businesses that involve monopoly, and in larger and larger degree assume co-operative functions. If I could see any other means of doing away with the injustice involved in growing monopolies, of which the railroad is a type, than by extension of governmental functions, I should not favour that; for all my earlier thought was in the direction you have indicated—the position occupied by the democratic party of the last generation. But I see none. However, if it were to appear that further extension of the functions of government would involve demoralisation, then the surplus revenue might be divided per capita. But it seems to me that there must be in human nature the possibility of a reasonably pure government, when the ends of that government are felt by all to be the promotion of the general good.

F. I do not believe in spoliation, and I conceive that that would be spoliation which would take from one man his property and give it to another. The scheme of the communists, as I understand it, appears to me to be not only unsound, but destructive of society. I do not mean to intimate that you are one of the communists; on the contrary, I do not believe you are.

G. As to the sacredness of property, I thoroughly agree with you. As you say in your recent article on industrial co-operation in the *North American Review*, "To take from one against his will that which he owns and give it to another, would be a violation of that instinct of justice which God has implanted in the heart of every human being; a violation, in short, of the supreme law of the Most High"; and my objection to the present system is that it does this. I hold that that which a man produces is rightfully his, and his alone; that it should not be taken from him for any purpose, even for public uses, so long as there is any public property that might be employed for that purpose; and therefore I would exempt from taxation everything in the nature of capital, personal property, or improvements—in short, that property which is the result of man's exertion. But I hold that land is not the rightful property of any individual. As you say again, "No

one can have private property in privilege," and if the land belongs, as I hold it does belong, to all the people, the holding of any part of it is a privilege for which the individual holder should compensate the general owner according to the pecuniary value of the privilege. To exact this would not be to despoil anyone of his rightful property, but to put an end to spoliation that now goes on. Your article in the *Review* shows that you see the same difficulties I see, and would seek the same end—the amelioration of the condition of labour, and the formation of society upon a basis of justice. Does it not seem to you that something more is required than any such scheme of co-operation as that which you propose, which at best could be only very limited in its application, and which is necessarily artificial in its nature?

F. Undoubtedly. The hints that I have given in the article to which you refer, would affect a certain number of persons, not by any means the whole body politic. I conceive that a great deal more is necessary. There should be more sympathy, more mutual help. I think, as I have said, that we are greatly wanting in our duty to all the people around us, and I would do everything in my power to aid them and their children. I do not think that we have arrived at the true conception of our duty—of the duty of every American citizen to all other American citizens.

G. I think you are right in that ; but does it not seem as though it were out of the power of mere sympathy, mere charity, to accomplish any real good? Is it not evident that there is at the bottom of all social evils an injustice, and until that injustice is replaced by justice, charity and sympathy will do their best in vain? The fact that there are among us strong, willing men unable to find work by which to get an honest living for their families is a most portentous one. It speaks to us of an injustice that, if not remedied, must wreck society. It springs, I believe, from the fact that, while we secure to the citizen equal political rights, we do not secure to him that natural right more important still, the equal right to the land on which and from which he must live. To me it seems clear, as our Declaration of Independence asserts, that

all men are endowed by their Creator with certain unalienable rights, and that the first of these rights—that which, in fact, involves all the rest, that without which none of the others can be exercised—is the equal right to land. Here are children coming into life to-day in New York; are they not endowed with the right to more than struggle along as they best can in a country where they can neither eat, sleep, work, nor lie down without buying the privilege from some of certain human creatures like themselves, who claim to own, as their private property, this part of the physical universe, from the earth's centre to the zenith?

F. I was not speaking of charity, but of sympathy leading to help—helping one to help himself—that is the help I mean, and not the charity that humbles him.

G. Then I cordially agree with you, and I look upon such sympathy as the most powerful agency for social improvement. But sympathy is little better than mockery until it is willing to do justice, and justice requires that all men shall be placed upon an equality so far as natural opportunities are concerned.

F. How would you secure that equality? Take the case of a child born to-day in a tenement house, in one of those rooms that are said to be occupied by several families, and another child born at the same time in one of the most comfortable homes in our city. The parents of the first child are wasteful, intemperate, filthy; the parents of the second are thrifty, temperate, cleanly; how would you secure equality in opportunities of the first child with the second?

G. Equality in all opportunities could not be secured; virtuous parents are always an advantage, vicious parents a disadvantage; but equality of natural opportunities could be secured in the way I have proposed. And in a civilisation where the equal rights of all to the bounty of their Creator were recognised, I do not believe there would be any tenement houses, and very few, if any, parents such as those of whom you speak. The vice and crime and degradation that so fester in our great cities are the effects, rather than the causes, of poverty.

F. The principle announced in the Declaration of Independence to which you have referred, is one of the cardinal principles of the American government—the unalienable right of all men to “life, liberty, and the pursuit of happiness.” That, however, does not mean that all men are equal in opportunities or in positions. A child born to-day is entitled to the labours of its parents, or rather to the products of their labour, just as much as they are entitled to it until he is able to take care of himself. One of the incentives to labour is to provide for the children of the labourer. The aim of our American civilisation ought to be to furnish, so far as can be done rightfully, to every child born into the world, an equal opportunity with every other child, to work out his own good. This, however, is the theoretical proposition. It is impossible in practice to give to every child the same opportunity; what we should aim at is, to approximate to that state of things: that is the work of the philanthropist and Christian. In short, my belief is that the truest statement of political ethics and political economy is to be found in the doctrines of the Christian religion.

G. In that I thoroughly agree with you. But Christianity that does not assert the natural rights of man, that has no protest when the earth, which it declares was created by the Almighty as a dwelling-place for all His children, is made the exclusive property of some of them, while others are denied their birthright—seems to me a travesty. A Christian has something to do as a citizen and lawmaker. We must rest our social adjustments upon Christian principles if we would have a really Christian society. But to return to the Declaration of Independence; the equal right to life, liberty, and the pursuit of happiness, does it not necessarily involve the equal right to land, without which neither life, liberty, nor the freedom to pursue happiness is possible?

F. You do not propose to give to every child a piece of land; you only propose to secure its right, if I understand you, by taxing land as vacant land in the mode you propose.

G. That is all, but it is enough. In the complex civilisation we have now attained it would be impossible to secure equality by giving to each a separate piece of land, or to maintain that equality, even if once secured ; but by treating all land as the property of the whole people, we would make the whole people the landlords, and the individual users the tenants of all, thus securing to each his equal right.

F. In how long a time, if you were to have such legislation as you would wish, do you think we should arrive at the condition that you have mentioned ?

G. I think immediately a substantial equality would be arrived at, such an equality as would do away with the spectacle of a man unable to find work, and would secure to all a good and easy living, with a mere modicum of the hard labour and worryment now undergone by most of us. The great benefit would not be in the appropriation to public use of the unearned revenues now going to individuals, but in the opening of opportunities to labour, and the stimulus that would be given to improvement and production by the throwing open of unused land and the removal of taxation that now weighs down productive powers. And with the land made the property of the whole people, all social progress would be a progress towards equality. While other values tend to decline as civilisation progresses, the value of land steadily advances. Such a great fact bespeaks some creative intent ; and what that intent may be, it seems to me we can see when we reflect that if this value—a value created not by the individual, but by the whole community—were appropriated to the common benefit, the progress of society would constantly tend to make less important the difference between the strong and the weak, and thus, instead of those monstrous extremes towards which civilisation is now hastening, bring about conditions of greater and greater equality.

F. As a conclusion of the whole matter, if I understand this explanation of your scheme, it is this, that the State should tax the soil, and the soil only ; that in doing so it should

consider the soil as it came from the hands of the Creator, without anything that man has put upon it; that all other property—in short, everything that man has made—is to be acquired, enjoyed, and transmitted as at present; that the rate of annual taxation should equal the rate of annual rental, and that the proceeds of the tax should be applied, not only to purposes of government, but to any other purpose that the legislature from time to time may think desirable, even to dividing them among the people at so much a head.

G. That is substantially correct.

F. I am glad to hear your explanation, though I do not agree with you, except as I have expressed myself.

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