

## CHAPTER XXII.

### THE EQUITABLE ASSESSMENT OF PERSONAL PROPERTY.

The Michigan State Tax Commission is still wrestling with the problem of assessing personal property, and the next legislature will doubtless take up the task laid down by the preceding ones. Here and there thousands have been added to the assessment rolls out of the millions that everybody knows pay no taxes. Enough of this kind of property has been found and assessed to more than pay the cost of discovering it, but it is ridiculous to suppose that any real progress has been made in the equitable assessment of the wealth within the borders of Michigan. It is safe to say that a billion dollars' worth of property is still secure from the tax receiver, while that belonging to the class hitherto paying the bulk of taxes will continue to be burdened with the state's support. There has been a deal of turmoil and commotion, but the same knotty problem confronts the commonwealth.

What is the trouble? Is not the wisdom of the twentieth century equal to the solution of the question of taxation? Can no method be devised that will distribute governmental burdens equitably? Must widows and orphans, and those who insist on being honest and law abiding, forever pay the taxes of the crafty and dishonest in addition to their own?

Every Michigan legislature since the organization of the state has tinkered with the tax laws. From the time its few and scattering pioneers were carving for themselves homes on prairie and in forest till today, when all the luxuries—and curses—of civilization, and the blessings that come from association, are to be

found within its borders, wealth has been piling up on the one hand, and poverty has become more intense on the other. Palaces and poorhouses, mansions and hovels—these are what organized society has to deal with. Churches are roomy and gorgeous, prisons are large and crowded. And it is not overstating the matter to ascribe a good proportion of the frightful extremes of wealth and distress to the mal-administration of our national, state and municipal tax laws.

For ages the ingenuity of mankind has been directed toward shifting fiscal governmental burdens on the backs of the weak—to taxing those things consumed by the masses. As a slave the worker paid everything. His master's government, and his master's wealth, and his master's living all came from his labor. As a serf, forbidden to leave the particular patch of soil to which he was bound, the same thing, though in a modified form, can still be recognized. The wealth of the community was the product of his hands. The wage-worker, as did the slave and the serf, still creates the wealth of the land. It is easy in the early stages of communal life, to see the direct connection between the worker and the taxpayer; it is not so in the more complex stages of civilization, when no one person completes the task of first abstracting from the soil the raw material and working it into articles of utility and luxury. Now it is passed from hand to hand, until it takes a hundred persons to make a shoe, and two score people to plant, cultivate, harvest and grind into flour a crop of wheat.

But in the case of the complex, as in the primitive, conditions, the worker, in the last analysis, creates all the wealth, and pays all the taxes. There is no other fund in existence from which it can be obtained. And the tax is not assessed in proportion to the ownership of the wealth-producing factors, but in proportion to consumption. There are some things all must have: food, clothing, shelter. Tax them, and a tax is placed on life itself; exempt them from taxation, and the toil

necessary to sustain life is by that much relieved, leaving a surplus for other things that lead to refinement and culture—to the creating, in fact, of a host of wants that increase the avenues of employment.

Products of industry should not be taxed, especially as there is no need of it. To tax production is to discourage it and hamper it. And it is impossible to tax it equitably, even where the will is behind the law. No one knows what goods are really worth for taxation purposes. No one can know. There are too many factors entering into the problem for human ingenuity to strike an equation. From the moment a product of labor is ready for the market, it begins to deteriorate until it returns to the soil.

Thus fleet the works of men back to their earth again;  
Ancient and holy things fade like a dream,

wrote Kingsley, and it is true of all human products. A new house is built today; tomorrow it needs repairs; a few years hence it is torn down in the march of progress, or of its own weight it sinks into decay. The pyramids, it is true, have existed for thousands of years, and the face of the sphynx is still turned toward the desert. Here and there monuments have withstood time's ravages, and millions have gazed upon them in awe and wonder. Yet these instances are so few that they accentuate the opposite fact of decay and death. Whole races have vanished on the American continent, even, and only a few scattered mounds remain to give an intimation of what was once a mighty nation.

There is no equity in taxing personal wealth. Its production does not increase the cost of government. It is the social wants of the people that pile up municipal expenses. A factoryless, workless city, if such an one could be imagined, would require sewerage, and lighting, and paving, and policing, and all those other things that demand the expenditure of wealth. To tax what is commonly called personal property at this

stage of civilization is simply to continue to thrust into it the medieval customs that induced robber knights and barons to erect castles on hilltops the more easily and securely to rob the passing commerce.

There can be no cities where there are no factories or their equivalent in wealth-producing power. They make and sustain the city—are its very life and soul. Their presence is as necessary to its existence as is the blood in our veins. Without rich, red blood, life would disappear; without the factory, vibrating with its machinery, the city would languish and die. What is the use, then, of doing such economic violence to municipal life and prosperity as in any degree to suppress, through the taxing power, the life-giving factors? Taxing the products of labor diverts funds from labor's employment, adds to the cost, lessens the output, prevents free exchange of labor for labor, and brings death where there should be life.

Wealth should be prima facie evidence of industry and economy on the part of the owner. That this is not always true is due to the presence of man-made laws not in harmony with nature. But he is the legal owner and possessor, and the law presumes that he came to it by honest exertion or inheritance. To take it by process of law is as great a loss to him as if it were taken by fraud. In any case it is taken by force. No matter how peacefully one submits to the assessor and tax collector, there remains the feeling that injustice is being done in requiring the sacrifice. Thus the public deals leniently with tax dodgers, even if the dodging adds burdens to others.

After all has been said, it remains a fact that the expenses of government must be met in some way, and the industrious must foot the bills. In any case labor's products must be levied upon for this fund. But society, by cooperation in various ways, adds to its own efficiency as a wealth-producing factor. The wealth-producing power of each individual is increased by association. If two men working together can do

more work—create more wealth—than if they worked separately, so 350,000 persons, as in Detroit, uniting in the various activities for which the city is noted, can produce many times more wealth than if separated by long distances. Even were there no machinery in existence, there would be a saving in many directions by reason of the large number of persons being employed in a comparatively small space. A thousand persons spread over 10,000 acres, no matter what their employment, will be far inferior in effectiveness to 1,000 persons on ten acres. In the closer aggregation trade and barter can be carried on at a greatly decreased cost, to say the least, and the raw material can be delivered from one class of workers to another with much less expense. The very fact of being nearer together makes labor more effective—means a larger product with the same amount of exertion.

Where rightly managed all municipal expenditures are in the line of economic production of wealth. In municipal life mistakes are made, frauds are practiced, useless departments and officials are foisted upon the public, and other methods are devised to loot the public treasury. Yet with all the waste it is doubtful if it is greater than in the management of private enterprises, so called, the blunders of which only come to light when firms or corporations fail and disappear, leaving millions in liabilities and mayhap only hundreds in assets.

The expense of government is an economic necessity, to be met by those directly affected in proportion to the benefits society confers. And society itself creates this fund. Along with aggregations of individuals there springs into existence a new value, independent of the individual exertion of the units. It cannot be thrust aside or ignored. It makes itself known immediately on the instant there is competition between the units for its control and enjoyment. Rich and poor, high and low, all unite in creating this value. To take this for all governmental expenses, which in no way

lessens the reward of the exertion of the units composing the social organism, is the true solution of the tax problem.

This value is known as land value. It makes land on Woodward avenue worth \$3,000 a foot front, while out on the suburb, less than five miles away, it sells for only \$10 a foot front. It relates entirely to location, in reference to population. No matter whether occupied by a fourteen-story building, or a temporary structure a story high, its location value remains the same. The use to which it is possible of being put determines this value. Should a fire sweep it clear of every vestige of wealth, let population remain and the value is not lessened; it may even in some degree be increased through greater ease in putting it to better use.

What is the necessity, then, of going further than to this one source for the necessary means to support the government? It is here, created by the community as a whole, and dependent alone on the community for its existence; when population increases, bringing need for larger expenditures, it leaps into existence, ready for use.

It cannot truthfully be said that there is no equity in taxing only land values, and letting all other kinds of property escape. The difference between the two kinds is so marked that it is only necessary to call attention to it to become apparent to the dullest minded. Actual wealth is dependent on human exertion for its existence—is directly responsible to the individual who exercises muscle and brain in its creation. Land value appears without individual effort, and without lessening in any way the power of the individual to create wealth. He still has all his powers, and can produce wealth independently of the aid given by the presence of the collectivity.

Land value is rental value—what the land will bring annually to its owner irrespective of all improvements. No one person is responsible for this value—no more

the owner than any other citizen. A site whose title rests in an idiot has as much land value as if the owner were an Edison. And it is in plain view, cannot be hid, and its value is in exact proportion to the use that can be made of it. There it is, a value to which everyone in the community has equally contributed, and it is only the commonest kind of common sense to take for the support of those public duties in municipal life the value which all have made. To send out the tax gatherer to collect for the support of the government from individual wealth, while this common fund exists, is robbery.

The wealthy cannot escape, the poor cannot be overburdened, under the operation of collecting all needed taxes from land values. It will shift taxation from the country, where the farmers already pay more than their share, to the cities, where the rich escape most of the burdens. For there is little of land value in soil given over to the pursuits of agriculture—only so much as population gives. And population being thin, land value is low. Indeed, the 300,000 acres incorporated in the cities of Michigan have a greater land value than the 9,000,000 or 10,000,000 acres under cultivation in the state. Detroit contains land value at the rate of \$2,000,000 an acre, or thereabouts. Common agricultural land, improvements and all, does not average in value \$25 an acre, and with the improvements eliminated, it is very little indeed. As a rule, valuable improvements are to be found on land having great value. It is on valuable land only that evidences of wealth may be seen. One reflects the other.

Let legislatures cease the hopeless task of trying to equitably assess personal property. The governments of the world have been hundreds of years at the experiment, only to make matters worse. Every attempt has added burdens to wealth producers, and given freedom to those least entitled to it. To establish justice and equity in Michigan in the matter of taxation, no constitutional amendment is needed. It is

simply necessary to enact a law exempting from taxation all personal property, including all improvements on land—such as fencing and ditching, orchards and buildings—and tax land values only. That would catch the railroads, the mine owners, and all other corporations, and would burden neither labor nor capital. It would lighten the taxes of those using land productively, while increasing, as it should, the taxes of those keeping land out of use. It would leave both labor and capital free to do their best—to create the most wealth with the least exertion—and it would start an era of prosperity the like of which the world has never witnessed.

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#### THOUGHTS ON THE LAND.

The land question \* \* \* means hunger, thirst, nakedness, notice to quit, labor spent in vain, the toil of years seized upon, the breaking up of homes, the miseries, sicknesses, deaths of parents, children, wives; the despair and wildness which spring up in the hearts of the poor, when legal force, like the sharp harrow, goes over the most sensitive and vital rights of mankind. All this is contained in the land question.—*Cardinal Manning.*

If, then, successive generations of men cannot have their fractional share of the actual soil, including mines, etc., how can the division of the natural advantages of the earth be effected? By the division of its annual value or rent; making the rent of the soil the common property of the nation. That is, as taxation is the common property of the state, by taking the whole of the taxes out of the rents of the soil, and thereby abolishing all other kinds of property whatever.—*Patrick Edward Dove, in 1850.*

Do not say that nature has become a stepmother. Do not think that God has turned away his fruitful gaze from the earth. It is man who is the enemy of man. The curse that bears upon him is his own, that of selfishness and injustice, the weight of unjust society.—*Michelet, in "History of the French Revolution."*

Take away the government, and the earth and all its good things are as common to all men as the air and the light.—*Bossuet, Bishop of Meaux.*