

Henry George

CONFISCATION.

In another column will be found the third of a series of articles entitled "Land, Labor and Taxation, which Professor Richard T. Ely of Johns Hopkins university is writing for the Independent. His two previous articles have been mainly devoted to an admirable statement of the nature and causes of rent and to tracing "the development of the land tax theory, " beginning with "the first school of real political economists, the Physiocrats, " through Adam Smith and John Stuart Mill, to the present day. In these articles Professor Ely shows that economic rent "is an income derived from current industry without toil on the part of those who enjoy it," and "if all rent should be appropriated by the community it would not stop productive processes" or increase the amount that the user of land has to pay to the owner. In the third article, which we reprint , he goes on to discuss the appropriation of rent to public purposes by means of taxation, as proposed by the united labor party and advocated by THE STANDARD.

Professor Ely effectually disposes of all the economic objections that are usually made to the single tax and concedes in terms or by implication all the enormous advantages that are claimed for it. But, as if from an unconscious aversion to going too far, Professor Ely brings up a moral objection. It would not be just to existing land holders, he contends, to take for the public use what society has permitted them to consider as theirs. This he puts in its strongest form when he says, "If we have all made a mistake, should one party to the transaction alone bear the cost of the common blunder?"

If a people, who up to that time had acceded unquestioningly to the treatment of land as the absolute property of individuals, were suddenly called upon to decide as to the immediate resumption of common rights to the "unearned increment, " Professor Ely's argument would unquestionably be a plausible one. But such a case, though supposable, is practically impossible. It is certainly not the case as it is presented to us to-day. For not only is it impossible to educate public opinion up to the point of any legislative action looking to the appropriation of land values for public purposes without a prolonged agitation, during which those owning land and those thinking of buying land may have ample notice of what is coming, but such legislative action, when it takes place, must necessarily require time, and will consist in a series of steps. The objection which to Professor Ely appears so grave in the realm of the abstract loses all its force in the realm of the practical.

It is true, as Professor Ely says, that we "propose to take all of a certain species of property without a cent of compensation," but it is also true that this taking can only be gradual , and would consist in successive changes in our system of taxation, which reducing the taxes now levied on industry and the products of

industry would increase the taxes now levied on land values. Surely, Professor Ely would not say that there could be anything in any one of these changes to shock the moral sentiment? Surely he would not say that the state is stopped in justice from imposing or increasing a tax on land values unless it at the same time makes compensation to land owners? Is property in land values more sacred than property in thing produced by labor? Has the land owner any better right to compensation when he is taxed than other people have when they are taxed? We do not compensate smokers when we tax tobacco; nor the final purchasers of dry goods when we tax dry goods; nor the people who use houses when we tax houses or the materials that enter into houses. We do not compensate saloon keepers when the keeping of saloons is interdicted by prohibitive law, nor does anybody propose to compensate them. And with his wide study of the effects of taxation Professor Ely will be able to recall many instances where businesses to which no objection on the score of morals could be made, have been crushed out of existence by the imposition of taxation. He will not, however, recall an instance in which the men so injured have been compensated. Should a proposition to apply to land owners the same rule which we habitually apply in all other cases of taxation shock the moral sense?

But there is a very great difference in effect between the change in taxation which we propose and the taxes by which we habitually take the property of individuals for public uses without making them any compensation. In the case of all these taxes the individual has simply to "pocket his loss" and get along as best he may, notwithstanding the fact, as Professor Ely is very clearly showing in a series of lucid articles in the Baltimore Sun, that the greater part of these taxes are what he terms regressive taxes, falling on the ultimate payers with greater weight as their incomes diminish. But in the case of the substitution of a tax on land values for the taxes now laid on other species of property, whatever loss there might be to land owners would be, in some degree at least, compensated for by the improvement in general conditions. Such a change, as Professor Ely very clearly sees, would greatly augment the production of wealth and greatly equalize its distribution. This increase of material prosperity would inure to the benefit of the individuals who happen to be land owners as well as to that of other people.

Of what is at present our favorite method of taking individual property for public purposes, Professor Ely very truly says in one of his Baltimore Sun articles:

"Indirect taxation does not discriminate between the last dollar of the poor widow and the dollar which is only one in an income of a million. It raises prices, reduces the value of income and forces some who are already near the awful line of pauperism to cross it, and thus puts to death bigger aspirations in a class of citizens and lowers the level of civilization. But the absurdity of the thing is seen in this, that when the tax has destroyed the value of a man as an industrial factor in the community, what has been taken away is given back in alms!"

How different would be the effect of appropriating rent for public purposes, even though we should take it to the last penny. Such would be the opening of natural

opportunities, such would be the stimulation of industrial enterprise, such would be the demand on all sides for labor, that we would not be forced to maintain the ex-land owners by alms. They could go to work.

All this is upon the assumption that Professor Ely seems to make when he comes to treat the moral question, that property in land does not essentially differ from other property. But that he is, when treating of the economic question, fully conscious of the essential difference, other parts of his articles clearly show. We who propose, as fast as we can arouse the intelligence and moral sense of the people to its expediency and justice, to take land values for public uses "without a cent of compensation," do not rest our case upon the proposition that the earth is the gift of the Creator to the whole human race, and that no one can show a title deed to it from the Almighty. While this may be with many of us a favorite mode of calling attention to the obvious distinction between property in land and property in things produced by labor, the argument on which we would rest the case for the appropriation of land values without compensation, is one that will appeal as strongly to those who do not believe in God as to those who do. Nor yet would we justify ourselves by asserting that "property is but a means to an end—the welfare of the race," nor reply to those who invoke against us the command "Thou shalt not steal," as Professor Ely does for us when he says:

“Very true, my friend. But God equally said: ‘Thou shalt not murder.’ Yet we send men to battle and certain death in war. We compel them to go and lay down life for us.”

We arraign private property in land — or, rather, to speak more precisely, since we are dealing with an economist, private property in rent — on the ground that it is in itself a violation, and a continuous violation, of the rights of property; on the ground, only not that it is based on robbery or springs from robbery, but that it involves robbery. This robbery is not a robbery that once committed is over and done, but a fresh and successive series of robberies that must continue as long as the private appropriation of rent is permitted to continue. To appropriate rent for public purposes is not in reality to really take anything from land owners — it is to put a stop to their unjust taking of the fruits of other people’s industry.

All this is perfectly plain to Professor Ely while he looks at the matter with the clear eyes of the economist. He says in the article which preceded the one we reprint:

“Men who obtain the right of private property in land by conquest, robbery, inheritance or purchase, have it thus in their power to exact an annual charge for its use, and this is called rent. Now this rent must come out of the fruits of the industry of other classes, and others must toil for it.”

And, again:

“A man may fence in a square in a great city or a rapidly growing one like Minneapolis, and, without a stroke of labor, while even obstructing the labor of others, grow in wealth daily until he is able to levy a tribute on the toil of all future generations for having injured the present generation.”

Professor Ely thus sees the true nature of private property in rent as clearly as any one can. And yet seeing this he coolly declares that, as a matter of justice and good morals, we must continue to permit one class to appropriate the fruits of the industry of other classes, and allow men "to lay a tribute on the toil of all future generations for having injured the present generation"—until, forsooth, we compensate them for what they might in the future be able to despoil honest industry of if permitted to keep on.

Professor Ely is a man to be spoken of in sorrow rather than in anger. He is, as these articles show him to be, the clearest, the fairest and the most painstaking of all our college professors of political economy. But when a man like he gives expression to such hazy notions of meum and tuum, how shall we wonder at some of the queer utterances of Professor Sumner of Yale! Clearly, however, some sort of primary instruction in moral philosophy ought to be given in our colleges. For though Professor Ely may be relied on to work his way in time into a clearer moral atmosphere, this cannot be hoped of all college bred men.

Happily, we who really believe in the fundamental assertion of the Declaration of Independence and would carry it out; we who recognize in the command, "Thou shalt not steal," an injunction to stop all forms of stealing as soon as we get the power, have too clear a conception of the rights of property to permit us to entertain any notion of compensating landowners as a condition of taking for the use of the community those values which attach to land by the growth and improvement of the community. But it is instructive to observe that were we to so far ignore the clear principles of honesty and justice, it would be to postpone to the Greek calends the great reform we would carry out. For not only would an admission of the rightfulness of compensation be an admission of the rightfulness of private property in rent, and thus make it impossible for us to appeal to the only power by which any great reform can be carried into effect—the moral sense of the masses; but it would be to prevent our advance, could advance still be possible, from lessening the difficulties in our way and bringing about a gradual adjustment of private interests to the new order. Compensation assured, land grabbing and land speculation would go on unchecked, no matter how

much public opinion should be educated to the utility of the public ownership of rent. Prospective land values would continue to increase up to the point of final legislative action, and even with the prospect of legislative action, just as the value of land now increases when it is needed for public purposes; and a great reform that otherwise might be accomplished easily and gradually, would involve such an expenditure and such chances of fraud and corruption that practical men might well relegate it to the care of dreamers and utopians.