

THE WOOL SCHEDULE

THE ROAD TO FREEDOM

Free Trade and a Single Tax to Open the Avenues
of Production

SPEECH

OF

HON. HENRY GEORGE, JR.

OF NEW YORK

IN THE

HOUSE OF REPRESENTATIVES

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The House being in Committee of the Whole House on the state of the Union and having under consideration the bill (H. R. 11019) to reduce the duties on wool and manufactures of wool—

Mr. GEORGE said:

Mr. CHAIRMAN: In the times of Alexander the Great the Macedonian phalanx was the invincible military formation of the world. It originated in Macedonia before Philip and Alexander, was greatly developed by them, and then was taken up by the Greeks. For centuries it swept all before it.

This formation consisted of spearmen. They were heavily armored and carried great oblong shields to hide the body. They bore but one weapon—a spear 16 feet long. They formed in close order, shoulder close to shoulder, their spears extending. They were ranged in ranks, close together, four, six, eight, and even more deep. Those behind had their spears extended between those in front. They made one solid mass of moving armor and spear points; a formation at first 4,000 men strong, then 6,000, and at last up to 20,000; a great, slowly advancing wall, flanked on either side with armor and spears and likewise backed.

Advancing over flat ground, this huge living military machine carried all before it until it tried to conquer Italy. Under Pyrrhus the phalanx went down into the dust before the free formation of Rome.

The Roman soldier, carrying his lighter body armor, his smaller shield, his short double-edged sword, was quicker, more nimble, could move over the field in open or close order. But when he met the phalanx he had a new military problem on his hands; spears, spears, spears, a gigantic oblong of spears; whether in front, on either flank, or in the rear. They bristled like a vast porcupine. How was he to get within arm's reach of the body of the Greek soldier, for do this he must to use his weapon—the short sword. Then was Roman genius called upon to invent a weapon that should destroy the phalanx. The weapon was produced. It was the pilum, a lance or short spear that could be hurled with great force and accuracy 50 feet or more. Each Roman soldier marked out an individual behind the wall of spears. Watching for an exposed part, he hurled the pilum. If a spearman fell, he made confusion and a breach in the line of spears. That was the Roman chance. The legionaries ran in between the points and with their swords had the spearmen, helpless in heavy armor, at their mercy. One such breach made, there was a wedge-like rush from the Roman ranks and the whole phalanx was destroyed. Thus was Pyrrhus vanquished. The Roman with his broadsword and his pilum became the world's master.

OUR PHALANX AND PILUM.

Mr. Chairman, the tariff beneficiaries have been the economic and political phalanx for long years in the United States. They have formed one great compact united body. Realizing that they must stand together or be destroyed in detail, they have acted as a mass, their shields spread, their spears advanced; from time to time moving forward to new ground of vantage; making at all times a common bristling defense against all general attack.

And so it has been until this Congress. In this special session the method of attack on the tariff phalanx has changed. The pilum has now come into use in this Democratic House. This wool bill which we are now debating; the Canadian reciprocity bill and the free-list bill which we have passed; the other schedule bills that may hereafter pass are our Roman lances which we hurl at

weak points in the tariff ranks. We break down the spears here, we break down the spears there, we make a breach and widen it with a rush, and then the cry in the tariff ranks is each for himself. Small and insignificant as these bills may appear, they carry destruction. Hurling by the Democratic side in this Congress, the tariff army line will at points be pierced and breached, and the monopoly phalanx which, so long as it could stand intact, was invincible, will end in utter rout and destruction. [Applause on the Democratic side.]

Therefore, Mr. Chairman, I have great joy in voting for this wool bill. I do not regard it as much of a bill, but since it unites the Democratic side in battle order it will do. My preference was to have free wool and free woollens, too. I would have liked the bill to declare for free trade in wool and woollens. [Applause.] But, thank you, I shall take what I can get. [Applause.]

I believe that the gentleman from Georgia [Mr. BRANTLEY] is perfectly right in stating that any tariff at all involves protection. I am against any protection whatever, and therefore I am altogether against a tariff. [Applause.] I am against a tariff for revenue, for I regard it as one of the worst ways for raising revenue.

But, Mr. Chairman, suppose that we reach a revenue basis; suppose we cut out much of the tariff, how are we to supplement the revenue? Shall we go to an income tax? Some 30 States have approved of a change in the Constitution that will enable us to do that, and some half dozen more States approving it, Congress will have authority to pass such an act. If I should be a Member of this House at that time, I should take great pleasure in voting for it. [Applause.] It has one merit over a tariff tax; it is direct. You can see it; you know just exactly what you are paying. Who in the world knows what he is paying under a tariff tax?

A MEMBER. Or who gets it?

Mr. GEORGE. Aye, or who gets it? For, as has been said of old, the tariff is a device for getting the most feathers with the least squawking. [Laughter and applause.]

But, while an income tax is better than a tariff tax, I am opposed to it. Why tax incomes? Men toil away their days in trying to get incomes. Why should they not keep them to spend as they please? Why should the Government tax any part into the Public Treasury? To support the Government, it is said. But to get support in that way is all a mistake. The British have had a high income tax, but they are now lowering it. The whole trend of taxation is away from that idea. The march of enlightenment opposes a tax of any kind upon production. It opposes personal property taxes. It opposes taxation upon the improvements on land—upon dwellings, stores, factories; upon the buildings of the farmer, his fences, ditches, drains—opposes the taxation of anything and everything that comes from human toil.

THE SINGLE TAX.

To him that produceth, to him should go the fruits thereof. This is getting to be the current of thought. Consequently I believe that just so surely as this country shall establish an income tax that surely will the mass of those who pay it become active in quest of some substitute tax. They will be far more active against an income tax than they may now be against a tariff tax, because an income tax is direct in its incidence. It can be seen plainly by the man who pays it. Therefore income-tax payers will rebel against this tax upon their industry. They will look for a tax that will raise revenue, but not tax thrift.

What tax will do that? A tax on land values will do it; do it absolutely. It will fall on privilege, and not any part of it on toil.

This brings us to a consideration of the single-tax philosophy. I am a single taxer. I do not believe in taxes upon any kind of industry, or upon anything that comes from industry. I believe the whole burden of taxation—Federal, State, and municipal—should fall upon monopoly. I believe it should fall upon the mother of all monopolies; upon the earth; upon that value which comes to any piece of land not by reason of the toil of its owner—for all improvements should be exempted—but from the development of the community; from social growth and social improvement.

That part of New York City known as Manhattan Borough, Manhattan Island, comprises land officially valued at more than three thousand million dollars. The island was bought from the Indians by Dutch traders in the seventeenth century for \$24 worth of calico and glass beads. Yet now that

same piece of land stands on the tax books at three thousand millions. That is the official value of the ground alone. It does not include the value of buildings or other improvements of any kind. Who made the increase in value from \$24 to three thousand million dollars—who but all the people? The coming of population did part; the birth of babies did part; the laying out of streets, the making of great public improvements, the general toil, the building this island into a great center of production, of manufacturing and trade made parts. Social growth and social improvement brought the value to that piece of land. Why should it not be taken into the Public Treasury for social uses? Why not abolish all other taxes and take by taxation this publicly-made value for the uses of government—municipal, State, and Federal?

Now, such action is not so far away. Bills are in the State legislature to abolish the personal-property tax and to reduce taxation on improvements on land. This would involve a corresponding increase in the tax now falling on the ground value.

To tax land values, ground values, alone is not a mere dream. It is not the utterance of a man so far in the advance of practical affairs as just to be listened to for a brief hour and then be dismissed. My colleagues, it is a principle that is now and here. It is claiming the grave attention, shaping the legislation, of the advanced nations of the earth. It is in the Orient; it is in the Occident; it is in the Antipodes; it is amongst the progressive people to the north of us with whom we are seeking closer ties; it has made a momentous, convulsive drive forward in Great Britain.

IN PROGRESSIVE JAPAN.

In progressive Japan, for instance, they have just made a substantial advance in this method of taxation. It has come through the simple process of a better valuation of the land. Japan has all manner of taxes. It has tax-burdened production in a multitude of ways. It has had great need of revenue. It is a country long given to agriculture and now beginning to manufacture. It has within 15 years sustained two great wars, one with China, the greatest power in Asia; the other with Russia, supposedly the greatest military power in Europe. It has large and growing public expense—cost of railroads, for the railroads there are Government roads, as are the telegraphs and the telephones. It has cost of rural roads, public buildings, schools—the school system of ours transplanted. It has cost of reconstructed cities, with public water and sewer service, with wide and straight streets; cost of modern occidental administration and police. Then, since it is in the midst of volcanic nation-making and nation-destroying Asiatic economic and political forces, it needs, or believes it needs, a large military establishment—a big army, more and better ships.

All this requires revenue. Where get it? The premier, Marshal Marquis Katsura, found the way. He put through the Diet an act for a new valuation of the lands of the cities. The cities had grown enormously in the last four decades. Individuals had made fortunes out of rising land values. The land-tax rate was very small and there had been no revaluation in 35 years. His act called for a new valuation. It was made; and, the same tax rate being applied, brought a handsome increase in the revenue.

TAXING LAND VALUES IN GERMANY.

In Germany the constant cry has been for more revenue. It has been the problem of practical statesmen, such as faces every legislature in the world. How raise enough revenue? It had long been realized that land was valued in Germany following methods of the Middle Ages. The value was determined by the yield of the land, not its market price. The small farmer's land and the small merchant's land yielded a relatively large produce; therefore it was valued high. The great lord's parks and hunting grounds and the speculator's unimproved tracts about a growing city yielded little or no produce; therefore that land was set at a low valuation. Various of the German States had authorized their municipalities to make new valuations, abandoning this yield-of-the-land process and adopting the market-price method. It worked admirably. It brought in revenue and discouraged the holding of idle lands.

The Reichstag presently followed that same line. It put through a bill to make a selling-price valuation of land, then to tax that. But since the municipalities claimed this land-values tax as a municipal privilege, the Imperial

Government compromised with the lesser governments. It divided the revenue so raised with the other governments. Fifty per cent of this revenue was to go to the imperial exchequer, the other 50 per cent to be divided between the local and the State governments.

In this way a land-values tax is raising an abundance of revenue where formerly it yielded next to nothing. The small landowner is paying little; the great landowner much. Should Germany carry that policy further and increase the tax, there would be in land values—values made by the population of Germany and not by the landowners alone—a sufficient revenue to meet all the governmental needs, Imperial, State, or municipal. Then all the other taxes—tariff taxes, income taxes, stamp duties, and every other tax devised for revenue raising—could be reduced, and, if desired, totally abolished.

IN AUSTRALASIA.

But it is when we turn to the people of our own stock and language—to the people in the antipodes, for instance—that we see how easily this principle of taxation might be applied to our conditions in this country; for in New Zealand they have many taxes, but they raise one-sixth of their revenue by a tax on land values. In determining this value they consider ground alone—what the political economists call the “economic rent of land.” It is that value attaching to a given piece of land exclusive of any value of improvements upon it.

In Australia they have what Henry D. Lloyd called the “Australian tax.” It is merely a small ground-value tax. It was resorted to to hit the speculators who went in advance of the pioneers, acquiring the land and holding it against use until they got their price. They would not use it themselves; they would allow others to use it only at the price of being bought out. They penalized production.

Mr. NORRIS. In fixing the value of the land for the purpose of taxation, you would not take into consideration any improvements?

Mr. GEORGE. As though it had no improvement on it; what it would sell for in the open market. That market price is the sum of advantages in the situation; if there be public streets or other public improvements, for instance; if there be improvements on adjoining lots—all such considerations enter into value.

Mr. NORRIS. So that you would not consider the improvement of the land you are fixing, but you would consider the other improvements on other land that had a tendency to put a value into that land which you were taxing?

Mr. GEORGE. Yes; but you would not have to bother about that. You simply determine the selling value of the land.

VANCOUVER.

Mr. GEORGE. Up north of us, in Vancouver, British Columbia, they have applied what is called the “single tax.” So far as local revenues are concerned, it is a single tax; but it is not the single tax I am advocating, since it is very small in amount—not sufficient to check the great land “boom” now in progress there in consequence of the exemption of buildings and all other improvements from taxation.

The city began some years ago by exempting 25 per cent of the value of improvements from taxation. That worked so well that 50 per cent were exempted. Then they exempted 75 per cent; and for two years, I think it is, they have entirely removed improvements from the tax rolls. The course of personal-property exemption was similar. No personalty tax now exists there. The sole source of revenue in that advancing city is the land value, ground value; the value called “economic rent” by the political economists.

As a result, Vancouver has increased in improvements faster than any city in the world. I was informed by Mayor Taylor during a visit there that the increase in Vancouver’s improvements during the last year was 87 per cent. There being no tax on buildings or other things a man might put on his land, industry and thrift are encouraged.

Indeed, there is so much benefit from this policy that land values are rising. There is very active speculation in land. The advantages from the exemption of improvements is likely to be absorbed by land speculation. Against this the

people of Vancouver will be compelled to defend themselves by increasing the tax rate on land values.

But this aside, the idea of exempting improvements from taxation is spreading all through western Canada. Wherever tried, it is working most prosperously. And nowhere, in Canada, Australia, or anywhere else, is there the least disposition to go back to the old taxes. The people in Washington and Oregon, as you can find if you go out to those States, are looking with amazed eyes at Canada and her exemption of industry from any taxation. Attracted by that, many are going up over the border. Many more will most assuredly go unless those Western States shall adopt a similar policy of exempting improvements from taxation.

Some say the farmers would object to this single tax. But have we not seen in the newspapers how the Canadian farmers from the west went to the Dominion Parliament and asked for the adoption of the reciprocity treaty with us? They offered to make up any loss of revenue by submitting to a tax upon land values. They believed that they would get benefits from even that small measure of free trade with the United States, and were willing to pay for such benefit by accepting a tax upon ground values—on the ground values alone, of course, less all improvement value. Certainly, this is an answer to any who say that the farmers of this country would never bear such taxation. For, let me repeat, this tax is upon land values exclusively. When you come to consider the values in a farm you find that they are largely betterments—improvements the farmer's labor has wrought. Exempting them, the value that remains to be taxed is very much shrunk up. Moreover, speculative value in the land would lessen. Indeed, speculative value would disappear with heavy taxation of land values.

THE BRITISH BUDGET FIGHT.

But it is to Great Britain that we must turn for the most extraordinary instance of advancement along this line. The budget fight, of which the world has heard, was nothing but a fight with landlords over a tax upon land values. The Right Hon. Lloyd George, chancellor of the exchequer, framed the budget and led the fight. He is, I believe, the most wonderful politician in the world. He rose from the ranks. He came from the Welsh Hills, ate of the bitter bread of poverty, practiced humbly as a lawyer, and then reached Parliament. He came face to face with all the great social and political problems of his day. None were more difficult than the taxation problem. The Conservative, or landlord, party was proposing to revive protectionism in the United Kingdom and so make privilege more secure. George struck at this with a land tax. He brought in a budget in most respects just like other budgets of many years running in its main features. His budget contained a slight difference. It was a little bit of an item—a tax to fall on land values. The tax was divided into two parts: A part was to fall upon the value of land at the time of its sale; the other part was to be an annual charge.

When presenting his budget to Parliament, Lloyd George explained that, preceding the laying of the tax, there would have to be a revaluation of the land of the United Kingdom; that some had not been valued since the time the Stuarts were kings; and that some stood valued as it was in the days when the Norman William crossed the channel and took the crown from the Saxon Harold.

The matter of valuing was not to be done by public officials, as is our common practice. Under the budget it was to be done by the landlords themselves. They were to make out schedules upon which the tax would be imposed.

Imagine any proposition of that sort in this country! Imagine the delight of our great trusts, at whose core is the most valuable land, coming to the tax office and making their own valuation for public taxation! And yet Lloyd George invited the British landlords to do just this.

And upon a valuation so derived he proposed in the first instance to lay a tax. How much of a tax do you suppose? Why, one-fifth of 1 per cent! Why, should there be any hullabaloo about that? One-fifth of 1 per cent! The land-owners of New York City paid more than 2 per cent on their land values this year. They paid more than ten times the amount the British landlords were under the Lloyd George budget asked to pay!

There was the other part of the budget proposition. The Government proposed to take note of the valuation any owner should make for taxation pur-

poses, and again when the land should be sold—six months, a year, five years, or whenever afterwards. Should the value at the sale show any increase over the value made for taxation purposes, the Government was to treat it as an “unearned increment”—that is, as unearned by the landlord. Of this “unearned increment” the Government was to take 20 per cent.

As for the amount of revenue to be raised under this tax on land values, it was preposterously small. It actually called for only £600,000—\$3,000,000 of our money. What would we say to a Federal tax that was going to raise \$3,000,000? Why, \$3,000,000 would not pay a third or a fourth part of one of the super-Dreadnought killing machines that we think we have to add to our Navy, in these days of profound peace. Why, Mr. Astor, the gentleman who expatriated himself and went over to England to become a British subject, could have paid out of his Manhattan Island rents, which he still exacts, that amount of money and not thought of it. He had just bought an old castle—I do not know what date it goes back to—and he was fixing it up and refurbishing it. He will, first and last, spend several times \$3,000,000. The Duke of Westminster, the Duke of Bedford, or any other of the half dozen great London landlords, could have paid that \$3,000,000, or £600,000, and not been hurt one bit; indeed, scarcely noticed the amount.

THIN EDGE OF THE WEDGE.

Why, then, all the opposition we have read of? Because the lords perceived in this small tax the thin edge of the wedge. A small tax rate this year; but with a valuation made, the tax might be heavy next year and heavier the year after.

Besides, the chancellor of the exchequer had in public speeches invited municipalities to consider whether they would not like to take this imperial land valuation as a basis for a little local revenue raising, knowing, as all the Kingdom knew, that London, Glasgow, Dublin, and a hundred other of the chief cities and local governing centers had petitioned Parliament for just such permission.

What wonder, then, that the lords rose up and howled. They called Lloyd George a thief. Worse than that—listen, you lawyers in this House—they called him an attorney! If there are any Welshmen here, beware! for when their wrath broke all bounds they called him a “Welshman!”

And of the Liberal Party the lords cried: “They are pulling down the pillars of the State. They are destroying the British constitution. They are dragging to the grave the greatest nation on earth.”

Let me tell you, gentlemen, Lloyd George and his progressive party were pulling down coroneted landlordism. The tax was small, but British privilege knew its import. The tax was small then, but it is going to be increased, not only as an imperial tax, but as a basis for local revenues.

So here we have the way made clear to us. The great people from whom our institutions have come, from whose loins the body of our people originally sprang, have fought down any proposal to return to protectionism; they have reduced income taxation, and in furious political conflict they have laid the foundations for taxing land monopoly. And in all this the English, Irish, Scotch, and Welsh radicals have stood together as never before in the politics of the United Kingdom.

Great Britain has much freedom of trade. They do not tax imports that compete with things produced in Great Britain. They do tax some of the things not produced there, but purely for revenue purposes. These taxes may go before a great while. The land-values tax is small now, but it is likely to grow fast because of those who oppose it—the landed aristocracy.

Why should we in this country not go to land values for all our revenues? We get part there; why not all? Abolish the tariff and other taxes on production and increase our present taxation on land values. If the older countries find it good, if the newer parts of the world, Australia and Canada, find it good, why should not this country find it good?

Is there in any part of the world a greater, more damaging, more damning kind of land monopoly than in this country? Can you find in any part of the world landlords so great, so mighty? Where will you find, among the peerage of Europe, dukes or earls or counts or viscounts so powerful from their landed possessions as are simple citizens of our country?

A steel trust has vast possessions. Those possessions form the very core of its monopoly. An oil trust has great landed possessions—vast possessions, of which it chooses to use only a small part, shutting all the rest off from use by anybody. You will find the roots of most of the trusts in land monopoly. Why, not apply the single tax? All the revenue raised in this country—Federal, State, local—amounts in round numbers to \$2,000,000,000 a year. The ground-rent roll of the country probably approximates four thousand millions, so that there is an ample source of revenue for all needs.

Mr. NEEDHAM. It may interest the gentleman to know that the irrigation district in which I live in California has within the past two weeks, by popular vote, voted to exempt the irrigation improvements from all taxation in the State of California.

Mr. GEORGE. I congratulate the State of California.

Land monopolies such as find example only, if there be any comparison whatever, in the imperial days of Rome, exist here. The great Warwick, the king-maker, could go to Parliament with 600 liveried men. But a simple citizen, a Carnegie or any one of a large number that any of us might name, could, if he chose, have not 600 but 6,000—we might say, in some instances, 60,000—retainers, should he choose to go abroad in such a style.

Whence comes all this? Primarily from ownership of the soil. That is the very essence of these monopoly fortunes. Given a condition where the few own the soil that all others there must use for their subsistence, the few are the masters of the many.

Mr. SHERLEY. The gentleman has alluded to Mr. Carnegie. Does he think he is accurate in giving the impression that Mr. Carnegie's fortune came as the result of the ownership of land?

Mr. GEORGE. Yes, I do; mainly. Mr. Carnegie was born in Scotland. He came to this country and worked as a boy in a cotton mill in Allegheny City, Pa. Then he worked as a telegraph operator in Pittsburg, across the river; then as an employee of the Pennsylvania Railroad, later as its Pittsburg superintendent, and from that position, with the Pennsylvania Railroad to back him, he stepped out into the manufacture of iron and steel. What did he know about iron and steel? He could not make a ton of iron or steel. But he had two things: He had associated with him a genius who could make iron and steel, and he had the Pennsylvania Railroad behind him, with the same kind of secret contracts or understandings that Rockefeller had about that time with the railroads for the carriage of oil. Carnegie not only had orders for rails, wheels, bridges, and other structural iron and steel, but he had special rates for the carriage of finished and unfinished products to and from mines and mills. By reason of these rates he was enabled to underbid all competitors.

Much of this is told by Mr. Carnegie himself in his brief biographical sketch. But in his most recent book, "Problems of To-day," he describes in exact terms and with precise instances the greatest factor in the production of the great combinations and great individual fortunes. He says it lies in the monopoly of land.

It was by holding a monopoly of the Connellsville coal fields, the best coking coal in the world, and subsequently by possession of practically all the best or most available iron and steel ore in the country that the United States Steel Corporation received material advantage over all competitors, sufficient, at any rate, to force a gentlemen's agreement with competitors here, while the tariff shut off competition from without.

Mr. SHERLEY. If the gentleman will permit, I am not in any sense defending, even by questions, the method by which Mr. Carnegie obtained his fortune. Neither am I criticizing it. The gentleman's statement did not seem to me to indicate wherein in any accurate use of the word "land" Mr. Carnegie's fortune was dependent upon it. I would like to have the gentleman define just what he means by "land."

Mr. GEORGE. By "land" I do not mean mills, I do not mean railroad tracks, I do not mean anything made by labor. By "land" I mean the superficies of the earth. By "land" I mean the thing on which we stand, from which we came, to which we return.

Mr. SHERLEY. Let us define the definition, because the very question of what is meant by land, to my mind, is the crux of the whole proposition upon which the gentleman builds his superstructure of land values and land taxation. He says he means that which, if I may paraphrase his language, is the gift of

nature and not the result of man's handiwork. Does he consider iron ore when it comes out of the land to be land within the meaning of his definition?

Mr. GEORGE. No; I do not.

Mr. SHERLEY. Then, to the extent that the general ownership of iron ore produced the fortune, it did not relate to land?

Mr. GEORGE. I call land that which nature offers to man before man has put his hand to it.

Mr. SHERLEY. In that sense, there is practically nothing; there is no value at all until he puts his hand to it.

Mr. GEORGE. I can have a vacant lot here in Washington, and it may lie just as it was at the time the Indians occupied it. I can sell it for a price. Yet not a stick or a stone has been touched upon it.

Mr. SHERLEY. Yes; it has a potential value.

Mr. GEORGE. It has an actual value, for value proceeds not only from labor, but also from a power to exact labor.

Now, Mr. Chairman, observe the Coal Trust. I do not believe that any amount of regulation, any amount of examination into financial accounts, any amount of acts here in Congress for the reorganization, if you please, of the Coal Trust will do any lasting good. You pass regulations and set up regulators, and then you have got to have somebody regulate the regulators. [Laughter.] The only way to hit a combination like the Coal Trust is to hit the monopoly principle underlying it.

THE ANTHRACITE-COAL TRUST.

Take the Anthracite Coal Trust in Pennsylvania. It possesses practically all of the hard-coal land of that State. Nature has put into eastern Pennsylvania a great deposit of hard coal. It has been the business of the anthracite railroad companies, beginning with the Reading Railroad years ago, to get possession of these deposits by purchase, by long lease, and by contract for the carriage of the coal. These railroads acting together have in these ways got control of the hard coal of all eastern Pennsylvania. The purpose has not been to mine coal. It has been, rather, *not* to mine coal. Their purpose has been to limit the output and to force up the price of coal—to work only part of their land, a small part, and to let the remainder lie idle, as though it did not exist, and to keep others from the use of it. Why could they do that? There was no tax upon it, no penalty on their doing it. The law does not discourage it; nor does even public opinion. People do not realize that it could and should be stopped; that it could be absolutely destroyed by the simple process of taxation. The law of Pennsylvania requires a tax on the market value of that land. The actual practice is not to assess at the market value, which would be as valuable mineral land. The practice is to assess it as inferior agricultural land. Then, the tax upon that preposterously low valuation is very small, so that these great coal barons go practically without taxation upon their holdings.

But if we were to make an absolute market value and put that upon the tax books, and then increase the tax upon that valuation, you would see whether the Anthracite Trust could hold its lands idle or keep the price of its coal high. Its purpose then would not be to make a scarcity in output in order to put up prices and keep down the wages of labor by limiting opportunities for employment. A heavy tax upon the real market value of these lands would compel their use. Their use would mean more demand for labor. The price of labor would go up in the hard-coal regions. Because of the larger output of coal, the price of coal would go down. Consumers in the United States would get cheaper coal. Laborers in the coal regions would have higher wages, shorter hours, and God knows their little boys would not have to work in the breakers or their little girls go into the silk mills to help get the family subsistence. [Applause.]

Mr. HAMILTON of Michigan. I wish to ask the gentleman a question simply for information. I am very much interested in his statement. The method of taxation which the gentleman is expounding so very ably would result in what is known as expropriation eventually, would it not, of the coal lands? That is to say, the title of the coal lands would pass to the State, would it not?

Mr. GEORGE. No, sir.

Mr. HAMILTON of Michigan. You think that the corporations would be able to continue to pay the tax and to sell the coal?

Mr. GEORGE. Yes; the whole policy would be to use land, not to hold it out of use. Instead of high prices and small sales of the mined coal, there would be large sales at low prices.

Mr. FOCHT. I will ask the gentleman two questions. The assertion was made by the gentleman from New York that under some changed conditions the boys would not be allowed to work in the breakers of Pennsylvania. Is the gentleman not aware of the statute there that prohibits boys from working in the breakers?

Second, with reference to the labor problem, does not the gentleman know that in the mining section there is a perfectly satisfactory agreement between the United Mine Workers of America and the producers of coal?

Mr. GEORGE. The law, not only in Pennsylvania, but in California, in New York, and in the South and all over the United States forbids children under a certain age from working at all, but their parents, driven by poverty, have to lie about their children's ages. [Applause on the Democratic side.]

The gentleman asks me if I am not aware that there is a satisfactory relation between the United Mine Workers and the mine owners of Pennsylvania. I know that it is satisfactory in a state of war. I do not deny that. I am not talking about that. I am talking about a condition where men do not have to join labor organizations in order to get even a small measure of social justice. [Applause.] I stand for unions. I am the son of a trade-unionist. I went to the printer's trade myself. If I were working at a trade, I should certainly be an active trade-unionist; but I do not consider that a natural condition. It is an unnatural condition. It is a condition where men who have nothing but their labor to sell must band themselves together into an organization, offensive and defensive, to make the best terms of sale they can in respect to price, to time, and the like. [Applause.] I do not regard that as natural. I regard it as unnatural. That is the kind of arrangement that has to be made by men in a state of industrial warfare. I am talking of men in a state of freedom, where every man can look every other man in the eye as a free man.

Mr. SHERLEY. Now, if the gentleman will permit, assuming the correctness of his statement, that a tax of this kind would result in the lowering of the price of coal because of the necessity to mine and sell it, does the gentleman also think that such a tax would help conservation of the natural resources?

Mr. GEORGE. Mr. Chairman, I do not care anything about this conservation of natural resources if I am permitted to apply the single tax. What do the conservationists want to do—keep the public lands out of the hands of monopolists and speculators? Well, if you hit land monopoly with taxation, no man will want to own land simply for monopoly's sake. Monopoly's profit would be gone. This single tax would tax land monopoly to death in the United States. Any value attaching to land would be taken into the Public Treasury and used by all. Therefore there would be no advantage in getting hold of farming land or mineral land or timber land or urban or suburban land unless to use it.

Mr. SHERLEY. Does the gentleman consider that there is any difference in principle as to the view that the Government should assume toward private property that consists of land and private property that consists of things other than land; and, if so, what is the basis for it?

Mr. GEORGE. Yes; a very great difference; for who made this world? God Almighty. And for whom did he make it? For all men, without any distinction whatsoever; and if anything in man's laws belies that everlasting truth, it must in the end go down. But as to other things—this building, a newspaper, a book, glass, iron, things that we see here about us, or any similar things outside—they have come from man's exertion. Their title springs originally from labor. I see a vast difference, for instance, in property in the ocean and in property in the fish taken by labor out of the ocean.

Mr. SHERLEY. Very well, but can the gentleman state any condition of land ownership that does not have a value as the result of man's labor?

Mr. GEORGE. Does the gentleman mean the owner's labor only?

Mr. SHERLEY. Oh, we are not discussing the labor of the owner. We are discussing man's labor. The gentleman undertakes to make the distinction between those things that are the gift of God and those things that are the result of man's labor. Now, it is a perfectly proper distinction if it exists, but if it is applied artificially to things, then the whole fabric based upon it must fall.

Mr. GEORGE. I said that that value should be taken into the Public Treasury, which was the consequence of social growth, meaning increase of population;

and of social improvement, meaning the laying out of streets, the putting in of grades and bridges, the erection of public buildings, the watering, sewerage, lighting, heating, the providing of transportation for the city, and matters of that sort. This value comes from the exertion of the community and the increase in numbers of the community. It is a public value, and should be so considered and be publicly taken.

Mr. SHERLEY. If the gentleman will permit me, I am not quarreling with that statement, that so far as an unearned increment is concerned it belongs more to the community than to the individual who is the fortunate possessor of it; but the proposition the gentleman announced in answer to my question was that he differentiated between private land ownership and private ownership of other property, and when I asked him why, he said because he considered land to be the gift of God and private property to be the act of man's labor. When I asked him to further evolve that he brings me back to the proposition of unearned increment.

Now, the whole meat of the gentleman's position, as it was of his father's book—one of the most interesting and epoch-making books ever written—was that very question. It is the crux of the whole proposition, whether land, as he uses the word "land," represents something that belongs to the community at large any more than the other property.

Mr. GEORGE. Yes; the land was made by God, and the value that attaches to it may be quite apart from the owner's labor. The owner may do nothing. Any value that attaches to that particular piece of land is a public value. To illustrate: Here you have in the center of Washington a lot, a vacant piece of property. It has nothing whatever upon it. It has never been improved in any way. Yet it has a selling value and will increase in price. Who made that value? Surely not the labor of the man owning the land. He did not turn a hand. He might have gone into the mountains as did Rip Van Winkle and slept for 20 years, and returning, found a value in his land that he had nothing to do with making. Why should not such value be taken as a public value? I certainly separate it from any value that might be put upon that land in the way of a house or a machine. Such value perfectly, clearly is a private value and belongs to labor.

Mr. Chairman, this land-value tax meets, as no other kind of a tax does, the four canons of taxation. First of all, as laid down by Adam Smith, the father of political economy, in his "Wealth of Nations," it is the most equal kind of a tax.

Mr. HAMILTON of Michigan. Just a moment. A little while ago the gentleman stated that by the operation of the method of taxation which he is advocating monopoly would be destroyed, a monopoly of coal holdings, for illustration. I want to know where the title of the property would go when the monopoly is destroyed by this method of taxation.

Mr. GEORGE. The title of the land would stay where it is. We do not propose to change titles. You kill monopoly's powers by taxing the value of land. You force the land into use. The power of monopoly is the power to hold land out of use.

Mr. HAMILTON of Michigan. But could not the monopoly, having to pay the increased tax, charge the increased tax upon the consumer?

Mr. GEORGE. I invite the gentleman to consider the political economists. This is one thing in political economy that is not in dispute.

Mr. HAMILTON of Michigan. Might he not undertake to do that, as he does it now in coal properties?

Mr. GEORGE. No, sir. When you put a tax on production, you limit production. Men will not produce unless they can get compensation for the tax. They add the tax to the price of the product, and thereby they get recompensed for the tax. But not so when you tax land values. By putting a tax on land values you do not lessen the amount of land. You can not lessen it by one grain. It is just the same in amount. But you will increase the available quantity. You will force land into use that has been kept out of use by speculation. This will put down the price of land, instead of putting it up.

Mr. HAMILTON of Michigan. Precisely. Now, if I understand the gentleman, this coal monopoly which he is discussing is a monopoly which controls coal lands and is lying dormant so far as the actual mining of a part of its lands is concerned. It is proposed, then, to tax it so as to compel it to dig all of its coal as rapidly as possible and put it upon the market, so as to be able to pay the increased tax, and that, failing to do this, the monopoly must die.

But the gentleman denies the monopoly would actually die so far as the actual mining of coal is concerned. Am I right that it would have to be more active and mine more coal?

Mr. GEORGE. If the trust shall itself use the land it is now holding shut up, then it practically becomes broken as a trust, because the feature of monopoly has gone, the essential part of which is to withhold from use the natural resources and thereby make a higher price for the product from such parts as are used.

Mr. HAMILTON of Michigan. Suppose the gentleman's theory, then, is correct, and the public refuses to pay the increased price of coal which the corporation has been obliged to impose in order to pay the increased tax, and then the monopoly is unable to pay the tax, does not the monopoly then lose its coal property, and does it not, then, go to the State?

Mr. GEORGE. No, sir. If the land contains valuable coal, and the trust will not pay the tax, then somebody will take the land who will. Valuable land does not run around without an owner. Somebody will use it. If the Coal Trust will not use that land, somebody else will, subject to the tax.

Mr. HAMILTON of Michigan. The grantee himself takes it at the same rate as the original owner, does he?

Mr. GEORGE. If the owner does not want to use the land and yet, because the tax is too heavy he can not afford to hold it idle, he will sell it for whatever he can get, subject to the tax by the State. I am not proposing to change titles. I am not a Socialist. I do not propose to put the land into the hands of the Government. I do not propose Government management of land. I propose the plain application of the Thomas Jefferson principle of the least possible government. I propose to tax out speculators and monopolists and to throw land open to private initiative.

Mr. RAKER. Suppose the taxes were so high the man could not pay them; is it your idea, then, that this land should eventually go back to the State, and then as the people wanted it the State would sell it back to some one who desired to put it into actual use?

Mr. GEORGE. No, sir. If a landowner did not pay the tax, he would get sold out for taxes. Who ever bought would buy subject to taxation.

Mr. RAKER. You do not quite get my question. Suppose the tax is so high that the man who owns the land can not pay it. Somebody else must take the land, must he not?

Mr. GEORGE. The owner simply lets go if he does not pay his tax.

Mr. RAKER. Who will get the title to the land when it is sold for taxes? The State will get it, will it not?

Mr. GEORGE. No; the buyer. Somebody will buy it if it has any value at all. The application of a single tax should not be a hundred per cent application. It should fall short just enough to leave enough value in the land untaxed to make a basis for sales. This basis for sales will become the market basis for valuation and taxation. Now, if a man, we will say, who is a speculator, a monopolist, or who is "land poor" can not or will not pay the tax imposed, he will have his land sold for taxes and he will lose it.

The land will go into the hands of a new man. That man will have to pay the tax. If the value of the land should fall, then the tax would correspondingly diminish. If the value should disappear, then there would be nothing to tax, and the owner would hold his land subject to no tax whatever.

The hope of speculation gone, it is probable that there would be an abundance of free land open to whoever might wish to use it. Instead of having to go away out to the remote fastnesses of our mountains to find free land, we could then find free land accessible to our city populations, and some part of the people going out upon it, city congestion would be relieved.

Mr. RAKER. Now, for instance, in the State of California, all the public sales under taxation are to the State. There are no private sales in the first instance.

Mr. GEORGE. That is the Torrens system?

Mr. RAKER. Yes. Now, the point I wanted an answer to was this: When these sales are made to the State in the first instance, is it your intent and purpose, under this single-tax system, that the State then, in turn, after it gets the title, would sell it out to the public at the best price it could get for the man who wants to take it and actually use it?

Mr. GEORGE. The gentleman is asking me how the single tax would apply under the Torrens system. This Torrens system is an introduction from Australia or New Zealand, I have forgotten which. By it the government—in this instance California—at a transfer guarantees the title. That is to say, in the transfer of land, the title must go through the hands of the government, which thereby guarantees the title. The application of the single tax would not change this. The present small tax on land values does not affect it. Why should a large tax? All I am proposing with respect to land is to increase the amount of the tax—now existing—now imposed on the ground, or what is at times called the "site" value of land.

Mr. CAMPBELL. The gentleman from New York would break up the coal monopoly by taxing the land it owns in its mining enterprise. Suppose, instead of owning the land, it took a lease upon the land of other people, or of several other people, what effect would taxing the land have upon the monopoly in that instance?

Mr. GEORGE. It would fall upon the owner; and in the leasing of land, the man who took the land would take it subject to the taxation condition.

Mr. CAMPBELL. But there are several owners in this instance, and the mining corporation simply owns the personal property, which is not taxed at all.

Mr. GEORGE. The mining corporation, like any individual, should not be taxed on its personal property; as to the land, it should pay on its market, its real selling value. Idle land it would, sell off; get rid of. It could not afford to pay taxes on valuable idle land.

Mr. HARDY. I do not want to interrupt the gentleman, but I am interested very much in the gentleman's observations, and the purpose of the gentleman is, I think, exactly the purpose I would have in legislation. But what I want to ask is this question: We understand there is a vast carrying occupation in this country. All our coast-line vessels are engaged in transportation. Our railroads, likewise, are engaged in transportation. Now, I would like to know what solution there is in the gentleman's theory as to a monopoly of transportation, particularly on the ocean? What shipping line has to-day such a monopoly?

GOVERNMENT OWNERSHIP OF RAILROADS.

Mr. GEORGE. In the first place, the railroads have the most valuable kind of land. The terminals have a very great value. Besides, most railroads, especially the western railroads, have very valuable lands: Ore beds, oil deposits, timber tracts, water rights, agricultural lands, lands in and about cities. The taxation of land values would fall upon that. But as to railroads, I would go further, and this is beyond this taxation question. I would treat them as public highways. I think there is no getting away from that. The railroads must be taken into public hands as public highways, along with telegraphs and telephones and every function of a public highway. We must have them in our civilization. Yet it is impossible to have permanent competition in respect to them. Some individuals, getting the privilege to the exclusion of others to engage in the transportation business, will thereby get a serious advantage over others in the community. It therefore becomes a function of the State to perform.

Mr. HARDY. Mr. Chairman, I do not think the gentleman answered my question as to monopoly and water transportation. For instance, across the water the shipping company does not own the wharf, but the Government has made vast improvements in order to have a port. Now, there is a company organized that monopolizes the transportation from New York to Liverpool. Its property is all on the water. How would the gentleman's land tax affect that?

Mr. GEORGE. It would not affect it directly, assuming that the company itself owned no land; for instance, no wharf or warehouse privilege. But there would be a very material indirect effect. Removing taxation from steamships and steamship building would tend to beget competition. Opening idle lands of every kind to production would increase demand for such shipping competition, and then beyond this, changing railroads from private administration to public administration would be the greatest stimulus to competition; for now the railroads feed traffic to particular ocean carriers which they control.

By taxing land values you would throw open the bounties of nature to labor and increase the productive power of the country to such an extent as has never been witnessed in the United States. This would make a demand for vastly greater capacity for ocean carriage and feed competition.

Mr. GRAHAM. Mr. Chairman, in my State, in my section of it, hundreds of thousands of acres of coal rights have been bought up by combinations of capital, and much of the coal can not possibly be taken out, perhaps, for generations yet to come. On the other hand, some of that coal is being taken out from time to time.

Now, the two estates in land are separable and are separated, the farmer owning the surface and all but the coal, which he has conveyed to the grantee. Is the grantee's estate there land, as you understand it, or not?

Mr. GEORGE. I should say that the whole earth is land, whether it be the surface or underneath, or altogether.

Mr. GRAHAM. Would you tax the coal right to the person or combination of persons who owned it?

Mr. GEORGE. I should.

Mr. GRAHAM. And so heavily that they could not afford to retain possession of it?

Mr. GEORGE. On its market value.

Mr. GRAHAM. Well, they could not possibly use it for many years to come.

Mr. GEORGE. Very well.

Mr. GRAHAM. How would you make a distinction in that particular acreage from which they were then removing the coal from the other acreage from which they could not remove the coal for a long time?

Mr. GEORGE. You are asking me whether I should tax land that is at a disadvantage in production. I should, but not at the value of land having more advantage. That is, I should be governed by the one thing by which men are governed now, namely, the market price. If coal is actually underlying certain lands, but for one reason or another that coal can not be got out and mined, that land would have a distinctly low price in the market; whereas other land no richer in mineral, but more get-at-able, would have a high market price. I should assess the one kind of land low, the other high. I should place each piece of land on the tax list at its market value, and then tax that value.

Mr. GRAHAM. Would you tax the coal which would not be mined for many years to come so heavily that those who have possessed themselves of hundreds of thousands of acres of it could not hold it?

Mr. GEORGE. I should if the assessment were based on the market price. I should discover what such lands would sell for. That is easily obtainable. To find just what that is is the business of people who buy and sell land, whether it be coal land, iron land, copper land, salt or other mineral land, farming land, urban or suburban land. Finding the market price, I should tax only that.

Mr. RAKER. For instance, a man owned a good deal of coal land. You would tax it to the extent that he had to use it to make a profit out of it, and if he did not do that the land would be sold.

Mr. GEORGE. I would not pay any attention to whether he used it or not. I would tax it on its value. It is the owner's business to pay the tax and keep the land out of use or to use it. My belief is that a man who pays a heavy tax upon idle land would very rapidly discover that too much of a burden. He would use the land or get rid of it.

Mr. RAKER. How would you make the application to timberland?

Mr. GEORGE. I would put timberland on the tax roll for the price that it would sell for. If it has good trees on it it would sell for such and such a price; if poor trees, a less price. Do not men every day buy and sell timberlands? Take that price and tax the land on that.

Mr. RAKER. The owner can use but little of it as he goes along.

Mr. GEORGE. It does not matter whether he can use little or much. If he wants to monopolize it, he must pay the price. The price is the market price. Tax that.

THE CANONS OF TAXATION..

Now, Mr. Chairman, I have been very much interrupted, and I want to make just a few connected observations before I close. I want to explain that I

believe that this single tax would meet better than any other form of taxation the four canons of taxation. It is the most equal tax. It falls upon men according to the natural bounties they have in their possession. The man who has little pays little. The man who has much pays much, so that it is the most equal kind of a tax.

Then it is certain. It is not intermittent and wavering. It falls regularly, so that all dependent matters can be arranged accordingly.

In the next place, it is direct. It can not be shifted. It stays where it falls. There can be no addition of this tax to the value of the land. The landowners are getting as much as they can get now. They are not waiting for taxation to put up the price of their land. On the contrary, any proposal to put a tax on values immediately causes a discouragement on the part of some owners who have idle lands, and the tendency is for the price of land to go down. This tax can be seen. It is not the kind of a tax that falls and no man knoweth how much or where. There lies the land and there lies the value and there falls the tax.

And then it is the most economical tax in its incidence. It lays no burden beyond the revenue received from it. It is cheap in the collection. This tax is not like a tariff tax. That falls upon things coming into the country. To the extent of the tax and the volume of the things so imported is the revenue that goes into the Public Treasury. But the tax on imports enables an increase in the price of similar commodities made in this country. There is not a cent of revenue from this home production. In the case of the tax on land values, the more the tax the less the speculation, and, therefore, the lower the price of land. So that in application, it is the most economical of all taxes.

THE GREAT INDUSTRIAL QUESTIONS.

But, Mr. Chairman, I do not stop with the canons of taxation; for that, after all is said, is a fiscal question. I want to direct attention further. It relates to the great industrial questions of our country. This land tax does not mean merely a better way of raising revenue, a more economical way, a more direct way, a more just way. It means far more than that. It means the opening to the use of labor and capital the vast quantities of land now shut off by speculation.

There is no real scarcity of land anywhere. There is no scarcity even in the city of New York with its great population. With all its great tenements, with all its swarming humanity—and within certain blocks there are four and five thousand beings—I say that with all that congestion, the most concentrated population on the globe, it has been computed that there is land enough inside the corporate limits of the city to give to every head of family from one-eighth to one-quarter of an acre of good ground. I am not proposing to divide the land. I am explaining that there is no such thing as a scarcity of land there. There is land enough, but most of it is held out of use. Great areas are vacant on the outskirts, and you can go along Broadway and Fifth Avenue, the greatest and proudest thoroughfares on the whole hemisphere, and find vacant lots, and one and two story shacks and shanties where there ought to be imperial buildings.

Why is this? Because the penalty of holding land out of use is so slight that men can pay the small tax and yet, owing to social growth and social improvement, and the consequent increase in value, realize handsome profits by the speculation. Some men acquire fortunes in a short time by simply getting hold of a piece of land, sitting down, and letting society do the rest.

This is so in every State; it is so in every village, town, and hamlet of our country. It is so throughout the agricultural regions; it is so throughout the mineral and timber regions. Apply this tax and you tax out the speculators, you tax in the users, you produce a new order in the United States.

We, of all the peoples of the world, ought to be the most advanced. We have drawn from the nations of the earth their best in brawn, their best in heart and hope; not the old, not the diseased, but the young, plastic with youth, ready to mold themselves into our conditions. They have poured in, as to the land of promise, their many bloods and produced the richest mingling that ever gave the life fluid to a new country. Soon we shall number a hundred millions, scattered over a vast territory more varied in soils and climate than has ever

before been the heritage of a nation, welded into a homogeneous whole, with one language, one body of institutions, one code of laws, one democratic form of government. We ought to be the greatest people, because we have the greatest possible opportunities. But what are we doing to rise to these opportunities? We have instituted a condition by which a few own the country. A few here, a few there, practically control villages, towns, cities, counties, and almost whole States. We have a landlordism greater than anything conceived in Great Britain or Germany or in the Orient. We have the greatest landlords that have ever been seen. Should we meet this condition, should we apply taxation to land values so as to break down land monopoly and throw open the soil of our country to our fast-growing population, a prosperity will come such as will dumfound mankind and give to America the glory of carrying civilization to a point higher than ever reached in the destinies of the race. [Applause.]