

Streamlining the Tax Debate

By William C. de Mille

In all the current discussions of taxation one finds uppermost in the debaters' minds what is probably the most mistaken of the ideas that have been inherited from the past—our habit of looking upon land as wealth and taxing it as we tax wealth instead of taxing it upon the different basis it deserves.

Land is not wealth; it is nature just as air is nature. Man is labor and wealth is the product of man's labor applied to land. All wealth comes originally from the land, and those who control the right to use land control the opportunity to create wealth.

Unfortunately the average citizen does not realize that the direct or indirect use of land is utterly necessary to sustain the life of every individual in the world.

Because land can be used indirectly through civilization's complicated processes of exchange of labor, many people do not see that the meek little bookkeeper in a publishing house has, in effect, helped to raise the cattle whose hides form his shoes; has helped to grow the vegetable he eats; has helped to forest the trees which make the very paper on which he writes.

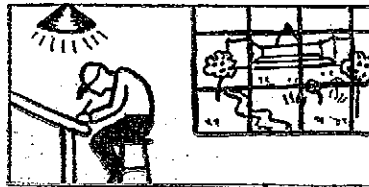
Air, on the contrary, while no more necessary than land in sustaining life, has to be used directly and individually; no process of exchange having been worked out which permits individuals, as in the case of land, to forego their right to use per-

sonally as much of the life-giving atmosphere as they require.

There would be an interesting change in the general point of view if some great company, consisting of, let us say, twenty per cent of the population, found it possible to extract all the oxygen from air, confine it in metal tanks and then charge every one ten cents per cubic foot for its use.

If people objected to giving up some of their wages to buy this necessity of life their only alternative would be to stop living. "Absurd," you say, but probably the only reason air has not been treated as wealth is because hitherto it has been impossible to do it.

In the case of land it has been done, and not more than twenty per cent of the people do own all the usable land. Thus by treating land as wealth we have arrived at an economic situation clearly analogous to the condition which would exist if we treated air as wealth. Of course we have been educated for countless generations to believe in the sacredness of private property in land, while "free as air" has always signified the right of the human being to use, without charge, that part of nature which he must use in order to live.



No generation can alienate the right of the next generation to its use of air, but eighty per cent of all children born into the world find themselves forced to pay some one for the right to use their share of the earth's surface.

Ethically the two cases are much alike; practically, however, the right of an individual to obtain exclusive use of a given piece of land seems to be a necessity of civilization. How then can the theory of land as nature be brought into harmony with the fact of land as private possession?

The thing can be done merely by changing our mental attitude in regard to property rights in nature.

If land were conceived to be the inalienable property of the people as a whole, and each individual landowner were conceived to be the tenant of his fellow men, paying them rent in the form of a tax to the state, the economic injustice resulting from twenty per cent of the people owning all the desirable land would at once disappear. If this conception were carried out in the manner of levying taxes on land there would be neither land-rich nor land-poor.

This may seem not to differ from the present system for the landowner is at present to some extent the tenant of the state; his land is taxed to-day, and if he fails to pay that tax he loses the land.

But because land to-day is taxed as wealth and not as a special privi-

lege, it is taxed upon the wrong basis and to the wrong extent.

If we hold to our conception that each individual owner is a permanent tenant rather than an absolute owner, the amount he should pay for the use of his land is the whole annual rental value of the bare land, as determined by the pressure of population upon the land in that locality.

And if each owner should pay to the people of the state the true rental value of that portion of the people's land which he wants to keep for his own use alone, it is obvious that he would not be depriving his fellow-men of their fundamental rights in the soil; he would not be getting unearned wealth and he would not be acquiring an advantage over his landless neighbors which he can bequeath to his children as an advantage over theirs.

As all wealth is created directly or indirectly from land its distribution will be much affected by the relative tax on land compared to the tax on various forms of wealth.

If land is taxed too little the landlord is in a position to demand part of labor's wages before permitting labor to use the land it must have in order to create wealth. This is the starting point in the unfair distribution of wealth. Its keystone is the right of the landlord to demand part of labor's product before labor is allowed access to land.

Since all wealth is a product of labor while land is not, the more we tax wealth the more we tax labor. This does not hurt the man who can acquire labor's product simply by owning land; to him this tax on wealth is not too much to pay for his franchise to appropriate a part of wages in the form of rent. The tax on wealth does hurt the laborer who has to give up part of his product for the privilege of working. The poor pay the tax on wealth far more than do the rich, and they pay it in the added cost of food, clothing and shelter.

The more we tax land according to its value, on the other hand, the less advantage there is in owning it except as we need to use it, and the less labor product the landlord retains after paying taxes.

See: "Progress and Poverty," pp. 337-338; 399-402; 418-421; p. 436.