

# An Opportunity for Improvement

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(Prof. Harriss, Professor Emeritus of Economics, Columbia University, and President, Robert Schalkenbach Foundation, made the following remarks upon receiving honorary membership in the National Tax Association/Tax Institute of America, in Atlanta, Georgia in October.)

Half a century ago I began my association with both the National Tax Association and the Tax Institute of America. No adjectives at my command can describe adequately the changes that human beings have made in their government and its taxes since the mid-1930's. We do have power to make choices - for better and sometimes for worse.

A long future lies ahead. May I point to an opportunity for improving that future? Let us reduce the weight of property taxation on structures and other man-made capital and raise the rates on land values. In the decades that I have urged such changes, my emphasis has been on the desirability of reducing man-made burdens (taxes) on actions that add to wealth, to productive power (including housing).

There is another aspect that could also improve human well-being - increasing the (tax) pressure to put land to higher and better use. In many cities and other areas land prices (after allowing for capital investment in development) have risen substantially. This price increase has not created new land. Land does differ from man-made capital. We need land - space - and pay to use it, but the price we pay for the earth's surface does not finance its production.

Americans, we hear, save too little. Savings are needed for the investment that underlies the improvement of human welfare. True. But saving does not influence the amount of land in existence. The choices involving land are not how much there will be but how the stock nature granted will be used.

Heavier reliance upon taxes upon land values to pay for (local) government will not only yield revenue but will also add to the incentives to put land to higher and better use. Lower taxes on man-made capital will help to increase its availability.

In this combination, I submit, lies an opportunity for human beings to make a better life for themselves and for their children.