

LAND VALUE TAXATION THE CREAM FROM SOCIALISM

EDITOR SINGLE TAX REVIEW:

The question is often raised regarding who are Socialists and who are not Socialists? Not very long ago I thought I was not a Socialist; now I believe that every good Democrat and every good Republican are Socialists; that we are all Socialists in so far as we are striving through government to improve existing conditions, and if we eliminate all the socialistic features of government, what is left will be anarchy. Therefore it seems to me that there are only two kinds of people in the world: Anarchists and socialists, and the greater the governmental functions performed by government, the greater will be the need of a revenue, or tax, to supply the government with money to repay government for its services; and without government, land would have neither selling, rentable, or taxable value, and rental value given to land by the socialistic functions of government, might well be likened to a farmer who attended to his dairy stock and in return got a plentiful supply of cream which brought him a revenue, which compensated him for his labor. The wise farmer would not think of feeding cream to his hogs and skimmed milk to his own household.

Many Republicans and Democrats, also many pronounced Socialists, to a great extent ignore land rental, or taxable values given to land by the socialistic functions of government, which might well be called cream from socialism, and if we were as wise as the farmer referred to, we would demand that government take the product of government which manifests itself in land values. We may call it cream from governmental functions, or we may call it a Single Tax, if we find the one tax is sufficient, or we may call it land rent, or the "unearned increment." If government does not collect the rental value given to land by government, the land speculator will collect it, in purchase money or rent, then the producers will have to pay the tax,

at least once more *by taxing* the products of *his own labor*. Why should such conditions be permitted to continue?—ANDREW HUTTON, Schenectady, N. Y.

THE COMMITTEE ON TAXATION OF NEW YORK CITY.

PUBLIC HEARINGS AND REPORTS.

(For the Review.)

BY GRACE ISABEL COLBRON.

One of the most important developments in the fight for juster taxation in New York City played itself out quietly this winter, followed by few people—even among those interested in the taxation question. It took the form of public hearings, private discussions, and rendering of reports on the part of a committee known as the Mayor's Committee on Taxation.

This committee was appointed by Mayor Mitchel on April 10th, 1914, pursuant to a resolution of the Board of Estimate and Apportionment adopted Feb. 20th, 1914. The Mayor's letter of appointment to the Committee requested them to "make a comprehensive and exhaustive study of the several methods of taxation in use here and in other cities of this country and abroad, and of such methods and devices as have been, or may be during the continuance of your investigation, suggested as calculated to effect payment of the cost of city government." Members of the Committee were as follows: Messrs. Alfred E. Marling, Edwin R. A. Seligman, Frederick C. Howe, Robert S. Binkerd, Frank Harvey Field, Joseph N. Francolini, John J. Halleran, Hamilton Holt, Jeremiah W. Jenks, Ar-dolph L. Kline, Frederick C. Leubuscher, Walter Lindner, Cyrus C. Miller, George V. Mullan, Louis Heaten Pink, Lawson Purdy, David Rumsey, Oscar R. Seitz, Frederic B. Shipley, Robert E. Simon, Franklin S. Tomlin, Charles T. White, Delos F. Wilcox, Collin N. Woodward, Laurence Arnold Tanzer. Mr. Marling was elected Chairman; Professor Seligman Chairman of the

Executive Committee; Mr. Howe, Secretary, and the following gentlemen as members of the Executive Committee; Messrs. Jenks, Purdy, Rumsey, Simon and Wilcox. Mr. Mullan was subsequently added to the Executive Committee. Mr. Lawrence A. Tanzer was chosen as Executive Secretary.

According to the letter of instruction from Mayor Mitchel as well as from subsequent letters to the Committee, the Committee was to deal chiefly with two distinct lines of inquiry. One was the question of the advisability of reducing in whole or in part the tax on improvements. This involved simply a proposed change in the method of raising the existing amount of public revenue. The second problem concerned the best available method for an increase in city revenue. As the first problem has been dealt with at length and the hearings and discussions concerning the second question are only just beginning, this article and the two to follow will deal exclusively with the material and reports given on this matter.

The Committee entrusted Dr. Robert Murray Haig, Instructor of Economics in Columbia University, with the official mission of making a thorough study of the experiments in the reduction of taxation on improvements as far as the same has become a matter of legislative policy in Canada and in a few cities in the United States. Dr. Haig's report became an important factor in the hearings and discussions and was copiously quoted by both sides.

After a year and a half of preliminary investigation and discussion a series of public hearings on the proposal was held. A sub-committee prepared a long list of questions, analyzing the problem in its various aspects, and submitted these questions to a large number of individuals and organizations interested in the problem of the untaxing of buildings. Answers to these questions in the form of briefs were received from various individuals and organizations and filed with the committee. The hearings took place in the City Hall

on November 8th, 10th, 15th, 17th, 22nd and 24th. About forty advocates and opponents of the plan were heard and ample opportunity was given for opinions on both sides.

Thus far the official information concerning the committee, its personnel and its object as laid down in the final report. But from the Single Taxer's point of view there are a few more things that are rather important to say. A delegation of the Society To Lower Rents and Reduce Taxes on Homes, called on Mayor Mitchel while he was still a candidate for the Mayoralty nomination in 1913, and asked how he stood on the question of the referendum on gradually reducing the tax rate on buildings in New York City to one-half that on land. Mr. Mitchel stated that he would not oppose a referendum should it come up. A year in office seems to have made a difference in Mr. Mitchel's ideas on the subject, and at a public hearing before the Board of Estimate, arranged for the purpose of discussing the referendum, the Mayor stated that he was not in favor of it and would oppose it as he did not believe the voters of New York City were sufficiently intelligent to vote on a matter of taxation. (As Mayor Mitchel was now safely elected and it was some time before the next election, it was not as dangerous as it might seem for him to doubt the intelligence of the voters of New York.) This Committee, appointed in April 1914, was a result of the Mayor's change of mind and his feeling that something ought to be done to keep the voters of New York from having anything to do with the question for a while yet.

To those who follow closely public questions in New York City, it is plain from the list of names that a substantial majority of the appointed members of the Committee had publicly, before their appointment, expressed their opposition to transferring taxes levied on buildings here to land values. There was one member of organized labor on the Committee and eight people who were, directly or indirectly, tied up with real estate interests. Of the

other members several were known to be openly in favor of the change, not particularly because of self-interest but because of a knowledge of economics, particularly of taxation. These were a small minority, but they were men whose position and character put any suspicion of self-interest on their part out of the question. The speakers who testified in opposition to the change were for the most part representative of real estate interests in this city. Some few men representing important business interests testified also on this side, but as a rule the connection between their expressed point of view and their financial interests—at least as they understood them, was very plain. By this we do not mean any deliberate mis-statements—not as a rule at least. It is merely that a number of people cannot, or will not, understand certain questions in any other light but that of the immediate profit to the group with which they are connected. It is a habit of generations, perfectly possible in an otherwise upright mind. Of course, there were a number of these gentlemen whose statements showed such an utter lack of the most rudimentary knowledge of economics, which is so little likely in their case that it did throw a slight doubt on their sincerity. It is hardly possible for them to know so little as they appeared to.

Among the chief of those testifying in opposition to the change in taxation were Messrs. Stewart Brown, President United Real Estate Owners Association; Herbert E. Jackson, Vice-President The Lawyers' Title Company; Clarence H. Kelsey, President Title Guarantee and Trust Company; Alfred Bloch; Dr. Robert Murray Haig; Allan Robinson, President Allied Real Estate Interests; E. A. Tredwell of the Legislative and Taxation Committee Real Estate Board of New York; George Alexander Wheelock, Robert S. Dowling and Prof. Joseph French Johnson, Dean of the School of Commerce, New York University.

Among those appearing in favor of the change were Messrs. Benjamin C. Marsh. Alfred Bishop Mason, Peter Aiken, Alexander Law, Benjamin Doblin, Frederick

L. Cranford, Charles T. Root, Henry de-Forest Baldwin, James R. Brown, Charles O'Connor Hennessey, Charles H. Ingersoll, DeWitt Clinton, Allan Dawson and myself. Modesty would compel my keeping myself among the unnamed "and others" were it not for the fact that I was the only woman asked to testify in a question which after all most intimately concerns the home, the cost of living and a few other things that are now considered quite proper (either by Single Taxers or Real Estate people) as a matter of thought for women. This, however, by the way.

The long and elaborate questionnaire prepared by the Committee was soon rejected by both friend and foe of the proposed change as cumbersome and misleading. It touched on a number of questions so technical that the important points at issue were completely lost sight of, and no one had a good word for it.

The hearings proved so interesting that it was rather a matter for surprise that they were so slightly attended. It was a proof of the lack of interest taken by that portion of the public that has time to get out to afternoon hearings in the vital question of taxation. The evening hearing proved that a number of people whose work does not permit of so much leisure, are more interested than are the better situated. It was a matter of surprise, possibly of concern, to those who believed in the proposed change, that the opposing interests were so slightly represented either in the audience or in those of the Committee who were present at the hearings. It looked like a confidence which the result may in the end prove sadly justified.

Such of the testimony as I shall quote or comment upon, in this and the following articles, will be in the main the testimony of the opposition. Those recommending the reduction of taxation on improvements based their position on arguments that are familiar to all readers of the *REVIEW*, and there is absolutely no reason for reiterating them here. There is, to my mind, a very important reason for letting Single Taxers know what arguments are being circulated

among the public generally, and particularly among the voting population, with the avowed object of killing any such legislative action as may be taken to advance our theories, to put our beliefs into reality. It is just as well I think, in the limits of a magazine like this, to enlarge upon the absurdities we have to encounter, particularly when these absurdities are uttered by men whose financial and business standing gives them weight in the eyes of the general public.

In the list of names of speakers made above, there was no mention of Mr. Richard M. Hurd, President of the Lawyer's Mortgage Company. This omission was intentional as Mr. Hurd's testimony deserves a special position by itself. His responsible position, his business standing and the calm sanity of his remarks, made what he said carry weight in the minds of the Committee and of those present at that particular hearing. Mr. Hurd stated that he was not opposed to the change although he had not worked for it in any way, as he had not given the question any intensive consideration. He was giving simply his own views on the subject which proved of interest, particularly in view of the fact that he is an authority on mortgages, and that the fear of danger to mortgages had been overworked by the opposition. Mr. Hurd stated that as a citizen he was in favor of anything that would benefit the masses as against the classes. He thought that a reduction of the rate of taxes on buildings would have a desirable social consequence, although he believed it should be operated with a broader plan of city planning, restricted zones, and the like. If such were done he believed the change would work for decided advantages in the long run.

Mr. Hurd continued: "When the tide has turned and New York real estate becomes more active, it may be a better time to put this change into effect rather than when, as recently, values are tending downward. I take it for granted that the Committee will consider ultimately going to the full extent of freeing buildings en-

tirely from taxes. I should lean towards the movement in the direction of lightening the load on buildings and charging it somewhat more heavily against land. I am not a Single Taxer. As a lender I am not in favor of exceedingly high land values. I cannot see any advantage to the city as a whole, or to the mass of people, in having land values very high. It is of benefit only to those who own the land. As far as the mass of the five or six million people in New York City go, the lower the land values, the better off they are, because it means they pay less rent. I think the most effective method of reducing rent is by erecting new buildings. As a lender, I would not be afraid of a reduction in land values, but I think the general opinion of most lenders is to be afraid of the result if the taxes on buildings were less as compared with land."

I have given much of what Mr. Hurd said here because he is not a Single Taxer, simply an unusually intelligent member of the business community who looks at things sanely and is apparently not biased, either by a too ardent ethical belief or a too restricted private-profit point of view.

(To be continued.)

NEW YORK WOMEN REORGANIZE.

The Women's Henry George League of New York has reorganized in a new form under the title, "THE SINGLE TAX SERVICE LEAGUE."

It was with regret that the members of the League gave up the name of which they had been so proud. But an overwhelming majority, particularly of those who had been most active in the work of the League of late years, realized that it was not as effective an organization as they would wish it to be. Being limited to women members and to local activities, it could not branch out along various lines of activity now offering for effective propaganda. The change was made, therefore, and the organization as it now stands can take in men and women members and can reach out beyond the city and even beyond