

CHAPTER XXI

OPENING UP THE LAND TO AGRICULTURE

AGRICULTURE waits on a constructive policy. Not of education but of economic change. And the lion in the pathway of the production of food and the distribution of people from the city is land monopoly, the holding of land out of use and the indifferent utilization of much of the land that is under cultivation. This is the great obstacle to farming.

How can this obstacle be overcome? How can idle landholding be ended? How can we limit the amount of land a man may own to that which he actually needs and cultivates? How can we break up the 200,000,000 acres held in great estates and throw open to use the 400,000,000 acres enclosed in farms but not cultivated by the owners? How can the would-be farmer be placed on the land and a system of ownership be substituted for tenancy? There is land enough for millions of workers and homes for tens of millions of people in this rich country of ours if means were devised for bringing the landless man and the manless land together.

These are problems of practical statesmanship. They are no more difficult than the problems al-

ready worked out by the Federal Reserve Banking act, the farm loan board, and the many constructive measures of Congress for the promotion of industry and shipping.

The solution should make it as easy as possible for any one to go to the land who desires to do so. We should recognize that it is natural that some men who find the farm uncongenial will want to go to the city and that men in the city will want to live in the country. And it should be easy for such a shift to be made. It should be easy to become a farmer, almost as easy as to become an artisan. That should be the aim of legislation. There should be the greatest possible freedom of movement, of choice. It ought to be possible for one generation to live in the country and the next generation to try the city. It ought to be possible for the misfit worker to become a farmer and the misfit farmer to become an artisan. We cannot organize the American people into industrial castes as is the case in Europe. And we ought not to try to do so. Rather there should be opportunity for change. Men should have as wide a choice as possible. Not the choice of becoming a tenant or a farm-laborer but a farm-owner.

Of all the measures proposed for the solution of these problems the taxation of land values is the simplest and most effective. It will do more than all other measures combined to create that fluidity of

movement from the city to the country and from the country to the city that should be the principle of industrial efficiency and of industrial democracy as well. The immediate effect of increasing the taxes on land would be to check speculation. And speculation is the real reason why men want more land than they can use. They are holding it against the needs of society. This is not only true of farming land, it is true of city land as well. This is why one-half of the land enclosed in farms is not under cultivation; this is why the West and South, aside from the plantations and ranges that are economically dedicated to large-scale production, are divided into great manorial holdings like those of feudal Europe.

This reform, known generally as the single tax, is comparatively easy to inaugurate. It can be put into effect by the legislature of any State or by a county where home rule in taxation exists, by an act which exempts from local taxation all houses, barns, improvements, growing crops, machinery, and personal property of every nature and description. By merely exempting these kinds of property from taxation all taxes will automatically fall upon the land. No other taxes will be levied. As a result the taxes on land will be automatically increased. And if the tax is heavy enough it will discourage the holding of land for any other purpose than production. Such a change would not

materially burden the speculator, it is true, if the tax rate were inconsiderable. But if the tax upon the land was increased to 2 per cent. on the actual value it would become such a burden that the owner would seek some means of escape from it. A tax rate of 2 per cent. on land valued at \$100 an acre would amount to \$2 per acre. On a 10,000-acre farm the taxes would amount to \$20,000. On a 100,000-acre farm they would amount to \$200,000 a year. Quite obviously men would be driven either to sell their land or put it to productive use under such a tax. They would either cultivate it themselves or dispose of it to would-be farmers. They would cut their estates up into small holdings; they would accept easy terms of payment; they would offer generous terms to tenants; they would pay higher wages to farm-laborers.

About our cities, even in the Eastern States, millions of acres of land are being held idly, indifferently, and by inertia just because it costs little to so hold them. The owner hopes that some day he will be able to realize a profit. And a slight increase in the taxes on land would bring much land onto the market while a very small tax upon the great ranges of the West, on the plantations of the South, on the million-acre estates of Texas, California, Oregon, and Washington would lead to their being broken up for settlers.

And if the tax upon the land were made suffi-

ciently heavy men would take only such land as they actually needed or as they actually worked, whether it was ten acres or a hundred acres. They would pay an annual tax to the State, not unlike the rental now paid the landlord. But they would then be free from all other taxes, and in addition the great quantities of land brought onto the market would materially cheapen the rental of all land. For as taxes on land are increased the price of the land diminishes. If the tax amounted to 5 or 6 per cent. on the selling value land would have very little value. For such a tax would make speculation impossible and the holding of land idle so costly to the owner that he would give it up.

And the taxation of all land values up to the full amount of the rental value is the aim of those who believe in the single-tax philosophy. They would tax land heavily as a means not only of freeing the land but of freeing man as well. This would end tenancy; it would end all land speculation; it would end land monopoly forever. For then men would hold no more land than they actually used, and as land would exist in abundance for all it would be impossible for owners to hold men either as tenants or as agricultural workers. Men would own their own farms and work for themselves. And that is the ideal of a democratic agriculture.

Moreover, the untaxing of all kinds of farm improvements would encourage men to build, to make

their places more attractive. Just as many cities seek to encourage factories in their midst by exempting them from taxation, so the exemption of all kinds of farm improvements will lead to better farms. This is one way to improve the farm and a very easy way. For it is automatic in its operation.

It is rather remarkable that the countries that have gone furthest in the untaxing of improvements and the taxation of land values are agricultural states. During the ten years just before the war the provinces and cities of western Canada had made many experiments along these lines. Such cities as Vancouver, Edmonton, Calgary, Prince Rupert, in fact, almost all of the cities west of Manitoba, have taken taxes off houses and improvements while the country districts have levied taxes on unimproved and wild land to end the speculation which prevailed. Very remarkable changes followed the shifting of taxes to the land. Land became cheaper as speculation was discouraged. Home-ownership increased. Men built homes. The towns expanded over a wider area. Free from the fear of taxes, men made improvements on their property.

Influenced partly by the experience of Canada the Farmers' Non-Partisan League of North Dakota inserted in its platform in 1916 a declaration for the exemption of farm improvements from taxation.

They, too, desired to end the alien and speculative ownership of land which was retarding the growth of the State. And one of the measures passed by the farmers' majority at the session of 1917 was an act materially reducing the taxes on improvements and with it a permissive measure permitting cities to do as they pleased in the matter of exemptions. In 1916 the people of California voted at a referendum election to collect *all* taxes for State and city purposes from a single tax on land. Everything else was eliminated from the tax system of the State. And the measure received 250,000 votes. In 1909 Lloyd George carried through his budgetary proposals in Great Britain which provided for a greatly increased tax on land values, although this measure was confined for the most part to city land. In Germany Adolph Wagner, the great financial expert, has been urging the taxation of land values, and over three hundred cities have adopted what is in effect a heavy tax on land values, although the German land taxes are in the nature of a tax on the "unearned increment" or speculative increase in land values rather than a tax on the capital value of the land which is here proposed. Most of the provinces and cities of Australia have adopted the measure in part as shown in a previous chapter. And the reports from Australia indicate that it has checked speculation, led to the breaking up of the great landholdings, and aided the communities in

carrying through the farm-colony programme which has been greatly extended in these countries.

When the war is over it seems probable that all of the warring countries in Europe, as well as Canada and Australia, will be forced by necessity to resort to the taxation of land, not only as a fiscal measure but as a means of rehabilitating the state and of finding homes for the returning soldiers.

Not only will the taxation of land values end speculation and break up land monopoly, it will automatically determine the size of farms. In some localities where truck-farming is the rule farms will be small. They may be of not more than 10 or 20 acres. In other sections there will be farms of from 40 to 50 acres that can be cultivated by a single man, while in the grazing States of the West the land will be divided into cattle-ranges much as it is to-day. For men will take only such land as they can profitably use. The taxes will not be adjusted to the amount of land. They will be adjusted to the value of the land. Taxes will be low on land of little value. They will be high on land about the city or of high fertility. The basis of the tax is the value, not the amount, of land. And the value of land is always determined by its location, its fertility, its value to society.

Under the proposal men would only pay for what society gives them. They will pay for advantages enjoyed in location, in the inherent value of the

land, in the values, in fact, which society itself has created. On the other hand, everything that labor produced would be free. It would be untaxed by the city or the State.

The freeing of the land from speculation will also bring about that condition of fluidity of labor referred to earlier in this chapter. Men will be able to leave the city who are weary of city life with something of the ease with which they now leave the farm. The man with a few hundred dollars can then have a fling at farming with but little risk. And with cheap land working in co-operation with cheap credit supplied by the farm-loan boards the chief obstacles to the tenant, the agricultural worker, and city dweller will be removed and men will be able to pass to the land almost as easily as the country-bred boy now passes to the mill or the factory. Then society will have a wonderful fluidity. Men will no longer live in fear. They can go to the land if they choose to do so. They can look forward to old age with courage and equanimity.

Under such conditions, too, the farm would soon lose its isolation. Farm colonies such as are being developed in many countries would be the natural form of organization. Men would live close together from choice, as they do in the farming villages that are found all over Europe. For the isolated farm is traceable to the fact that men are always seeking to get as much land as possible.

But with land held only for use men would take only as much as they themselves could cultivate. For the agricultural worker would become an owner. He would work for himself. So would the present tenant. For the opening up of land to use and its most profitable use would automatically end tenancy just as it would end the surplus labor which now permits the farmer to hold more land than he himself can cultivate.

The taxation of land values would be to America like the discovery of a new continent. It would open up hundreds of millions of acres. It would greatly increase production. It would solve the food problem and the high cost of living. For free home-owning proprietors would be able to cooperate as they are not able to do to-day. They would have a sense of independence and freedom that is only found in countries where peasant proprietorship prevails. For free land makes free men. It is the home-owning peasant that explains the democracy of France. It is the home-owning peasant that explains the democracy of Switzerland, Holland, and Denmark. Wherever the relations of the people to the land is on a basis of ownership rather than of tenancy there we find liberty, freedom, and democracy. For a home-owning people are a free people—free politically, socially, industrially.

And what is true of agricultural land is true of the mineral resources, timber-land, and city land

as well. As has been shown, a handful of men own 105,600,000 acres of timber-land.¹ They control the price of timber and lumber products as well. The iron ore of the country is owned by a half-dozen iron and steel corporations that acquired it as waste land or at a very low figure. They have capitalized it for billions of dollars. The anthracite coal of Pennsylvania, the bituminous coal of Ohio, West Virginia, Indiana, Illinois, Colorado, and the West and South is also owned by a few great corporations. The same is true of the oil and the natural gas. It is true of copper and other natural deposits as well. And within a generation's time these deposits placed in the ground by nature have become the private possession of monopolies which fix the prices we pay for almost every necessity of life. The land in the city, whose increasing value is the explanation of high rents and tenement conditions, is enriching its owners year by year by the growth of population and the needs of society.

Taxation is an easy means of ending these monopolies as it is of ending the monopoly of agricultural land. A slight tax on the millions of acres of timber-land owned by the Southern Pacific Railroad or the Weyerhäuser syndicate would end the timber monopoly. It would force the owners to sell. They would have to let go their holdings to meet the de-

¹ See Chapter XVIII, p. 209.

mands of the tax-gatherer. And when it is considered that a great part of these colossal holdings were obtained by fraud, fraud so universally admitted that it is not even denied in the West, the justice of such a retaking of a portion of the nation's resources should not be open to question. The Standard Oil Company holds great stretches of land under lease which it does not develop. The coal corporations and railroads have immense holdings of coal land that they hold out of use as a means of keeping up the price of that which is produced. If these hoardings were taxed at their capital value, at the value for which they have been capitalized by their owners, they would have to be developed or be sold to some one who would develop them.

Lower rents would follow more houses. And more houses would follow the ending of land speculation. There would be more coal and timber produced if those who owned these resources had to develop them to pay the taxes. And the high cost of living is not a problem of food alone. It is a problem of better homes, of more comforts, of a higher standard of living as well. And far more important than the freeing of the means of distribution from monopoly control is the creation of such conditions of economic freedom that the wealth in the land will be opened up to man and the resources now held out of use will be released to labor.

What society really wants is more wealth and a more equitably distributed wealth. We want more food, more houses, more clothes, more fuel, more of the comforts and necessities of life. And the aim of society should be to increase the production of these things and then see that those who produce them receive the full result of their labor. These should be the first and most important aims of government. Possibly if these two functions were properly performed there would be but little need for jails, for prisons, for institutions of all kinds. Possibly the improvement in the condition of the people would be so marked that the evil conditions under which so large a portion of the people live would pass away and a new kind of society would come into existence born of the absence of poverty, of ignorance, of fear.

And the opening up of the resources of America to use would increase the wealth produced as would no other change in our economic life. For if the land and the mineral resources, the timber-land, and the sites for homes in the cities and suburbs were freed from the dead hand of idle ownership there would be a marvellous increase in the wealth produced and an even more marvellous change in its distribution. What we most need is a new freedom in agriculture, in industry, in labor. And that will come when means are applied for the ending of the monopoly which now prevails.