

LAND—FOR PRODUCTION

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I approach the problem of reconstruction as an engineer, with a deep sense of the professional duty to propose whatever immutable principles indicate as its solution. And I believe the essentials to a secure and enduring social structure are as inexorable as the laws of matter to which our bridges and buildings must conform. Truly, but in a far deeper sense than usually understood, freedom consists of liberty within the law. This law be it carefully borne in mind, is not of men's making, but is nothing less than the supreme law of justice and human nature—the law to which human enactments and institutions must all conform. All man has to do with such law is to discover it and abide by it. The happiness and security of society will be in proportion to the skill, thoroughness and wholeheartedness with which it obeys and with which it gets into line should it discover itself astray. The holding of this Conference demonstrates that we realize that we are now astray—and in the midst of a grave emergency.

Let us recognize at the outset that reconstruction includes two types of measures, (1) first aid and (2) thoroughgoing cure. First aid is justly getting much attention; the fundamental cure gets far less attention; in fact, it is in grave danger of being lost sight of altogether. Consideration of a fundamental cure need not hinder first-aid, emergency work. It should help it and give it valuable guidance. Hence in the hope of securing real construction, complete reconstruction, the only reconstruction worthy of the name, I am here earnestly to urge the examination of fundamentals. Thoroughgoing cure may be unattainable, but we certainly shall not reach it till we make the attempt, till we are at least willing to give it serious and candid consideration.

LAND IS BASIC

Let us begin at the beginning.

Land is the basic necessity of human life. Let us see if all is right with the terms upon

which land may be used. Calm scrutiny at once reveals plenty to engage our attention. Here is at least one vital point where we are astray. And I submit that we cannot prudently go on overlooking and underestimating this fact. Let us examine it further.

Ownership of land is now permitted to serve two radically different purposes.

Land may be owned as a means of getting tribute, for living without useful service, as an essential to outright oppression. The speculators, dukes and kings know this very well.

Land may also be owned as an incident to the construction and enjoyment of a home, with suitable, and, it is to be hoped, with adequate and even beautiful grounds around it; as an incident to the production of food and the necessities and comforts of life; as an incident to a banking, mercantile, manufacturing or transportation or other useful business; as an incident to wholesome pleasure and recreation.

The first purpose is purely oppressive or obstructive; the second is beneficent in the highest degree. The first, to put it mildly, prevents capital and labor from getting their normal return. The second is a convenient and wholesome means for security in production and particularly in the enjoyment of home, property and life.

OBSTRUCTIVE VS. CONSTRUCTIVE OWNERSHIP

The first type may hence be called obstructive land ownership; the second productive land ownership. The fact that in individual cases the obstructive and productive purpose are both present does not affect the existence of the two purposes or their relative merits.

If either the obstructive purpose or the productive purpose in land ownership is to be made a favored interest at the expense of the other, if either is to be penalized to subsidize the other, it would seem plain that the productive purpose should be the one to be fostered. But incredible as it is, we are acting on the absolutely opposite principle. We are actually subsidizing obstruction at the expense of production. Not only that, but this astounding travesty upon common sense is in vogue throughout the world. Our own country is deep in the toils of this delusion. In fact, the evil is so universal and deep set in public thought that it is hardly noticed and even less discussed. When it is challenged, however, certain types of intellectuals can be found to appear as its active defenders, just as in past years similar minds, with impressive show of learning and piety, upheld chattel slavery, and in later years defended, in mournfully large numbers, the Kaiser's invasion of Belgium.

EVIL RESULTS

The train of evils produced by such a basic perversion of government as the maintenance of the obstructive use of land at the expense of the productive use is too long to enumerate now. Prominent among these evils, however, may be mentioned our deranged and deadly tax system. Another consequence of our tenderness for the harmful use of land is that the productive use of land, from which all public revenue and all other human requirements must come, is restricted in large degree to the poorer land, and the burdens of life correspondingly intensified. Another consequence is the settler forced to the lonely wilderness. Another is the city slum. Another is scarcity of employment. Another is inadequate funds for public improvements and salaries of public employees.

Our whole economic and social system is thrown out of gear by this one economic blunder. For it is a blunder at a vital spot. Its correction, once the public sees the point, must prove one of the very easiest of the many tasks confronting our statesmen. The result would be the removal of the cause of a long train of evils, and with it would obviously disappear these evils themselves. The way would then be clear, as never before, for similarly vigorous and rational treatment of other evils.

Let us, as its importance warrants, go into this subject somewhat more systematically. That may reveal just where the evil is entrenched, and indicate just what we must do to get rid of it.

THE CASE BRIEFLY STATED

The whole case may be briefly condensed as follows:

1. Land is the source from which man produces capital and meets all his material needs. The right to use land is essential for the use of water, light and air. The right to use suitably located land is essential for a home, for the conduct of a business and for any activity of man. On the wisdom and justice of the terms of land ownership the stability of society depends.
2. Private ownership of land at present includes two features[^]-one essential and good, the other unessential and bad.
3. The good feature in private ownership of land is the right to use land and to enjoy in security the fruits of one's labor. The bad feature is the right with impunity, and even with profit, to prevent the use of valuable land; a right which gives power to name the terms on which land may be used, the terms upon which capital and labor may function; a right which gives power to absorb by ever increasing exactions and without service in return the social value of all invention, discovery and civic

advance; a right which gives power, through arbitrary control' of the surface of the earth, to control the lives and fortunes of men.

4. The bad feature in private ownership of land is the one essential stronghold of landed autocracy, ancient and modern; between it and democracy there can be no peace; wherever it prevails man cannot be free; so disastrous has been its effect, to such an extent has it over-borne the good feature in land ownership that the resulting discontent mistakenly threatens the whole system of private ownership of land.

5. The harm experienced under private ownership of land is not inherent in private ownership; it is due solely to the one bad feature in private ownership—a feature which has far too long found support because of its supposed inseparability from the good feature.

6. Existing tax laws require a land owner to pay more taxes if he uses his land than if he does not. They also permit him to absorb site-value, which is the value that the development of society adds to land. The result of these two conditions is an effective premium upon withholding valuable land from use. Thus is produced and maintained the bad feature in private ownership of land.

7. All about us are the inevitable consequences of this policy: Agriculture a needlessly precarious occupation, farm tenancy and absentee ownership widespread and on the increase, bad housing, living expenses harder and harder to meet, the price of land rising and taxes upon its use increasing[^]—conditions formidably obstructive to the production of food and all the needs of life.

8. The bad feature in private ownership of land has no better claim to perpetuation than that other and kindred institution of medievalism, the divine right of kings.

MUST FAVOR PRODUCTION

I therefore earnestly urge upon all who wish to see the resources of our country made fully effective, and society put on a stable basis, the need of changing our system of taxation so as to make the productive ownership of land rather than the obstructive ownership of land the favored interest of Government.

The nature of site-value points the way. Site-value is a vast fund. It is created by the public. It can be turned to public use by suitably taxing it. The revenue from site-value taxation would not only be ample in ordinary times, but in war time would mobilize the whole economic power of the country, which existing taxes cannot possibly do.

More can be had from the single right and ample source, site-value, than from many wrong sources of scanty yield.

THE SITE-VALUE TAX

The obvious step is to make site-value the sole basis of revenue taxes and incidentally to abolish all taxes upon food, clothing and shelter; live stock, orchard and farm improvements; buildings, ships and machinery; trade, transportation, manufacturing and agriculture; thrift, skill and efficiency, and upon all useful activity.

The success of this step would mean the solution of the land question; with it would be solved the tax question.

It is especially important that the individual states turn to site-value taxation since the holding of valuable land out of use is a favored, exempted interest under the Federal income tax, as it is under any income tax.

The obstacles to the adoption of the proposed single tax upon site-value must prove short-lived, once the universality of its benefits and the extreme weakness of the case against it are understood.

CONSTRUCTIVE EFFECTS

I urge consideration of the following opinions of its advocates as to certain specific effects of the proposed single tax.

The single tax, by entirely untaxing the use of land, would add a large new value to land ownership; by entirely untaxing improvements it would make the taxes lower than now upon nearly all farms, as it would also, to a wide extent, upon other improved real estate. By destroying the speculative demand for land (to accomplish which it must be suitably extensive and thorough in application), it would reduce the price of land and reduce the total carrying charge (interest and taxes combined) upon ALL land bought after the change. It would, nevertheless, by making suitable use the only way to meet even this low-carrying charge, eliminate the speculative motive for holding land out of use. It would thus permit the market supply of land, urban and rural, to keep pace with the demand and would thus reduce to a minimum the cost of land-ownership and of land use.

The taxes paid by each taxpayer would then be proportioned to the publicly-maintained benefits actually placed at his command. They would no longer be proportioned to the skill and success with which he serves himself and the public. No individual could escape paying his just share; the payment would decrease if the site-

value of his land should fall, and would increase if the site-value of his land should rise. Non-land owners, so far as any such remain, would pay their tax solely through their rent, instead of as now, partly through their rent and partly through increased prices of the necessities and comforts of life. Their rents would, however, be easier to meet than now. Nobody would give up anything for taxes which would not otherwise be absorbed by obstructive land ownership.

The single tax would operate powerfully to smooth the way for other reforms, and to widen the participation in their value when secured, to increase the production of wealth, to diminish poverty, and to make us a nation of land owners and home owners—impregnable in defense.

Like an income tax, or an inheritance tax, the single tax would lay large charges only upon broad shoulders. Unlike them, it would not violate an individual's just right to his earnings and savings, even if they are large. Unlike them it would actually reach the dangerous fortunes and no others. Unlike them it would not subsidize the bad feature in land ownership.

The single tax would be the fairest and most productive of all possible systems of revenue, as well as the simplest, the least costly to collect, and would not be inquisitorial.

The single tax would abridge nothing in private ownership of land but its abuse.

The single tax would make useful industry and the secure enjoyment of just property rights the prior concern of government, rather than the maintenance of the evil feature in land ownership.

By securing revenue and protecting industry by a plan more effective than tariffs, the single tax would remove the demand for economic barriers between us and those with whom our citizens wish to trade.

The single tax would open ample opportunities within our own borders for capital and thus reduce the incentive to economic imperialism.

The single tax should aid us immeasurably in meeting the problems of reconstruction, and also, by undermining certain formidable economic causes of war, in making an end of wars.

I believe that the foregoing accurately represents present day single tax views. I may add that what I have just offered as "a brief condensation of the whole case" was

adopted practically verbatim as a statement of principles of the National Single Tax League of the United States at a meeting of its Executive Committee last August by unanimous vote. Such few changes as I have made are mainly the omission of passages pertinent only under the war conditions then existing.

IMMEDIATE PROPOSALS

In closing, may I add a word or two as to more immediate proposals.

The first thing to be done is to develop a realization of the disastrous absurdity of perpetuating and even fostering the evil part of land ownership, of actually penalizing those who own land for wholesome purposes in the interest of those who own it for harmful purposes. We must also produce a realization that until this evil is removed it is hopeless to look for economic order, that until this evil is removed all other efforts at improvement work at ruinously low efficiency. This accomplished, the rest would be simple. Public sentiment would soon correct the evil.

As with the stopping of other injustices and follies, occasional temporary hardships would doubtless be caused by adopting the Single Tax program. On the other hand, multitudes of severe cases of hardship otherwise chronic and otherwise incurable would be permanently relieved. Moreover the actual hardships incident to the change could be alleviated to negligibility by reasonable handling of ad interim conditions, say, by some such bodies as the draft exemption boards. Of course, exemptions to interests which it is deliberately intended to favor would prevail just as at present, and far more effectively, for they would then be free from multitudes of indirect taxes from which they cannot now be shielded.

The best first legislative step toward the proposed

SINGLE TAX UPON SITE VALUE

—NOT single tax upon LAND, be it observed—may well be' the assessing of site value separately from land improvements and from buildings. Such separate assessment would obviously be an essential part of the new system, and would have to be adopted with it if not before it. If adopted beforehand, it would throw much light in advance on the actual workings of the new plan, and enable the public to take the next step with full understanding and calm confidence—a condition highly favorable to a smooth transition period.

Even if we cannot get the Single Tax into actual force in time to aid in getting land and fitting it for a suitable welcome to our returning soldiers and sailors, we can at

least have it ready as a worked out plan of campaign, a vision of better things than they or the world have ever known before, and they and we together can have the glory and joy of making it come true. Until it does come true we shall not have real reconstruction.