

## THE NEW YORK SYSTEM OF TAX COLLECTION

Mr. Alexander McKendrick, late president of the Scottish League, and now resident in Boston, Mass., U.S.A., in a recent letter to Mr. G. B. Waddell, Glasgow, writes:

From Lawson Purdy (president of the department of taxes and assessments of New York City) and his assistant, Chas. Adams, I got a lot of interesting information, and am more convinced than ever of the wisdom of their system. To the great question over which we have been exercising ourselves, i.e., "Who is to pay?" they simply reply, "Why, anybody." In Mr. Purdy's assessment books there is a column headed "Name of proprietor," and in many cases this was filled in "Unknown." I expressed surprise, and asked if this occasioned no inconvenience. "Not in the least," he said: "the debt lies *in rem* not *in persona*—against the property, and not against any person or persons known or unknown."

And the point to note is, the thing *works*: without sending out assessment papers or collectors, 95% of taxes are voluntarily paid, and only 5% arrears are left to be sold to the Tax Lien Co., or other purchasers. Of course it may be said their land system is entirely different from ours, but I cannot see that that need affect the attitude of the community towards the land value it wishes to tax. So far as I can find, there are in the cities neither leaseholds nor perpetual feus—land and house are owned together, though the land is frequently bought for a fixed price to be paid on the instalment principle, so much per annum till the whole is paid, with, I suppose, the house as security. But to all these possible conditions the New York system turns a blind eye, and demands that the tax be paid by "whom it may concern." The task before them now therefore is, as I have said, simply to educate public opinion to legislate for exemption of improvements. Is it not most ingeniously simple? Of course, we all know that the dead weight we have to shift in Scotland is that rooted unwillingness to "scrap" either old machinery or old ideas, a disability which has nearly been the ruin of many of our leading industries. The old superstition on which the rental basis of taxation is established, and which was expressed in the words of Dr. Murray, "building land has no value till it is built on," or that "what is earning nothing is worth nothing," is a superstition that is exceedingly hard to kill.

I remember on one occasion feeling surprised at ex-Bailie Burt's suggestion of the idea of a *holus-bolus* adoption of the *capital* basis of taxing and rating on the present American system, to include all forms of property: with the view of getting *exemptions* gradually effected afterwards. I am now thinking it might be the quickest way of breaking finally this tyrannous superstition that the present earnings of land and improvements form a just standard of taxation.

It should be remembered however, in judging whether the New York system of tax collection would be applicable in this country, that the system of land tenure there is much simpler than ours. Nearly all land in New York is held freehold. Some 70 or 80 years ago there were rent riots over the rents reserved in ancient leases, and it was then enacted in the Constitution itself that the lease of agricultural land for more than twelve years should be void, and that any lease for a life or lives, or for more than 21 years, should be taxable to the owner of the land, in addition to the taxation upon the land itself. It is owing to this legislation that all considerable building is now on freehold land. (See statement by Mr. Lawson Purdy quoted in our issue of September, 1908.)

Another circumstance which facilitates the collection of taxes in New York, as Mr. McKendrick points out, is that the taxes are on real estate, and not on land values only. How the tax lien system could be adapted to our system of land tenure and for a land-value tax, and what degree of efficiency it would give, is a matter for investigation.

An article on the Collection of Tax Arrears in New York appeared in LAND VALUES of July, 1914.

## SEVENTEENTH-CENTURY LAND SPECULATION

ORDINANCE OF NEW AMSTERDAM (NEW YORK) WHICH WAS ADOPTED JANUARY 15TH, 1658

(Quoted in the SINGLE TAX REVIEW, January-February, 1914, from an address by Henry W. Vogel, Surveyor of the city of New York, at a meeting of the Municipal Engineers of the City of New York, November 27th, 1912.)

The Director-General and Council daily see, that their former well-meant orders and proclamations are not obeyed, but that notwithstanding their repeated renewals many fine and large lots in the best and most convenient parts of this City remain unimproved and are kept vacant by their owners, either for a profitable advance in price or for pleasure, preventing others from building and thereby increasing the population of the City, from promoting our trade and from beautifying this place, which to do, many newcomers might be induced, if they could buy a convenient lot for a reasonable price, conform to the above mentioned ordinances. The neglect, if not villification, thereof principally leads to the keeping back these large and fine lots for profit or pleasure and this is done, because the former ordinances do not carry a fine; for the owners who have held such lots for years without expenses, are keeping them for an advance in price, or using them for pleasure as orchards or gardens, thereby preventing the erection of houses and the increase of the population, hence also the advancement of trade and injuring the well being of the City, contrary to the good intention of the Lords Directors of the West India Company, the Masters and Patroons of this Province, as first givers and dispensers of the lots, to be used for the adornment, population, increase of inhabitants trade and welfare of the City by houses, as the patents given expressly stipulate, under such taxes, as said Lords or their deputies may impose. In obedience to their orders the said Director-General and Council have lately caused their sworn surveyor, in the presence of the Burgomasters to survey and measure the vacant lots for regulating the streets and they find several hundred lots within the City walls vacant and not built on. In order that, agreeably to the good intentions of the said Lord Director and in conformity with the former ordinances, these may the sooner be built upon, any way, that the doubts about the ownership of such large lots for profit or pleasure without taxation may be settled and the persons, wishing to build on lots, acquired at a reasonable price, may be accommodated, the Director-General and Council amplifying the former ordinances ordain that all vacant lots lately measured and laid out by the Surveyor of the Director-General and Council, shall immediately after publication hereof be appraised and taxed, first by the owners themselves, that they may not complain hereafter over the valuation by others, which appraisal shall stand as long as the owner keeps the lot or lots unimproved, he paying his yearly tax of the fifteenth penny in two instalments, namely, one-half on May-day, the other before the Fairday of this City; This revenue is to be applied to the fortifications of this City and their repairs. The Burgomasters are directed and authorized, to summon after the publication of these presents before them in the City Hall the owners of the lots in person, without regard to their position, and have them make the appraisal, which their Secretary is properly to record and the Treasurer is to receive the revenue. In case of opposition or refusal they are civilly to reprove the refractory person and tax his lot according to value and circumstances, under condition that the owner shall have the choice of keeping the lot, taxed by the Burgomasters, if he will pay as aforesaid the 15th penny, or if surrendering it to them for the behoof of the City at the price put on it by the Burgomasters; while

on the other side, it is left to the device of the Burgomasters, either to take the lot at its owner's price for account of the City and sell it at this price to any one who desires and is ready to build, conform to the ordinances, or else to leave it to the owner, until it is built upon by him or others, when this burden, for good reasons laid upon unimproved lots, shall be taken off.

### ADVOCATED BY AN AMERICAN STATESMAN IN 1782

The proposal to settle the land problem by a land value tax is by no means new in kind. Robert Morris, to settle it in America, made such a proposal in a letter to the President of Congress—July 29th, 1782 (DIPLOMATIC CORRESPONDENCE, Vol. XII., 227). He wrote:—

“ . . . And first, as to a land tax. The advantages of it are, that it can be reduced to a certainty as to the amount and time. That no extraordinary means are necessary to ascertain it, and that land being the ultimate object of human avarice, and that species of permanent property, which peculiarly belongs to a country as neither to be removed or concealed, it stands foremost for the object of taxation, and ought most particularly to be burdened with those debts, which have been incurred by defending the freedom of its inhabitants. But besides these general reasons, there are some which are in a manner peculiar to this country. The land of America may, as to the proprietors, be divided into two kinds; that which belongs to the great landholders, and that which is owned and occupied by the industrious cultivators. This latter class of citizens is, generally speaking, the most numerous and most valuable part of a community. . . . A land tax will probably, at the first mention, startle this order of men; but it can be only from the want of reflection, or the delusion must be kept up by the artifice of others. To him who cultivates from one to five hundred acres, a dollar per hundred is a trifling object, but to him who owns a hundred thousand, it is important. Yet a large proportion of America is the property of great landholders; they monopolise it without cultivation; they are for the most part at no expense either of money or of personal service to defend it, and keeping the price higher by monopoly than otherwise it would be, they impede the settlement and culture of the country. A land tax, therefore, would have the salutary operation of an agrarian law without the iniquity. . . . It would have the further advantage of encouraging settlements and population; this would redound not only to the national good, but even to the particular good of the landholders themselves.”

SAMUEL MILLIKEN.

### NORTHERN NIGERIA

#### Land Legislation

The Annual Report on the Blue Book of Northern Nigeria for the year ended 31st December, 1913 (Cd. 7622), contains an interesting reference to the land system now in operation in that Colony. Sir F. D. Lugard, the Governor-General, says:—

A general review of the policy adopted in respect to native administration would be incomplete without a short reference to the measures taken by the Government to regulate the conditions under which the land in these territories may be occupied.

After close inquiry it was found that from time immemorial a native individual had regarded the land possessed by the community to which he belonged to be

vested in the office of the Emir, clan chief, village elders or head of a family, as the case might be. The idea of individual possession of land, in the sense in which such possession exists in Europe, was found to be foreign to his conception of the requirements of his tribe.

*Per contra*, the hereditary right of each individual to occupy an area of the tribal lands sufficient to support himself and his family, so long as he conforms to the tribal laws and customs, is a privilege which every native assumes that he possesses.

It was decided that it would be expedient that these two principles should be accepted by the Government and applied in respect to the occupation of land in Northern Nigeria and be embodied in a Proclamation named the Land and Native Rights Proclamation.

By this law every native is secured in the occupation of his land so long as he pays his contribution to the revenues of the State in return for the protection to life and property which he enjoys. All the improvements which he may make upon his land are his own inalienable property, for which he can claim full compensation, and he can bequeath or sell them with his title. If, however, his land has become valuable owing to the expenditure of State revenue (as by railway construction, &c.) without any effort of his own, he may be called upon to pay an increased contribution to the revenue in respect of the increased wealth which he has thus become possessed of—or he may relinquish it and take land elsewhere, receiving full compensation for improvements.

The Proclamation to Define and Regulate the Tenure of Land within the Protectorate was put on the statute book on 1st January, 1911, and was quoted *in extenso* in May, 1911, LAND VALUES. The story of the inception of this measure and the vigorous part played by Sir Percy Girouard was told by a special correspondent in the TIMES of 8th September, 1911, and was reprinted in December, 1911, LAND VALUES.

### CANADA

#### Toronto

The Toronto City Council has been asked by the Tax Reform League to again seek an amendment of the Ontario assessment act or pass a special act for Toronto.

The act which the League would have submitted to the Legislature for adoption would give the Council power by bye-law to fix any percentage or portion of the value of buildings, as ascertained by the assessment act as the value at which such buildings in the municipality shall be assessed; to increase or lower the percentum rate for any of the businesses enumerated in section 10 of the assessment act; to increase or lower the amount of exemption on income fixed by clause 19 of section 5 of the assessment act. It is sought that all assessments made in accordance with such bye-law shall be valid and binding as though such assessment had been made in accordance with the provisions of the assessment act. In case a petition signed by five per cent. of the electors is presented to the Council 60 days before the municipal election asking that the percentum of the assessed value of buildings, income and business, as set forth in the petition, be submitted to a vote of the ratepayers, then the Council must submit the question to a vote of the ratepayers, and in the event of a majority of votes cast being in favour thereof, such percentum must be adopted by the Council.

We are so accustomed to poverty that even in the most advanced countries we regard it as the natural lot of the masses of the people; that we take it as a matter of course that even in our highest civilisation large classes should want the necessities of healthful life, and the vast majority should only get a poor and pinched living by the hardest toil.—HENRY GEORGE.