

# Mr. Mason to Mr. Woodlock

(Below we quote a letter from Mr. J. Rupert Mason to Mr. Thomas F. Woodlock, Contributing Editor of The Wall Street Journal, whose articles on the Georgist objective appeared in the June and August issues of The Freeman.)

Mr. Mason, a San Franciscan, is one of the nation's foremost irrigation and reclamation experts. He has long been identified with Georgist activities, and as a speaker and writer and one of the editors of "Our Commonwealth," a West Coast publication devoted to the cause of human freedom, is known to many Georgists throughout the country.—The Editors.)

Pursuant to the kind invitation to Georgists, extended in your "Thinking It Over" column of June 17, first may I thank you for the eminently fair-minded approach you have displayed throughout.

You suggest that Georgists do not believe that "unimproved land in the hands of an individual person is property in the sense that all products of human labor are property." I would remind you that there are many millions of acres of "unimproved land" on this planet in which no one is sufficiently interested even to claim it as his "property." For example, about half of all the land in California is the property of the federal and state governments, because no private person wants it as his "property." Hence, is it not a fact that, broadly speaking, it is not "land" which persons desire to "own," but those values which arise as the result of improvements, both public and private, such as water supply, roads, schools, shops, all of which render certain locations more desirable than others?

Few of us would be willing to pay for the "privilege" of working and living in a community without sewers, water, roads, schools and other social services. We would not live there at all if we could possibly avoid it.

A million Americans can produce far more on a given amount of land than can a million Hottentots. Is not the reason largely because we are an improved people and have the in-

telligence to locate where the requisite conveniences are at hand? The urge to "own" land, as such, never arises until a particular piece of land takes on a special value, until, that is, it becomes more desirable than other land as a location for a skyscraper, factory, store, home or farm.

Henry George never for one moment advocated any kind of a tax on land. He urged only that the value of the location be paid by the user of the land to the state, instead of to private interests. Obviously land which is of such inferior quality, compared with other lands, that no one will pay rent for its use—even though it may be land of considerable productivity—would be completely tax-free. Since the tax method George proposed was not actually a tax at all but merely the collection of economic rent, there could, of course, be no tax nor collection where there was no rental value.

Rent of land, as not every one knows who should, is determined by the excess of its produce over that which the same application can secure from the least productive land in use. In other words, the rent of any given land or site is determined by the demand for the land, based on its desirability as compared with that of the least desirable land in use, i.e., the most desirable free land or location available.

Now it must be clear that for each dollar of ground rent which the government fails to collect, a dollar must be collected from those who work. The only possible way, therefore, for those dependent on wages or interest to escape having their earned income expropriated by taxation, as is now the case, is to insist that the government collect more from those individuals and corporations pocketing ground rent, as well as from those others who are holding out of use for speculative advance valuable land (urban, min-

eral, timber, agricultural) which, in this time of national need, should be producing "guns or butter."

George never claimed that this method of raising money for government support would abolish poverty, but he did insist that it would abolish undeserved poverty. It would promote equality of opportunity and would put an end to the present iniquitous system of taxation which confiscates earned incomes and interest from sound investments. If our present tax policies do not "socialize" private enterprise in toto, and kill the goose that lays the golden eggs, I shall be more than delighted, but I wouldn't wager a nickel that they won't.

In order to bring about the necessary changes certain laws would have to be amended, but that would present no constitutional difficulties. Precedents galore are already at hand.

In 1909 the California legislature amended the Irrigation District Act to permit communities to collect their necessary revenues from the rental value of all land within their boundaries, and to exempt from taxation any and all buildings, planted orchards or other "improvements" of whatsoever kind or description. There are today more than 100 districts getting their revenues from this source, and none of them penalizes the industrious citizen who builds on or otherwise improves the land he "owns." He pays no more taxes than does the person holding similar land idle and unimproved.

These irrigation districts embrace about four million acres of the richest and most productive land in all California today, and the people in the districts are enthusiastic supporters of the system. Its application has forced the breaking up of many Spanish "grants," and absentee landlords have learned by costly experience that there is scant opportunity for them to profit from the rent of the land in these districts. In

(Continued on page 249)

(Continued from page 248)

California we have also adopted this tax plan for drainage systems, tunnels and certain roads. Where once adopted, there has never been a reversion to the former system of penalizing the industrious by taxing buildings or other labor products. Few laws have been the object of more vicious attacks than this California law, but it has weathered them all, and the credit standing of the older and better known districts today is on a par with that of our leading cities and counties.

In every state, is not all land now in private possession given an "assessed valuation" for the purpose of taxation? How is this "value" arrived at? In most states the assessor must "value" land separately from the "improvements." In such states, it would be necessary only to omit the "improvement" column when the tax rate is calculated, leaving the total in the column headed "land values" to be the amount taxable. The shift may be made gradually or speedily as the people may elect. In the Nineteen Twenties New York City ex-

empted new buildings from taxes for a period of years, as a stimulant to construction. As will be recalled, the move was highly effective in achieving its aims.

You ask, "What would be the nature and extent of the disturbance to existing conditions in either case?" It is my profound conviction that unless this shift is made, and made soon, even "existing conditions" cannot continue to exist.

Believe me,

Cordially and sincerely,

J. Rupert Mason