

How About the Farmer?

IF THE ADVOCATE of placing all taxation upon land values chances to discuss his favorite theory with one unfamiliar with the land question, the latter's early queries will be: "How will your proposition affect the farmer, with his extensive holdings? Do you intend to sacrifice him upon the altar of your ideas?" Until these questions are satisfactorily answered the advocate of land-value taxation may not hope to make a convert of the inquirer. The question is to the credit of him who asks it—usually a city man—for it indicates a desire to be unjust to no other person, even though the asker should be the gainer from the application of the plan. If by chance the debate is with a farmer he will ordinarily confuse a tax on land values with one on land area and feel at once that his broad acres will be subjected to burdens beyond his capacity to bear.

On the face of things and without careful analysis, there is much to explain the impulsive questions asked and as well the attitude of the farmer. In the cities the line of demarcation between the ground itself and the improvements is usually quite easy to draw. Even the cost of the basement and the excavation it calls for is quickly identified as a part of the cost of the building itself and thus entered upon the assessment roll as an improvement. But betterments to tillable land are often incorporated in the soil and lost sight of. The farmer is thus not credited

with the improvements he himself has made. He and the assessor forget how much the land owes to his industry, and that of his predecessors. To this subject we shall refer later.

So-called experts upon the subject of taxation often lend support to the offhand conclusions of the farmer. Prof. Seligman, whose work *Essays on Taxation* is often cited to refute the theories of Henry George quotes statistics from several states to prove that were all improvements and personal property exempted from taxation the burden upon the farmer would be increased while the city dweller would pay less money to the government. He did not carefully consider the very statistics upon which he relied. In West Virginia, for instance, he claims that all city taxes would be decreased if improvements were everywhere exempt while a similar exemption for farm improvements would increase the relative burden upon the farms. The joker lies in failure to discriminate between soil in its natural state, and valuable for farming, and the other great natural resources of the state, such as its forest, mineral, oil and gas bearing lands. All these are treated as if farms. Of course outside of the farms the classifications named carry little improvement but great land values. Results thus obtained, ignoring the obvious facts of the situation, must carry little weight with the real student of taxation. The error committed by Prof. Seligman as to West Virginia he repeats as to other states.

Let us now consider the nature of the improvements which the farmer makes to his farm and which he and the assessor alike so often regard as part of the land values themselves. Beginning with land in nowise ready for his use except as Nature has done its work and with no value save as society has conferred it, the farmer practically starts from scratch as it were. He must level, plow, seed, fertilize, drain or irrigate, fence, build wells and roads and

perform many acts the results of which are often incorporated with the soil, leaving little exterior trace, in addition to the more visible improvements in houses, barns and stables which are all that the assessor classifies as such. Often the orchard whose planting calls for severe labor and constant attention passes as land value while it represents in the beginning industry plus all the after care which must be bestowed upon it. The farmer and the assessor alike deceive themselves as to the real nature of the proposition we would offer them.

Under the influence of the erroneous idea thus outlined, in the recent California campaign it was pointed out that in the country districts assessed land values often exceeded improvement values, but that the opposite was usually true as to the cities. Therefore it was argued that the farmer would be prejudiced were the proposed exemptions carried through, while the cities would be the gainers. Knowing that this situation might well prevail unless the farmer and the tax assessor were alike better informed, the proposed constitutional amendment provided as follows:

“As used in this section and except where the context clearly indicates otherwise:

“‘Improvements’ include structures of any character in or upon land, and pipes, ditches, wells, tunnels, roads, clearing and leveling; also vineyards, orchards, alfalfa, growing crops, planted timber and applied fertility or other alterations or additions to nature made by man.

“‘Tangible personal property’ includes any movable personal property which may be seen, weighed, measured, felt, touched, or is in any manner perceptible to the senses.

“‘Land’ includes all real property not embraced within the above definition of ‘Improvements,’ water and water rights, unplanted timber, and, while contained in the earth, oil, gas, minerals, rock, sand and other metallic or natural deposits of any kind.”

It will be seen that the foregoing definitions take note of the position of Prof. John R. Commons, which is that fertility should not be taxed since it is an element which must at all times be maintained by continued expenditures of labor and one of its results—capital.

It is believed that, once understood and accepted, such proposed amendment would serve to place the farmer upon an exact par with him who dwells in or owns lands in the city. The farm owner has no right to demand special advantage.

The question naturally arises whether any examination as to farm values, based upon the principle of exact separation of land from improvements, has ever been made. The answer is, Yes, and with results indicating that the farmer would be the gainer. In 1897 the Federal Department of Agriculture made an exhaustive study of two typical counties in extreme parts of the State of New York, and reported its findings in a circular entitled *Local Taxation as Affecting Farms*, No. 5, Division of Statistics. In both counties it was found that the value of wholly unimproved land was \$15.00 per acre and of improved \$41.00. Let 100 percent represent the value of all personal property, all improvements and all land of these counties. Of this total the value of unimproved land was only 34.5 percent. In other words improvements and personal property accounted for 65.5 percent of the total, and which the farmer would not have been charged under our plan. If city taxes are used as a basis of comparison under similar circumstances the cities would pay 58 percent of the improved value as against 39.2 for the farmer. Yet to provide the same amount of money with which to run his local government the tax rate on his land value alone would, under our plan, have been increased by only 50 percent, all else being exempt. Although much time has passed since the making of the investigation referred to

there is no reason to think that there has occurred any change of values which would alter the result today against the interests of the farmer. Changes in farm management have meant a very considerable additional investment in personal property. Today these come to the farmer-consumer with sometimes as many as fifty personal taxes which he must pay before use, in addition to those he pays afterwards.

These observations open up a large field of labor for the land reformer. The onus of establishing that we are the friends of the industrious farmer rests upon us. We have to show, and not merely to say, that our plan will benefit the farmer, and this in every state. We have to make clear to farmer and assessor just what we mean by the word "improvements." Our definitions need to be built into the constitution or at least the statutes in every part of the Union. Can we not urge upon college authorities that this be made the subject of some among the theses required from candidates for the degrees of master or doctor?

Meanwhile we may remind the working farmer that the net result from following methods of taxation which have prevailed up to the present has been that the ownership of country land has been steadily passing out from his hands into those of the great landholder. Thus, as shown by the census of every decade, opportunities for his children to gain a livelihood by following the occupation of their father have been steadily disappearing.