

## CHAPTER VIII

### *Some Future Questions*

FOR SIXTY-ODD years we have been engaged in placing a fundamental reform before the public. Its central cardinal principle is in our opinion as clear as crystal—its reasoning unquestionable, its logic unimpeachable. We have thought that to secure its acceptance there needed simply its statement. We have failed egregiously. Our positions have not been understood or their importance recognized. Where we have sought to bring relief to humanity, our reward has been an excited prejudice and rejection of our reform and of ourselves as representative of an unwanted and spurious panacea.

Are we to conclude from this that the repudiation of our ideas was justified and the response to our advances something to be expected from the public because of their erroneous nature? I am not willing to confess all this and to agree that such men as William G. Shearman, John DeWitt Warner, Louis F. Post, Tom L. Johnson, James G. Maguire, Ernest Crosby, the younger William Lloyd Garrison, Brand Whitlock, Hamlin Garland, John S. Crosby, Rev. Dr. McGlynn, George F. Peabody, Newton D. Baker, Frederick C. Howe, Lincoln Steffens, Lawson Purdy, Robert Crosser, Fiske Warren, Herbert Bigelow, Judson King, Herbert Quick, John Z. White, and numerous others were incapable of reasoned judgment. We shall rather conclude

that in some way our approach has been erroneous and that the salvation of our institutions is to be sought by the use of some other methods.

The world does not owe any man a living, but it does owe every man the opportunity to make a living. Men feel this, and couple with it a strong desire to have a spot on earth which they may call their own. Real estate agents preying upon this desire, pressing men with no little success to buy land, obtain prices out of all proportion to value. If we say that such purchase is wrong or even immoral we defeat our own purpose.

We must not longer fight or allow ourselves to be made to appear to fight against the desires of all healthy-minded men to have secure homes of their own. To advantage we can accent the difference in situation between the homeowner and the owner of large tracts of God's earth. Recognize the fact that this is a tide of desire upon which we may float. Abstract argument cannot prevail over instinctive feeling.

The public revenues which are derived from homes is not so large as that derived from natural resources and the valuable landholdings of cities.

Some adjustment of the functions of government may be necessary. Even today it is overdue. There exist districts of various kinds with disproportionately large administrative expenses.

For reasons we have elucidated, attempts to have government take over the land, as they have proceeded so far, have reached a stalemate with little likelihood of a change by methods as yet employed; that future like appeals will reach a like result are believed as certain. Our objective is to establish freedom for all homes as an assured thing. We must now examine methods whereby governmental ownership may be secured.

By all means revolutionary methods must be avoided.

Once start a revolution and its control according to any fixed plan is impossible. The Russian revolution resulted, for instance, in the government taking over not only all of the land, including improvements, but all other properties at the same time and the management of every enterprise no matter how small. This would not be acceptable to any believer in the sacredness of such property as human beings may produce for their individual use. Yet the excesses of the Russian experiment as the natural sequela may serve as a kind of warning to those who now are unwilling to surrender back to the State property the value of which the whole community produces.

*The Question of Compensation*

The rock which, if we are right, stands in the path of taking over peacefully the common wealth, really the property of the inhabitants of the State, is that of compensation. We have seen the position of Henry George that no compensation should be paid and that the law affords a precedent for this position, once it be admitted that the value of the land is a State production. On the other hand, we are confronted by the fact that Wallace, Spencer (in *Social Statics*), Gesell and other economists in general sympathy with the ideas that George has made famous, take the position that compensation in some manner must be paid. Even of more importance than the opinions of the disagreeing philosophers is the fact that the generality of men feel that, having paid money for the possession of land, in being expropriated without compensation they would be required to make all the sacrifices for what is, they contend, an error for which the entire community is responsible. A large majority of those who hope to become landholders hold the same view. Are the positions irreconcilable? Perhaps not altogether.

We have pointed out that, in the judgment of nearly

all those we call Single Taxers, to pay to the landholders the present value of their land would mean that the whole community would assume the burden of the payments to be so made and that this is simply to transfer it from one shoulder to another. Nothing they feel would be gained by such a procedure. The landholder would only cease being the recipient of rent to become the recipient of cash or assured interest. This assumes the payment to the holder of today's selling value of his holdings. With entire justice to all, this payment may be cut in two by the community paying its share of the loss and the landholder receiving nothing more than his investment.

Important problems arise if the title to all land is to be transferred to the State.

*How Change Is to Be Initiated*

How to initiate such a plan? At the present time no man may be constitutionally dispossessed of his property for public purposes "without just compensation." This is generally considered to be the value in today's market. But this value contains as to land two great elements among others, the amount originally paid for it and the increment which has been added to it thereafter by the growth and labors of the community. The majority of people will readily agree, once their attention is drawn to the matter, that the community has the right to regain the value it has created and cannot be expected to again pay for its own creation. A true rule of valuation can be set up without injustice to any one.

The plan we have heretofore outlined contemplates a re-examination at a very early date of the significance of what we mean by "just compensation." Certainly from the standpoint of justice the argument is obvious and conclusive. It may well be contended that a man, subject to considerations we name, has a right to the return of the

money he has expended under present practices to obtain ownership of a certain tract of land. With equal certainty it may be said that he has no right to the further value he has obtained from the community without any equivalent given on his part.

The proposition we are now discussing would doubtless have met the approval of John Stuart Mill, who favored common ownership of lands as to all future "unearned increment," the only possible difference in position being in the fact that we would make the taking of unearned increment date from the time of the purchase of the land by the present holders or their immediate predecessors by descent.

Viewed from the standpoint we have suggested, the question of compensation does not seem so important, although of course present owners (save as to the home-owners) will have lost some of their existing advantages. Speculation, with all its evils, will be absolutely ended. But the landowner's life and future will be infinitely saner and safer. We have only to recall that prior to the Civil War slavery might well have been abolished either by immediate compensation or by freeing from birth all thereafter born. Either method would have saved the expenditure of enormous treasure and the loss of most valuable lives. Let us hope that our more comprehensive reform may be effected through saner methods and that the extremists on both sides may not prevent a natural and amicable settlement, involving what, historically speaking, means no long delay.

In other ways extension of State landholding may be anticipated. From time to time tracts of land become forfeit to the State for non-payment of taxes. Nowadays these tracts are usually set up for sale for taxes and any amount obtained over and above the tax paid back to the private owner, otherwise title reverting to the State. When taxes

are unpaid and thus the land forfeited, the title should not be held for re-sale, as now quite customary, but leased by the State. The retention of title by the State will enable it to obtain the benefit not only of today's known wealth, but also of any after-discovered advantages.

In Argentina, it is provided that when taxation is levied upon the estate of a decedent, payment may be made as far as convenient by the surrender of an appropriate part of the land left by him. In a country such as England a like provision would mean the speedy passing to the public of very considerable tracts of land. Such a rule might very well be applied in this country, and thus increase public landholdings, but with the limitation that the land may be leased and not sold.

It may well be that our great wheat ranches, stock ranches and other lands worked in large tracts will require special treatment. We may find it necessary to borrow a precedent from Russia. The workers hold and cultivate for their family use small parcels of land upon which they raise their kitchen gardens, poultry and live stock, employing themselves in a larger way on the great farms. Meanwhile great tracts are held as co-operative farms and cultivated extensively. Apparently the method works well. Like courses could be pursued in this country. This may offer a suggestion as to governmental raising of cotton. The Agricultural Department is already growing guayule to produce rubber.

*Matters Parallel to the Land Question*

In this discussion we have spent little time over anything not pertinent to our main theme—the relation of man to the earth upon which he dwells. Many other matters of incidental though large importance are covered by *Progress and Poverty* and other works of Henry George. We may instance that of the tariff, which has been over-

shadowed by the income tax and direct taxes upon business. Personal, sales and license taxes are of relatively less importance. These are all assaults upon the freedom of action of men and therefore subject to our condemnation. But after all, we are dealing with the greatest robber,—private landlordism and all its attendant evils, such as industrial crises, poverty, war, and inequalities among men, checking the progress of civilization.

It must be borne in mind that in this country the restoration of land to public ownership is much more difficult than in Great Britain. There, for all important practical purposes, but one agency is to be dealt with—Parliament. With us it becomes necessary to take into consideration the government of forty-eight states and as well, in some respects, that of the Union, all offering separate problems as to methods to gain a common objective.

#### *Prior Efforts Toward Progress*

Let us sum up from the taxation side the nature of the various attempts which have been made or proposed. The first great division among those who are considered Single Taxers is between those who favor taking all at once the entire rental value of land and those who favor a step-by-step process. The first feel moved to demand immediate and drastic relief, whatever the incidental effects upon the community may be, from the distresses of mankind resultant from the existence of the high degree of land monopolization. These were quite well represented by the late Luke North, of Los Angeles, who repeatedly caused to be offered to the people of California a proposed constitutional amendment calling for immediate taking over by the State of all rental values. Its favorable vote never exceeded 25 percent of the electorate, a percentage diminishing with each presentation. It was very generally regarded, even by many Single Taxers, as too extreme, and

they supported it to avoid appearing to reject anything apparently intended to advance the cause to which they were devoted, rather than as really approving its extreme idea or expecting its success at the polls.

The California proposed constitutional amendment of 1938 may be regarded as essentially, in form at least, a compromise between the extreme and the conservative elements of the land reformers, although denounced by some of the extreme followers of, or sympathizers with, the proponents of the Luke North idea. It contemplated the abolition within nine years of all taxation upon improvements and tangible personal property (except gasoline taxes). As nearly as can be calculated, this, treating the State as a whole, would have meant that in the tenth year the State would have assumed not less than 65 or 70 percent of the profits of the holding of land apart from improvements and of necessity ended all speculation in land values. Very nearly all of the ends sought by land reformers would have been obtained. Industry would have been freed of the majority of its taxation burdens. The compromise between the two views is shown by the fact that in this single measure nearly complete relief would have been obtained with the advance toward a changed system spread gradually over a considerable period of time. But the fact was that if it had prevailed the larger share of the entire effects would have been immediately manifest. The owners of unimproved land held speculatively would have now seen the ultimate results and sought without delay to rid themselves of such land rather than to await the expiration of the nine years. In percentages, nevertheless, the measure fared at the polls not even as well as the Luke North proposals. I have indicated in a review in numbers of *Land and Freedom* for the year 1942 reasons generally regarded as contributing to the defeat and will not take them up now.

It is noteworthy that nearly all the movements taken toward the end we have desired in taxation have been of a step-by-step nature. This has been true in Australia, South Africa, New Zealand, Canada and the United States. They have brought it to some very moderate point and then stopped. A recent illustration has been afforded by Pittsburgh and Scranton in this country. There they have affected about 25 percent of the local taxation and have not possessed the force to proceed further.

Universally in California, taxation levied in irrigation districts has been upon land values, personal property and improvements being exempt. This condition generally dates back some thirty years ago. Yet the large majority of the landowners have voted, much like their brothers in other parts of the State, against further relief from taxation upon industry and in favor of the holders of land values.

What is the reason for this arrested development? Within the affected areas it is generally recognized that the effects of the exemption have been beneficial. We must refer the reader back to the section entitled "What Has Halted Our Plan of Land Reform." The considerations there discussed were those affecting the public at large. May there not have been other matters touching especially the owners of land? In irrigation districts, for instance, the owners largely obtained their lands under the special conditions we have indicated when for the district's purposes taxes were levied only on land values. These they then accepted very gladly. When, however, it was proposed to require from them increased land value taxes, even though the exemptions spoken of prevailed, they recognized that in the end they would lose their special advantage over their fellows, and their enthusiasm waned. Desire to retain private advantages prevailed over any matter of public gain.

More promising results, though very limited and temporary, have come from attempts to bring about home rule in taxation. In an Oregon county steps were taken to establish this, marked progress made in such direction only to fall by the wayside as the result of an attempt at statewide reform. In Maryland for several legislative sessions it was sought to establish home rule in taxation for the counties and the city of Baltimore. But a constitutional amendment to this end, after having a couple of times passed the State senate for submission to the people, was at last defeated (1905) in the lower house by 95 to 7, indicating that any further attempts would be useless.

In California efforts to amend the constitution for the purpose of enabling towns and cities to establish home rule in taxation twice failed, though with supporting votes of between 40 and 45 percent of the total. The endeavor in this direction was then abandoned.

Of course the struggle for home rule in taxation offered an appeal to men in nowise interested in anything resembling the Single Tax. These were influenced by the general American feeling that the people should be permitted to vote upon any vital proposition.

Conditions in some of the States have prevented—and many still do prevent—anything like a proper system of taxation, requiring, for illustration, taxation at an equal rate of all property—an economic absurdity. This was the case in Maryland until in 1915, when, largely through the effort of a small group of Single Taxers, a constitutional amendment was adopted making a classification of property possible for State and County and requiring equality of taxation within any class of property directed to be taxed. By ignoring local taxation the amendment permitted the legislature to allow cities likewise to designate the classes of property subject to taxation. This permission was availed of by a few towns, notably Capitol Heights on the

edge of the District of Columbia. These in more or less degrees exempted from taxation improvements and personal property, until about 1938, when they were compelled to follow county assessments.

At least passing reference should be made to certain presentations of our general ideas before legislative bodies. About 1916 it was the fortune of this writer to prepare a bill, based upon the general welfare provision of the preamble of the Constitution of the United States, designed to levy a tax upon the privilege of enjoying land values held in one body by individuals or corporations in excess of the value of \$10,000. The exercise of a privilege was sought to be the subject of levy rather than the land value itself because the Constitution directs that all direct taxes should be apportioned among the several states in proportion to population, a system which if applied would have brought about inequitable results. Whether the method suggested would have escaped the constitutional difficulty no one could say until the final guess of the Supreme Court. Probably if that body were economically favorable it would be able to find ample judicial reason for sustaining the legislation. The bill was first offered by Congressman Nolan of San Francisco, and in later forms by Congressman Keller of Minnesota and Congressman Moritz of Pittsburgh, Pennsylvania. The bill was complimented by receiving the active condemnation of the National Association of Real Estate Boards, and, in another sense, by the support of the Merchants and Manufacturers Association of Chicago with Otto Cullman as President. Of course before Congress the bill got nowhere. It served, however, to excite wide public discussion and to furnish much of the groundwork of a bill prepared by Prof. John R. Commons and introduced by Mr. Grinstead in the Wisconsin legislature. The measure almost passed the lower branch. A distinguishing feature of the proposition was

that it embraced the Commons' idea that fertility should not be the subject of taxation, since it has to be maintained by the industry of the owner.

Recently there has been introduced in the U. S. House of Representatives by Congressman Jerry Voorhis a proposed constitutional amendment reading as follows:

Each person shall have equal right to use the earth and to enjoy the full product of his labor. To assure these rights Congress shall have power to enact legislation levying taxes upon socially created land values, to provide for the collection of such taxes in cooperation with local government authorities, to apportion the revenue derived from such taxes among local, State and Federal governmental units, and to require reduction or removal of taxes on improvements on land.

Congressman Eberharter of Pennsylvania has also offered a constitutional amendment reading as follows:

All men shall have equal rights to use the earth and to enjoy the product of their labors thereon. To secure these rights Congress shall have power to enact legislation to collect the yearly value of land in taxation, to remove taxes on improvements on land, and to apportion the revenue derived from taxes on the value of land among local, State and Federal governmental units.

For present purposes these constitutional amendments have no practical value. Many years must elapse before they will receive any real consideration.

Another legislative attempt at reform was recently presented to the New Jersey legislature and almost succeeded. This looked toward home rule in taxation.

Contests of the description just indicated are not particularly promising. A struggle before Congress requires years of widespread effort, while the State legislatures are difficult bodies to deal with. They are generally undemo-

cratic in that the cities are under, while the country districts are over, represented. Again, the farmers are usually behind the cities in political education as to taxation.

The tendency among States of the Australian Commonwealth, and in New Zealand particularly, to levy progressively heavier taxation upon great landed estates and thus to break up great holdings, has been noted. Two strong efforts in this line have been made in the State of Oklahoma. In that State in 1914 and again in 1935 measures contemplating progressively increasing taxation upon holdings exceeding 640 acres in extent were through the Initiative submitted to the people. These received approximately (in the latter instance exceeding) two-thirds of all the votes cast upon them and yet were defeated. This was because to carry they had to have a majority of all votes cast at the election, not limited to a majority of those voting upon the particular proposition, which they failed to obtain.

The foregoing presents a picture of the various methods which have been employed to further the adoption of tax reform based upon the principles advocated by Henry George. To all the gradual steps taken to free industry, little criticism may be made. In at least a mild way they have served to relieve social tension. Why they have not progressed further we have already discussed, save in one particular, which we may consider in the light of what has been said about the California irrigation districts. Accepting benefits so far obtained, the irrigation farmers have been more than content to stop. Perhaps a broad generalization may be made. The fact that a large number of people have gained by a partial extension of the number of land owners, as might result from peasant land ownership, does not necessarily mean that approach to common ownership of land is nearer at hand. There are added more people concerned in retaining their present ad-

vantages even as against other human beings. The relative situation of the population in England and America, as an illustration, would seem to demonstrate this. The resistance in this country to the opening up of land is likely to be more intense than that in Britain and proportioned to the variation in classes in the two jurisdictions. The anomalous situation is presented that as this reform gains in its application so does resistance intensify. But for the reasons already given even partial relief is to be welcomed, bearing in mind that of itself alone it does not augur the speedy success of our cause.

This leads us to say a word further about the position of those who insist that nothing is of any value or to be sought save the immediate and complete solution of the problem by the instantaneous taking of all property in land. Those who so advocate have no full conception of the fundamental nature of the reform they think they are furthering. We are confronting the evil of the ages. It is supported by all the predilections attaching to old institutions. A great part of the population favors the continuance of this particular situation. All our financial institutions are built around it. The lives and fortunes of many are involved in the continuance of its firmly entrenched conditions. Only a veritable revolution can result from drastic action, the end of which may well be something vastly different from that originally desired by those starting the revolt. And withal, it may result in such a binding of the chains about the people that they cannot hope for relief except in a very distant future. We cannot expect to take Heaven by storm. †

Let us sum up the situation to which we have addressed ourselves and the best way of meeting it. This may be stated as follows: Whether we believe or not that the gifts of nature were made for man, we know that unless there is equality in the enjoyment of all natural resources,

poverty and distress must inevitably follow. Whatever advances may exist among mankind, or be made in what we term civilization, there can be no complete freedom for the individual without this equality. Our task is to preserve or restore these resources to all. The only available instrumentality of which we have any knowledge to bring about and preserve this equality must be exercised by government. Briefly herein we have sought with relation to our question to consider its powers and limitations. How can such power be invoked?

*Our Next Step*

We shall now undertake to lay down courses of action likely to bring results. Our work in this regard must most largely be based upon experience, some of the results of which have hereinbefore been indicated. We shall not exclude the idea that the future may develop other methods. Nevertheless, let us sum up steps which, rigorously followed, may well spell success.

1. Very little statistical work of any kind has ever been done in the interest of the reform for which we stand. This is apparent from what is said herein under the title of "How About the Farmer?" We have overlooked the spoken or often unconscious question constantly arising in the minds of men: "What is there in it for me?" This remains unanswered. Theoretically, we have furnished the solution. Exact knowledge is largely lacking. Beyond all peradventure, argumentatively, our demonstrations show that whatever justice demands must in the end be good for all. Yet the inquirer observes "Yes—but?" To furnish a full answer laborious studies must be made. The challenge has not been met. To satisfy the inquirer we have talked and written—but not worked.

2. Based upon a belief attractive to the American public

every appeal should be made on behalf of home-rule in taxation and the right of individual jurisdictions to act as they please in determining the subjects of taxation. We would have these jurisdictions seek to free industry and its products from taxation, whether this comes in partial or complete exemption of houses and personal property from tax levies or abolition of sales and other forms of taxes, or creation of exempt areas from improvement taxes, as in the California irrigation districts. In these respects reference may be made to the course taken in Australia, New Zealand and Canada and other portions of the globe as well.

3. It must not be overlooked that private ownership of land has as a principle notably failed in directions for the moment profitable to individuals, only the community losing. Particularly has this been true in respect to forest lands where natural resources have been exhausted, at least temporarily, and the only salvation is through community management.

4. From time to time large areas fall back to the community for non-payment of taxes. These should, as to title, never be allowed again to escape from the community, but be leased at relatively short periods to private individuals, subject in all circumstances to frequent revaluation. Laws to this end must be prepared and passed in every state and by Congress.

5. The holding of large tracts of land by individuals should be specially discouraged, as is the case in Australia and New Zealand, by taxation increasing with the value of the land left in individual possession. In idea this roughly corresponds to our own rising income tax rate for the higher brackets. Even granting that this may not be as exact as logic in perfect justice would demand, yet as progressing toward a more righteous system than now prevails, and as opening up lands to those now requiring

them, we may well, while on our way, properly employ it to alleviate present conditions and to free land for development by users. Attention should also be given to the cultivation through the government or large co-operative associations of great areas when extensive farming and stock-raising undertakings seem to be indicated. This idea calls for extensive preliminary studies here and elsewhere, none of which have yet been made.

6. Waterpower sites must not be allowed to escape from governmental ownership, and those now in private hands must, through taxation, or by purchase, be restored. Private possession gives too great power to individuals or corporations.

7. Transportation of all kinds, particularly by railways and pipe-lines and over the air, involves the monopolistic use of natural opportunities and requires exercise of governmental powers. This is true whether we speak of transfer of men and goods, or as in radio, or by wire. Possession or re-possession of all of these instrumentalities by the government must be continually sought for and finally prevail if we would avoid monopoly.

8. Resistance to parting with subsoil wealth to private individuals is included in our struggle. We must regain opportunities of this sort which so far we have been thoughtlessly disposing of. As a large part of our public domain, regarded as barren, is still in national ownership, to such extent our problem is simplified.

9. Studies have to be made of the easiest and best ways of carrying into effect all the steps of which mention has been made. Each jurisdiction in the United States calls for its special examination. Without completing the list of items of work to be done, it will even casually occur to us that we should know constitutional and legal rules and decisions relating to the several enumerated matters,

weighing methods calculated to make the greatest appeal to the public, and how rapidly and in what direction work should be done, with what administrative changes, if any, we should bring about.

10. Whenever it is found that it is to the advantage of the public that the government should reassume possession of land, it should have the power to do so, paying the present owners not to exceed the amount they or their immediate ancestors should have paid therefor, or exceeding present value, with further compensation for the present value of improvements.

11. As a means of attaining these ends, a reformed initiative and referendum device should be resorted to, not based upon any percentage, but, as in Massachusetts, dependent upon the petition of a limited number of voters. Limitation of the initiative and referendum to statutes alone as in some states should be abolished, and constitutional amendments included.

12. We have devoted a short but important chapter to the matter of education. Practically all of the points just enumerated are involved in this heading. Theory and practice enter into the final result. Methods of making theory work have met with only the slightest attention among our friends, up to this present, and practical effects have scarcely been studied.

Let these methods be employed actively and persistently according to plan, and it may well be discovered, within a comparative short time that the community will have regained without precipitate haste or revolution and without undue hardship to any one, the earth over which it should exercise control.

We have been floating upon a sea of words, when the situation calls for planning, work and action. This book is written in the hope that the well-wishers of mankind

will no longer rest with making ingenious and probably sound arguments but put theories into practice. This calls for well-directed and systematic labor and severe toil in all the directions of which we have spoken. If all these are neglected, then the work of Henry George may lapse into the limbo of forgotten things, leaving mankind to suffer.

The road we urge our readers to pursue will be a long one but the reward *magnificent*.