

Assessing the Forest By JOSEPH F. RICHARDS

THE last year has brought out in The Henry George News a variety of views regarding the application of Henry George's remedy. The important point to be remembered is that the simplest methods applicable in any given set of circumstances are the best.

Henry George and his followers are pretty well agreed that security of tenure of natural resources is a privilege conferred by civilization and its governments. They are agreed that the publicly produced value of security of tenure should be collected into the public treasury and used to maintain and build up that value. Their principal disagreement is over the methods of collecting natural resource values from different types of natural resources.

The three principal types of natural resource rights are surface rights, water rights, and mining rights. Surface rights and water rights are continuing rights, they can be assessed periodically either as rents or capital values as they have been for centuries. Mining rights are quite different, because, on the one hand, they are difficult to appraise at any time and, on the other, they decrease as the non-replaceable resources become exhausted, unlike the recurrent products of the soil and the flow of water and commerce. Consequently, assessment of the values of non-replaceable resources has to be done upon the estimated value in the earth at the time of removal. Publicly collected royalties or severance taxes constitute the practical recourse for converting the value of mining rights into public revenue.

Growing timber is a reproducible natural resource. It produces rent the same as any other crop. It also adds value to the sites where it grows, which do not come from the sale value of the crop itself. The time it takes for each tree in the crop to mature is what has puzzled economists.

Foresters, however, know that forest lands whose growing stocks are regulated to yield crops annually produce annually the values with which to pay the rent of the forest sites. This type of regulation produces the greatest volume of wood and the best maintenance of forest improvements, such as roads culverts, etc., and the best watershed protection. The collection annually of the site value promotes this type of regulation upon privately held sites.

The alleged desirability of severance taxes from timber is based upon the mistaken idea that clear cutting of evenaged stands of single species are exposed to forest epidemics and exhaustion and toxication of the soil against the occupation of the occupying species, that seldom affect the unevenaged mixed stands that produce annual crops of different species, whose products can be sorted at the sawmill or at the roadside. The severance tax also gets support by analogy from the fact that publicly owned timber is paid for by the operator at the time it is cut. The operator also has to post a bond for prompt payment and is liable to cancellation of his timber sale contract for cause upon violation of its terms. A sale and an assessment are not the same. The operator upon public land buys when he has a market. The private owner of timbered land has to pay for a publicly made value which he enjoys continuously.

The regulated forest has two values. It has a capital value for producing more timber. And, it has a wrecking value for immediate clear cut-

ting and marketing of the forest growing stock. The latter value is about three times the former.

The tax laws provide that property shall be assessed at its fair market value. The fair market value is three times capital value.

Provided assessors have and use judgment, as they swear to do when taking office, and assess standing timber and the rent of the site somewhat below their capital values, things work out so that forest resources are not forced onto the market by taxation. Fortunately, this is normally the case. However, many cases have occurred and more can occur in which assessments exceed even the fair market value of the standing timber. Taxation of the forest growing stock begins to cause uneconomic marketing of standing timber at assessment levels but little above its capital value. The damage from taxation increases as the excess of assessment over capital value grows greater. Anyone who has seen the results of attempts to assess growing timber at fair market value can vouch for this.

One of the best statements on this subject for the students of Henry George to remember, is quoted from a textbook entitled *Forest Valuation* by Filibert Roth, dean of the University of Michigan Forestry School in 1916:

"Of late the application of the single tax has strongly been advocated for forests as well as other real estate. The single tax is well suited to forestry; it would stimulate the accumulation of a good growing stock and the making of improvements, roads, proper division, etc., and so put a premium on good forestry. The action of the single tax in forestry is exactly the same as in farming, where it stimulates building and keeping plenty of live stock, while the present form, the property tax, in a way penalizes the good farmer with fine buildings and plenty of stock and machinery. But in no case should the crop of timber and land be taxed together, as has at times been advocated by single taxers . . . A yield tax is inconvenient . . . This leads to exemption for domestic use. . . . But it is hard to set limits in these exemptions. They lead to confusion and bad practice. With large owners it becomes necessary to take the word of the owner, it pries into his affairs, and has all the objections commonly claimed for income taxes. The local tax official has added a great deal to his labor and where the matter is left optional it involves inspection of state foresters who lack help, money, and experience.

"For a regulated forest property there is no occasion to use a yield tax; it can be assessed as easily as a farm and taxed in exactly the same way."

After he retired from the university staff, Professor Roth came out more strongly for the collection of the economic rent of forest lands and the exemption of standing timber.

Our Continental army marched to the strains of "Yankee Doodle," the French Sans-culottes sang the "Marseillaise" and the Confederates gave the Rebel Yell when they heard "Dixie." Communists cheer themselves with the "Internationale" and the Nazis stood at attention when they heard the "Horst Wessel Song."

Why don't Georgists sing "Doing What Comes Naturally"?

—MARSHALL CRANE

Easter



WE ALL know the story. A village carpenter went out to preach the gospel of the lowly and oppressed, to teach men the value of the individual soul, brotherhood and the equality of all before the Creator. It was not a new philosophy. A little of what he said has been passed down to us, and we find that the words which we treasure most are very frequently quotation from the Hebrew psalmists and prophets, and from the early rabbinic germs of the Talmud.

The words and phrases were old and familiar but they did not tell an old story to his listeners. For this carpenter was no theological dilettante, juggling doctrinal points as he reclined at table. He was no schoolman. He had studied poverty and oppression the hard way. The words were facts, not just ideas to him. The suffering of others was his own pain. And he had the supreme gift of clothing the truth in words that were personally and urgently significant to those who heard him.

And surely it is not improper in this connection to recall another life, one which in many ways follows the pattern which we remember so particularly at Easter time.

Political Action

THE Graded Tax League of Pennsylvania was organized in January by representatives of various sections of the state, with Percy I. Williams, former chief assessor of Pittsburgh serving as executive director. Members of the Organization's Committee include George I. Hellick, Easton; Robert D. Towne, Amble; Craig Devine and Rev. Walter J. Marshfield, Erie; F. J. Dickerson, Beaver Falls; Ernest C. Kooser, Somerset; Michael J. Boyle, Johnstown; Henry H. Wilson and Charles R. Ecker, Beaver; and Walter R. Demmler, Robert C. Bowers and William E. Schoyer of Pittsburgh.

As the first step, the League decided to sponsor state legislation providing for home rule taxation for all of the 47 cities of the third class, with populations ranging from 10,000 to 125,000. The bill has just been introduced in the State Senate by Senator B. B. McGinnis of Allegheny County. It would give the city councils of all such cities full power to assess land and buildings separately and to fix whatever differential rates are desired for land and buildings. Under this proposed legislation, any city council could adopt the Pittsburgh-Scranton Graded Tax Plan, take a moderate step in that direction, or practically eliminate taxes on improvements, according to public sentiment.

Recently Percy R. Williams and city councilman Demmler of Pittsburgh have conferred with the mayors and other officials in Erie, New Castle, Sharon, Easton, Johnstown, Beaver Falls and Uniontown. The reaction has been uniformly favorable so far as the question of permissive legislation is concerned and there is considerable interest in the proposal to shift the municipal tax burden from improvements to land values.